

2020

Annual Report



DOĞAsigorta



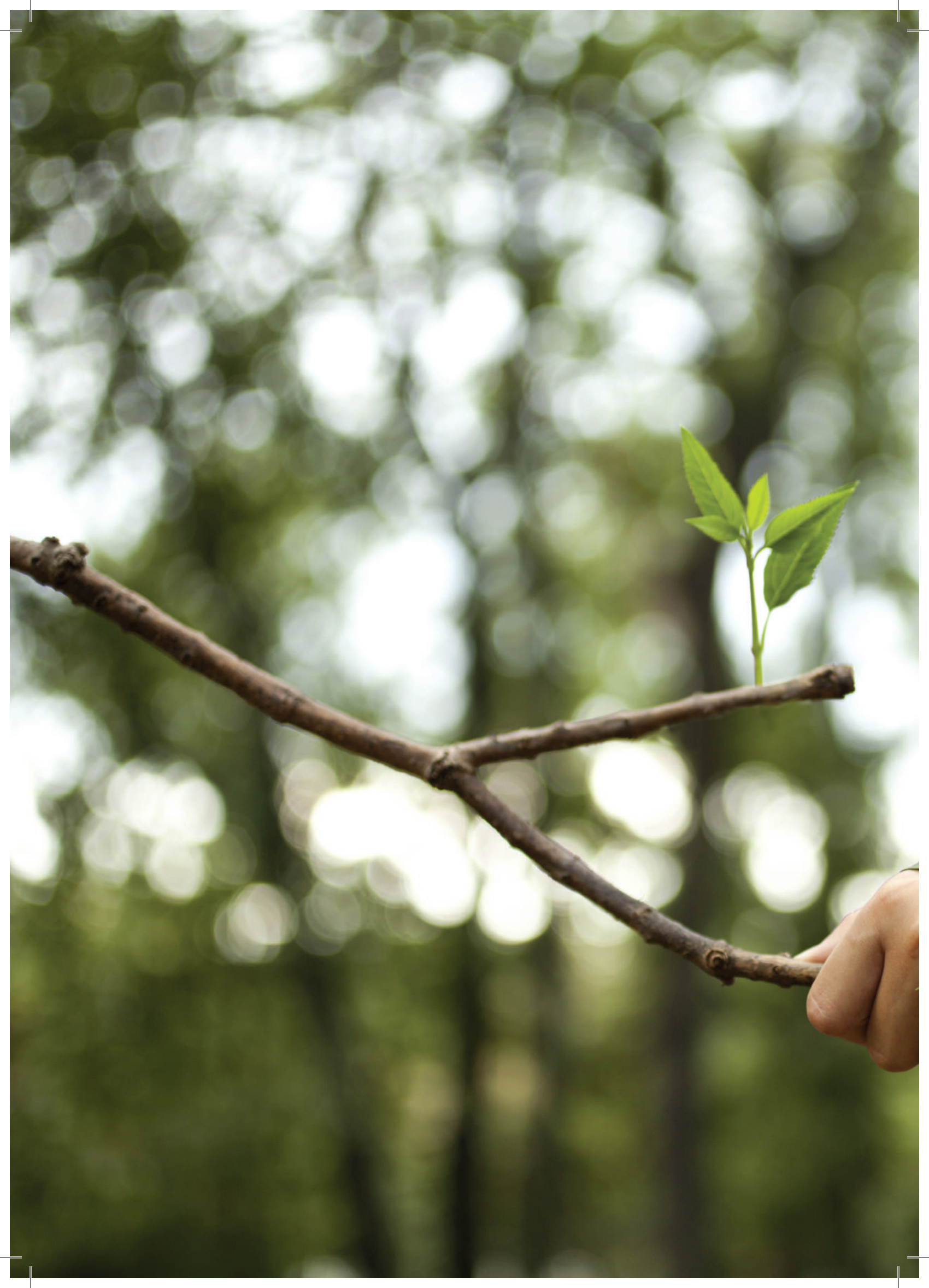
Doğa sigorta

AMATEUR BRANCHES SPONSOR



 **Doğuşigorta**

**GALATASARAY DOĞA SİGORTA MEN'S BASKETBALL TEAM
TITLE SPONSOR**



A photograph of a person's arm and hand. The hand is holding several green leaves, which are wrapped around the wrist. The background is a soft, out-of-focus bokeh of green foliage, suggesting a forest or garden setting. The lighting is bright and natural, creating a warm and serene atmosphere.

Trust,

in its

Nature



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INTRODUCTION

1.1 Company Information

Our company headquarters is located in Istanbul. As of 31 December 2020, the number of our employees has reached 275. As of 31 December 2020, we have 1885 intermediaries including 78 brokers, 3 banks (Türkiye Finans Katılım Bankası A.Ş. with its 314 branches, Alternatifbank A.Ş. with its 44 branches and QNB Finansbank serving with its 474 branches) and 1.804 agencies. In 2020, our company continued its operations within the scope of rendering of services throughout Turkey via 9 regional directorate.

	31 December 2020	31 December 2019
Authorized Agency	1,804	1,684
Broker	78	78
Bank (Totally 832 Branches)	3	3
Total	1,885	1,765

1.2 The Number of our Employees and Regional Representatives

As of 31 December 2020, the total number of our employees is 275 – 202 working at the Headquarter, 47 at the Regions, and 26 at the Customer Relations Center.

Headquarter

Spine Tower No:243 Büyükdere Cad. 34398 Maslak/İSTANBUL
Tel: +90 (212) 212 36 42 Faks: +90 (212) 212 36 44

Anatolia/Europe/ Corporate Accounts (Marmara) Region

Spine Tower No:243 Büyükdere Cad. 34398 Maslak/İSTANBUL
Tel: +90 (212) 212 36 42 Faks: +90 (212) 212 36 44

East and Southeast Anatolia (Adana) Region

Reşatbey Mah. Atatürk Cad. No:22 Gen İş Merkezi K:7 D:19 Seyhan/ADANA
Tel: +90 (322) 458 36 42 Faks: +90 (322) 458 36 41

Central Anatolia (Ankara) Region

Ceyhun Atuf Kansu Caddesi Bayraktar İş Merkezi No: 114 E Blok D:1 Çankaya/ANKARA
Tel: +90 (312) 287 31 41 Faks: +90 (312) 287 31 43

Ege (İzmir) Region

Manas Bulvarı Adalet Mah. Folkart Towers A Kule K:23 Kapı No:02 Bayraklı/İZMİR
Tel: +90 (232) 484 08 85 Faks: +90 (232) 484 08 86

Akdeniz (Antalya) Region

Yenigün Mah. Kızıllırmak Cad. Ali Peçen Plaza A1 Blok K:4 D:10 Muratpaşa/ANTALYA
Tel: +90 (242) 311 36 32 Faks: +90 (242) 311 36 33

Karadeniz (Samsun) Region

Kale Mah. İstiklal Cad. Kaptanağa Sok. Ali Çepni İş Merkezi No: 17/4 İlkadım/SAMSUN
Tel: +90 (362) 435 01 20 / 435 01 21

Bursa Region

23 Nisan Cad. No:22 Ofis Gökçadır K:8 D:36 Nilüfer/BURSA
Tel: +90 (224) 502 06 36 Faks: +90 (224) 502 05 45

1.3 Historical Development

Doğa Sigorta has been established on 3 June 2007 pursuant to the Insurance Law No. 5684 as a cooperative to perform all kinds of insurance services and transactions in non-life insurance groups.

Our company prepared its feasibility report within the scope of the relevant provisions of the Insurance Law No. 5684 and the Regulation on Establishment and Working Principles Of Insurance Companies and Reinsurance Companies and submitted it to the Undersecretariat of Treasury in September 2013 for approval, and received its insurance license with the Undersecretariat of Treasury's letter dated 18 February 2014 and No. 4147, and issued its first policy on 18 March 2014.

In 2014, Doğa Sigorta carried out the insurance transactions solely and exclusively with the members of the cooperative, and concluded the year with TL 26,476,771 worth of premiums. On account of the developments both in production figures and capital requirements in 2015, Doğa Sigorta was authorized to sign insurance contracts with persons and institutions other than our cooperative members with the approval of the Undersecretariat of Treasury dated 1 July 2015 and No. 20723, after which we started to perform insurance operations in relation to persons and institutions other than the members.

In 2015, Doğa Sigorta completed the necessary works and infrastructure preparations concerning participation insurance, a branch which has not been widely and commonly implemented in Turkey, and started its operations in this area in June 2015.

Having completed all necessary procedures, Doğa Sigorta started to issue policies in all branches as an open cooperative starting from 1 June 2016 without making any partnership and membership transaction. With the advent of this new era in the cooperative insurance sector, the weight of non-motor products increased in our production.

Having accelerated its growth with the developments of 2016, our company sustained its growth into an acknowledged and reliable company in 2017. It refreshed itself as a result of the innovations brought out by this growth, and modified its structure. In the last quarter of 2017, the company changed its status to joint-stock company in September. Enjoying a balanced and profitable growth trend starting from 2017, Doğa Sigorta intended to increase the added value it generated in the sector and reached its goals in 2018 and 2019.

Doğa Sigorta prioritized profitability and portfolio balance in 2020, as a result of which it increased its premium production in non-motor branches. By the end of 2020, Doğa Sigorta generated TL 1,781,055,358 in premiums, continuing its positions as one of the leading companies in the industry. Being a dynamic and innovative organization allowed Doğa Sigorta to be a company that makes a difference in the sector in 2020, just like in previous years.

1.4 Vision, Mission, Values

1.4.1 Our Vision

Achieve being an easily accessible and communicable company in due course of generating easy, rapid and simple solutions

Make Doğa Sigorta preferred and well-known trademark

Achieve reaching more insurance policy holders by means of more creative sales techniques and products in the transforming and evolving world

Maintain profitable, continuous and long-term growth

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1.4.2 Our Mission

Become a company that increases the insurance awareness in the society, gives importance to customers and cares about their needs, is focused on the agencies and understands them, works with a wide distribution network, represents reliability with its strong financial structure, adds value to its employees and shareholders and provides the fastest service to its customers.

1.4.3 Our Values:



1.5 Articles of Association

The final version of the articles of incorporation and the shareholding structure are available on www.dogasigorta.com.

INTRODUCTION

1.6 Chairman's Message

Dear Business Partners, Distinguished Policyholders and Esteemed Colleagues,

2020 has been a year in which every area of life was fraught with difficulties because of the Covid-19 pandemic.

The World started 2020 with three important economic-financial problems. US-China trade war, elections in the USA, and Brexit. In the first month of 2020, "Phase one" of trade negotiations was signed by the USA and China after the situation alternated between settlement and showdown for two years, and the United Kingdom left EU after 47 years, which eliminated the uncertainties taken over from the previous year to a great extent.

Although this situation was welcomed by the markets enthusiastically, the Covid-19 pandemic, which originated in China and spread very quickly, changed the entire political and economic arena and rose to the top of the agenda. The World experienced the greatest economic crisis since the "Great Depression" in 1929, and unprecedented incentives and measures were introduced in the first quarter.

In our country, many economic supports and low interest were provided movement on some sectors such as Automotive and Real-Estate sectors. On the other hand, as a result of the volatility in the financial markets and the visible volatility in the foreign exchange markets, we observed that monetary policies were completely changed in order to stabilize the volatilities at financial markets, at the end of the year. It is observed that ,our problems such as dollarization and high inflation continues, although a partial stabilization has been achieved in financial markets with tight monetary policies.

The insurance sector went through many difficulties in 2020, chiefly the Covid-19 pandemic, and paid considerable claims. Natural disasters lead to USD 210 billion loss, and 2020 was recorded as the 5th worst year since 1970 with a total insured amount of USD 82 billion.

Turkish insurance sector, on the other hand, continued to grow despite the pandemic, and non-life insurance sector, where we operate, grew by 17.7% and produced TL 68 billion premium. The fact that we achieved a growth rate close to that of 2019 shows how strong the insurance sector is. Being able to compete with very powerful rivals in such a strong sector also proves the strength of Doğa Sigorta. Doğa Sigorta, who operates with a domestic capital, and who has reached its growth objectives, reinforced its respectability in the industry with its experienced human resources and cutting-edge technological infrastructure.

Doğa Sigorta managed to reach its balanced and sustainable growth objectives in 2020, showing that it is one of the significant players in the sector. In line with this objective, it produced TL 1.78 billion premiums during the January-December 2020 period.

With its youthful energy, Doğa Sigorta followed the dynamics of the sector, continuing its success it has been increasing every year since its establishment. It managed to be the insurance company of choice thanks to its efficient communication with its business partners and its customer-oriented approach.

The continuous growth trend leads to the employment of personnel who work painstakingly with a professional approach. The number of our employees reached 275 at the end of year. Being aware of the qualified workforce, we continued to provide online training to our personnel during the Covid-19 pandemic, and the entire staff started to work from home as a result of our emphasis on the employee health.

COVID-19 pandemic significantly changed the way thousands of companies work and millions of people live. It showed us how critical digital connection was for ensuring business continuity. Our company has successfully managed the claims procedures and systemized the detailed follow up and control of the widespread and effective production network, which is one of the main factors why our policyholders prefer us. Since the first weeks of the pandemic, we prepared and commissioned our entire technical infrastructure successfully, and enabled our employees to work remotely.

As a very young company, we introduced numerous innovations to our company and our industry. Today, Doğa Sigorta has managed to become a company that produces premiums in various branches through the licenses it holds in all non-life branches. This situation allows us to have a product portfolio that is both desirable and sustainable. As Doğa Sigorta, we have completed a year in which we worked very hard and achieved great success with our customer-oriented and innovative approach we offer to our policy holders, and with our experienced managers and employees.

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In addition to its successful position in the sector, Doğa Sigorta supported numerous social responsibility projects, encouraging the young to participate in sports and contributing to their education and cultural development. In addition, it took several steps to increase the brand value through sponsorship agreements it made.

As the Chairman of Doğa Sigorta, I would like to take this opportunity to thank all our teammates wholeheartedly who enabled this success, and salute all our policyholders and agencies for putting their trust in us.

Nihat Kırmızı
Chairman of the Board



INTRODUCTION

1.7 General Manager's Message

Despite all the problems caused by the Covid-19 pandemic, 2020 was a year where Doğa Sigorta increased agency and customer satisfaction, and maintained its profitability with its balanced portfolio. Thanks to our strong infrastructure and competent staff, we produced TL 1.78 billion premium and achieved 2.61% market share in 2020.

At the foundation of the sales and growth success Doğa Sigorta achieved lie the strong connections we formed with the sales channels. We offer quality service to our policy holders through our agency network which develops every year, and as of the end of 2020, we offer our services through 1,885 intermediaries which consist of 78 brokers, 3 banks (Türkiye Finans Participation Bank in service with 314 branches, Alternatif Bank in service with 44 branches and QNB Finansbank A.Ş. with 474 branches) and 1,804 agencies. Thanks to our growing sales network, our sustainable and profitable growth continued in 2020 and we remained one of the strongest companies in the sector by increasing our profitability.

Doğa Sigorta's power comes from being a young and dynamic organization. The reinsurance agreements which we develop and renew allow our structure to help us support our individual and corporate customers strongly. As a result of this structure, we maintained our position as a company that can obtain projects with great potential and prestige. We ended a year in which we reached our goals, and based on which we can look to the future with great confidence.

"If the rate of change on the outside exceeds the rate of change on the inside, the end is near." Operating on this principle, we primarily invested in infrastructure in order to keep up with the digitalized world and advanced technologies. With our new investments in the information technologies, we ensure that the services we provide are improved in line with the technological changes and business requirements. Starting with the first week of Covid-19 measures, we started to serve all of our employees from home thanks to our strong technological infrastructure. We maintain close interaction with our policy holders and candidates through our mobile application, and by using the social media effectively.

We have adopted a fast and solution-oriented approach regarding the management of claims procedures, one of the most important stages of insurance activities, and continue to increase the trust our customers have in us. We transferred all claims procedures to a user-friendly and digital system which all of our stakeholders can use jointly, becoming one of the leading companies using this system. The figures indicate that the painstaking work we performed in relation to claims paid off and strengthened the bond of trust our policyholders formed with us. Our average payment time continued to improve in 2020 and increased by 10% from the previous year. Indicators like decreasing reporting numbers and complaint ratios prove that we manage the claims procedures very professionally.

Our company achieved 33% growth in Complementary Health Insurance, which we consider one of the most promising areas in insurance, and we will continue to focus on this area in 2021 too. Our company made significant progress in fire and marine branches, which are considered fundamental areas of insurance, and achieved 71% growth in SME insurance and 69% growth in marine, which accounts for a significant increase in non-motor branches.

Believing that "Investing in people is the best investment one can make", we continue to work with experienced and qualified human resources. As of 2020, we have a total of 275 employees in our company: 202 at the General Directorate, 47 in the Regions, and 26 at the Customer Relations Services.



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In 2020, Doğa Sigorta achieved its targets, self-confidence based on this success, it aimed at continuing its balanced and sustainable growth in 2021 by prioritizing profitability.

We are proud to have achieved our goals with our experienced staff, flexible point of view, and solution oriented, fast and quality service philosophy. We firmly believe that the difference we created in the sector will increasingly continue in 2021 with the support of our business partners and our customers.

Coşkun Gölpınar
General Manager

1.8 Shareholding Structure

FOUNDING PARTNER	AMOUNT OF SHARE (TL)	SHARE PORTION
NİHAT KIRMIZI	99,000,000	%45
NABİ KIRMIZI	74,800,000	%34
KIRMIZI HOLDİNG A.Ş.	46,200,000	%21
TOTAL	220,000,000	%100

MEMBERS OF THE BOARD OF DIRECTORS	TITLE
NİHAT KIRMIZI	Chairman of the Board
NABİ KIRMIZI	Deputy Chairman of the Board
MUSTAFA ARİF KÜME	Deputy Chairman of the Board
MÜSLÜM BERK KIRMIZI	Member of the Board of Directors
COŞKUN GÖLPINAR	Member of the Board of Directors / General Manager

INTRODUCTION

1.9 Company's Service Type, Fields of Activity and Company's Position in the Sector

Operating since 2014, at the end of 2020, Doğa Sigorta serves its policyholders with nine Regional Directorate Offices in Turkey. It carries out Elementary Insurance activities with 275 employees at the Headquarter and Regional Directorate offices, and 1.885 intermediaries including, 1.804 agencies, 78 brokers and three banks with 882 branches (Türkiye Finans Katılım Bankası A.Ş. serving with its 314 branches, Alternatif Bank 44 branches in service and QNB Finansbank with its 474 branches, and) sales channels.

Since the day it was founded, the company has worked to continuously improve its production, and its share and ranking in the industry.

Sector Data			
	Sector	Doğa Sigorta	Market Share
2016	35,447,988,684	799,901,975	2,3%
2017	39,707,569,944	1,498,476,692	3,8%
2018	47,732,813,112	1,668,708,401	3,5%
2019	57,881,874,321	1,533,598,888	2,7%
2020	68,143,955,472	1,781,055,358	2,6%
Growth (2019- 2020)	17,7%	16,1%	

The Insurance sector produced TL 22.7 billion in premiums in 2014, and Doğa Sigorta produced TL 26.5 million, i.e. 0.1% of the total amount, and ranked 39th. In 2015, Doğa Sigorta increased its premium production by a factor of 10 compared with 2014 and reached TL 291.3 million.

With this production, it realized 1.1% of the total premium production, which was TL 27.3 billion, and ranked 19th, moving up 20 rows. Doğa Sigorta increased its premium production to TL 799.9 million in 2016, which was 2.3% of the total market that realized at TL 35.5 billion. The company ascended 4 rows and ranked 15th. Doğa Sigorta, which continues to be one of the most important companies of the industry with increasing premium production, is proud to have ended 2017 by reaching its growth targets. It ranked in the top 10 producers of premium with 1,498 millions TL in 2017. Doğa Sigorta stood out as a distinguished company in 2018. It became a powerful player of the industry with 1.668 million TL of premium produced throughout the year and a market share of 3.5 percent, and maintained its position in the top 10 in the amount of premiums produced for this year, as it had done in 2017.

Focusing on profitability targets in 2019 and 2020, Doğa Sigorta puts sustainable profitability in the forefront together with its market share. Doğa Sigorta achieved very successful works both in terms of realization of premium production and the variety of the production. With our dynamic structure, wide distribution channel, and professionally competent personnel, we are determined to consolidate and develop our position in the industry.

1.10 Information on Research and Development Applications Regarding New Services and Activities

Promotion – Branding:

We carried out important social media and social responsibility projects in 2020 for promotion and branding, which helped us continue our strong company image.

Our communication strategy was mapped when we sponsored İTÜ Amateur Branches in 2018 in order to popularize sports among young people, which continued with our name sponsorship in 2019 with “Galatasaray Doğa Sigorta Basketball Club”, where we continued to support the development of sports in Turkey. The power of bringing our name with a major sports club which is famous both in Turkey and around the world, and the success of the activities and projects we performed in this process added significant value to our brand image.

Our projects which supported social media sponsorships, our mascot activities in sports halls on game days, Doğa Sigorta Girls Dance Group choreographies, gifts given out to team supporters, the band, and the student groups which we hosted in boxes, our activities with the elderly in nurseries and the children with autism, who we believe benefit greatly from sports were liked very much by the media and by our followers.

In addition to all of these activities, there was another very important social responsibility project which we performed: we brought 12-14 year old talented basketball players from Şanlıurfa to İstanbul and introduced them to the Galatasaray Doğa Sigorta team. They participated in their training, watched their match from our box, and toured İstanbul. We received a global award for these activities which are intended to introduce the İstanbul also. We also won the bronze award at the MENA (Middle East North Africa) Awards which was organized for the first time by the prestigious Stevie Awards with the collaboration of Ras Al Khaimah Chamber of Commerce and Industry.

We intensified our activities on the social media, as a result of which we placed within the top 3 throughout the year with our all social media accounts. We achieved popular interaction with our content that reflects the actuality and that brings forward the brand reputation and product features. As the digital world increased in importance as a result of the pandemic, we managed our social media accounts in a dynamic and actual manner: we communicated closely with our followers and our agencies, gave them morale, provided motivation, and informed and warned them about necessary precautions.

We directed most of our communication and marketing budget to social solidarity and agency support packages. We sent aid packages to those in need around the country who were going through difficult times due to the pandemic. Following the forest fires in Hayat, we donated 2000 saplings to the #Hatay için EİEle sapling donation campaign.

We adopted effective media management and brand placement strategies in the scope of our promotion and branding objectives in 2021, and we are planning to conduct promotional activities and social responsibility projects in compliance to the local and global processes to take our corporate image to the next level.

Information Technologies:

In 2020, Doğa Sigorta continued to improve its technological infrastructure by using the latest technologies in the IT area in order to provide its insurance services without any interruption, to increase the speed and quality of its products and services, and to ensure growth in a productive way. In order to develop our services in line with technological changes and business requirements, we attach great importance to increasing data processing speed, improving business processes, and increasing our capacity to base strategic decisions on flexible and sensitive measurements. While our improvements which are planned in various areas continue, we follow the technological infrastructure used and make additional investments when and where necessary.

COVID-19 pandemic significantly changed the way thousands of companies work and millions of people live. It showed us how critical digital connection was for ensuring business continuity. As we tried to satisfy customer requests, we also took actions to find the methods and procedures with which we can best benefit from our employees. Since the first weeks of the pandemic, we prepared and commissioned the entire technical infrastructure related to the information technologies successfully, and enabled our employees to work remotely.

Within the scope of “Personal Data Protection Law” compliance measures, we completed very important projects in 2020. Below are our activities which were performed within the scope of PDPL technical measures in 2020:

- Terminal service for SSL VPN connections to the servers at the data center, and additional security measures like 2FA (2 Factor Verification) were commissioned.
- Firewall devices were changed in all regions. Network activity in all regions is being monitored and recorded by an analysis system. Access of unidentified devices to the network is being prevented by NAC (Network Access Control System). Visitors’ mobile devices are being recorded in all regions with Hotspot system. Firewall antivirus, web filter and application filter have been commissioned in internet access networks. The SSL VPN programs of users have been taken under control with EMS (End User Management System) software.

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- Patch management software has been commissioned for the security updates of Windows operating system and other applications. Security vulnerabilities are monitored and appropriate security patches are installed and information systems are kept up-to-date.
- SFTP system has been commissioned for encrypted file transfer. Files are encrypted with AES and a link is generated, and only the link is sent with e-mail. The link password is sent with SMS or a separate e-mail. Antivirus software is used for encrypting discs that contain personal data. Connections to the servers and web applications over the client are encrypted with SSL and SSH.
- Penetration and PCI DDS vulnerability tests have been performed and the problems found have been eliminated.
- A new antivirus system and EDR (Endpoint Detection and Response) system have been commissioned. FIM (System File Integrity Monitoring) application has been commissioned.
- In order to prevent personal data leaks, files are classified with a data classification software, and USB, DVD, webmail, drive or network accesses are restricted with the DLP software.
- Documents and processes are managed and stored in the digital environment with the Document and Process Management System. All documents, processes and information will be easily manageable in an interconnected way and with 360-degree visibility; in this way, the necessary information can be accessed anytime and anywhere including mobile devices.

Information Technologies Department used the investments and the workforce as efficiently as possible while providing the services requested, and became a department which improved itself continuously to prevent our company from falling behind with regards to information technologies.

Claims:

As the Claims Directorate, we moved the claims investigations to a new platform in 2020. This new platform where all stakeholders, such as experts, repair shops, mobile repairmen, suppliers, investigators, specialists, and file managers carry out their transactions over the same system. In addition, we changed our catalogue system, which is a vital component of our claims systems. This catalogue system is called Audatex, and we are one of the first two companies in Turkey to use it. This is a new platform where it is possible to find information about all parts in 85% of vehicles in the Turkey park from a catalogue without even consulting a supplier, and to examine all parts of the vehicle in 3D.

Audatex: With the Audatex catalogue system which we started to use in early 2020, experts can perform their job much more accurately by having detailed technical information about the vehicle brands and models. In addition, our supply process is initiated with the catalogue, and file closing times are decreasing as a result of sending the correct part, and saving on the number of parts. The catalogue system saved TL 17.2 Million. In early 2021, Qapter, the new version of the system, which offers 3D part demonstration and additional technical information, was adopted.

Claims Management System: Ketsoft system was launched as the claims management system in early 2020, which saved TL 1.8 million from system payments in comparison to 2019.

Write Off: We continued to perform totalling procedures without any human intervention, and by sending agreements to the injured parties/policy holders automatically.

Alternative Repair: In traffic claims, we started to announce alternative repair tenders to work with services which can carry out the claims amounts and relevant repairs notified by repair shops cheaper but with the same quality. We saved TL 11.9 Million from this process in 2020.

Mobile Service: We enabled the repair of damaged parts on the vehicles by companies providing mobile repair (on site repair) services at prices lower than those requested by existing repair shops. We generated TL 21.7 million in profit with this practice.

Average Payment Period: The average payment period which was 23 days in 2019 was dropped to 21 days in 2020, a 10% decrease. (Time between notification date and payment date)

Field Audit: Due to the pandemic, the field auditors stopped their auditing activities in 2020. Instead, they were included in the invoiced file system

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Invoiced File Approval: Expert service was not used in files which were opened with TL 10,000 and TL 5,000 outstanding limits in motor insurance and traffic branches, and in all glass files at authorized services. The relevant files are examined by the field experts over the system. TL 2.8 million was saved with this method.

Abuse: With the fraud system which we developed in 2020, the parties and vehicles in the file are examined through all channels, and the file processes are intervened immediately. In addition, the external surveyor companies installed performance management system, which increased their effectiveness. TL 2.8 Million was earned from these files.

Complaint: 0.39% of the reports was complaints in 2019, which dropped to 0.46% in 2020. 25% less reports were received from the previous year, and the number of complaints decreased by 12%.

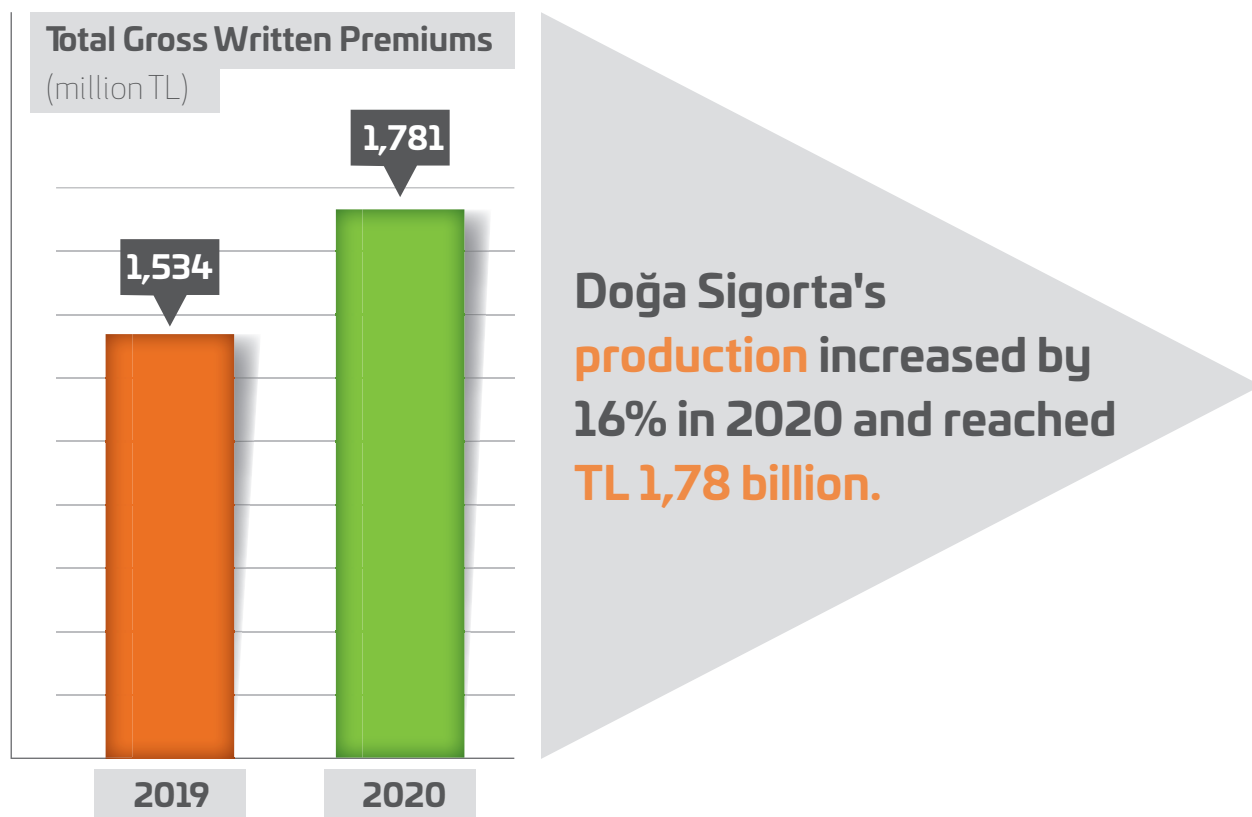
Scrap Parts: TL 1,049,400 payment was received for parts taken out from our files processed in 2020. In comparison to 2019, this item increased by 35%.

In 2020,

212,420 reports were received, a 25% decrease from previous year,

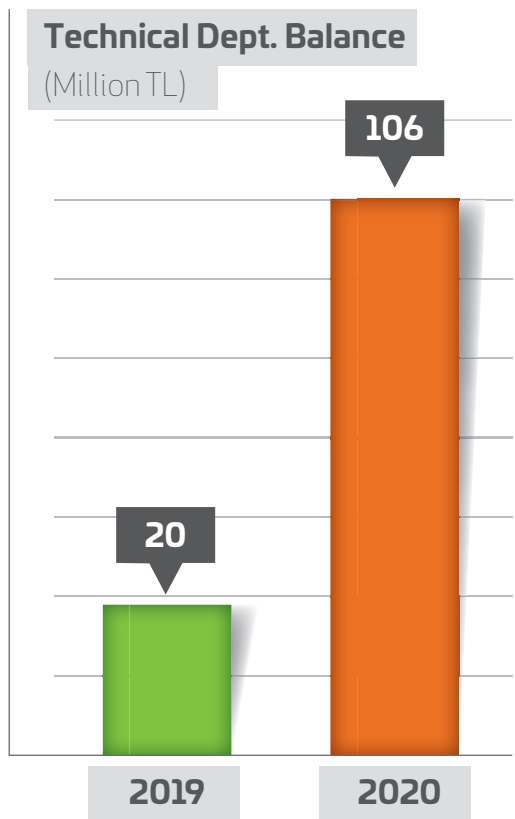
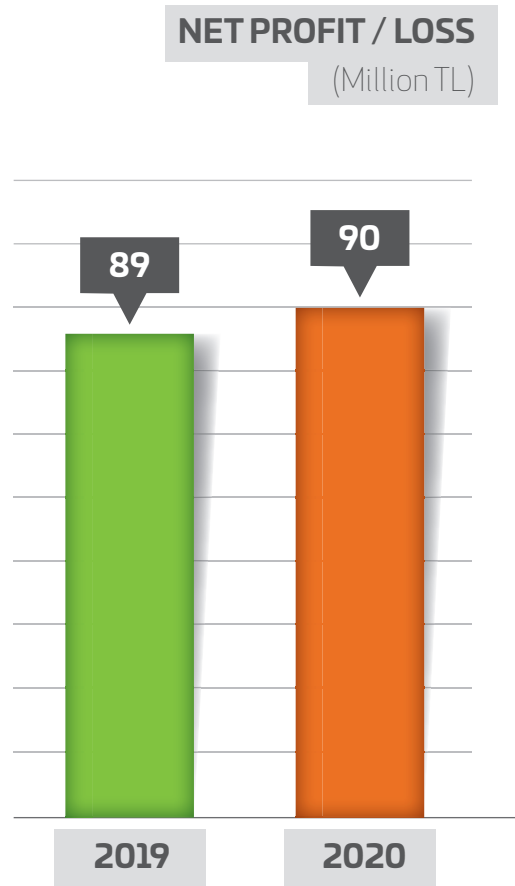
and TL 881,608,550 was paid, which was a 15% decrease. (All branches).

1.11 Financial Results



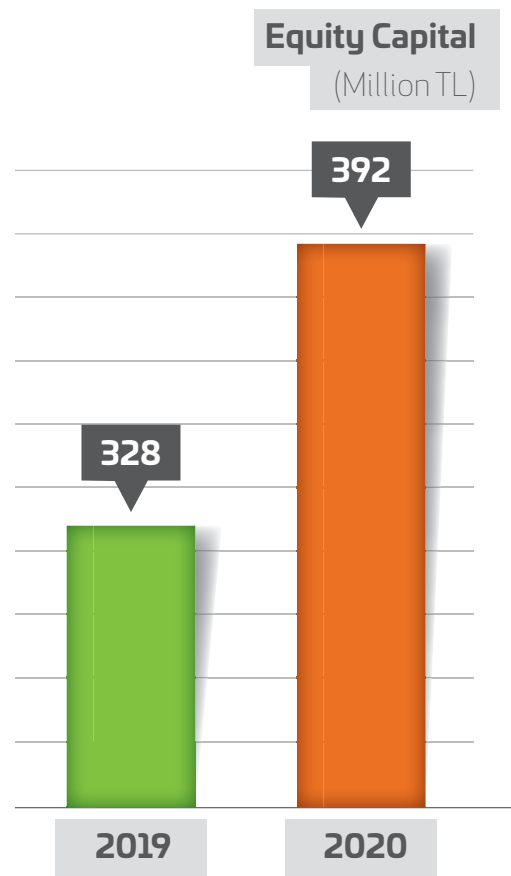
INTRODUCTION

Doğa Sigorta maintained its net profit in 2020 and made a profit of **TL 90 million**.

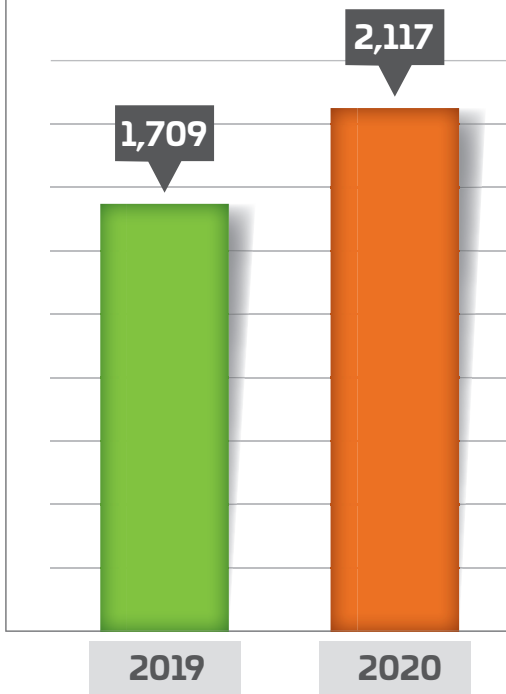


In 2020, the Company's **technical balance** has realized at **TL 106 million**.

Doğa Sigorta's Shareholders' Equity increased by 19% in 2020 and reached TL 392 Million.



Total Assets (Million TL)



Total Assets increased by 24% in 2020 and reached TL 2 billion 117 millions.

INTRODUCTION

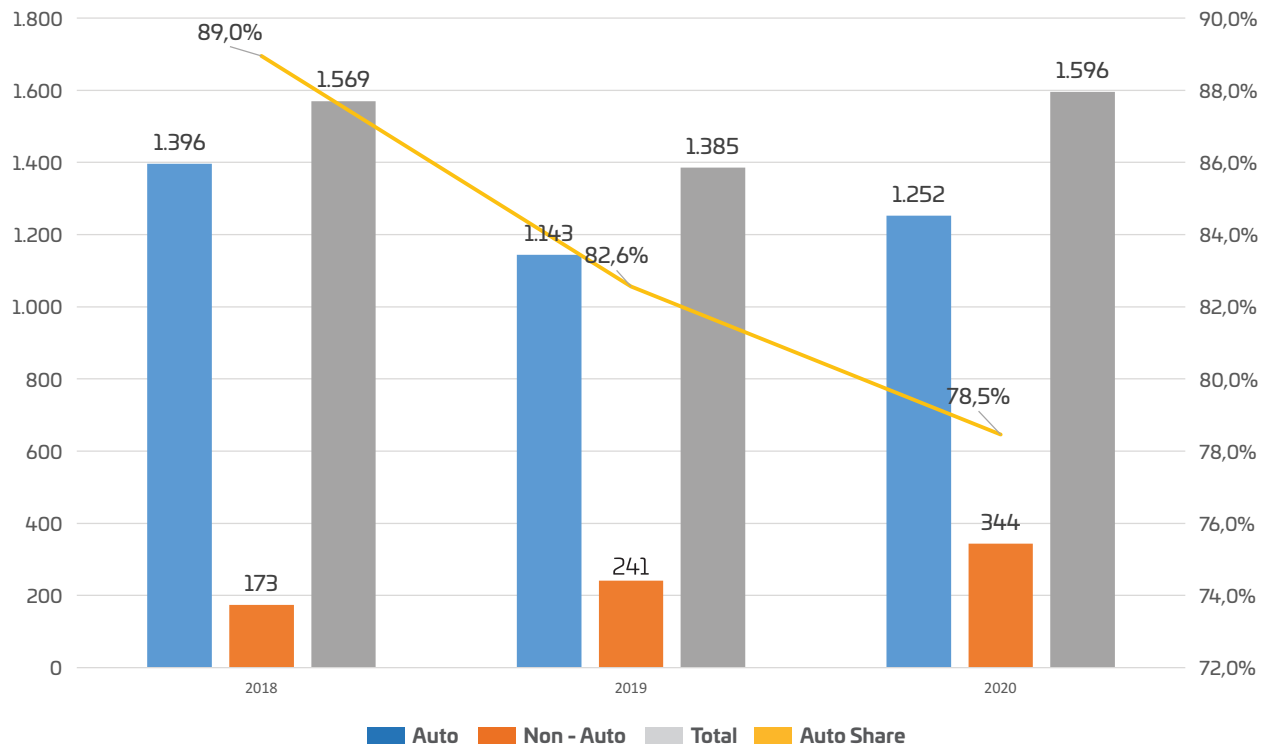
GROSS WRITTEN PREMIUMS (TL)

	2019	2020	GROWTH RATE (%)
Traffic	1,030,687,727	1,124,160,365	%9
Motor Insurance	161,818,122	189,896,776	%17
Fire	139,890,347	206,306,624	%47
Health	66,307,083	88,500,069	%33
Personal Accident	63,094,608	58,371,042	%-7
Cargo	33,901,988	57,389,426	%69
Other	37,899,014	56,431,056	%42
TOTAL	1,533,598,888	1,781,055,358	%16

Production, Transportation branch grew by 69%, Fire branch grew by 47%, and health branch grew by 33%, which are very remarkable. Our company produced TL 1.8 billion premium by the end of 2020 and achieved 16% growth from 2019.

The share of Automotive Branch in the company's total production realized as 78% at the end of 2020 by increasing 4 points.

Total Direct Production (million TL)



* Automotive branch premiums consist of hard collateral premiums in automotive branch.

NET REALIZED CLAIMS (TL)

	2019	2020	% CHANGE
Traffic	548,471,395	593,228,142	%8
Motor Insurance	68,419,159	105,346,711	%54
Health	11,235,141	19,953,037	%78
Fire	7,474,067	15,918,998	%113
Personal Accident	1,178,607	258,916	%-78
Cargo	242,768	864,671	%256
Other	5,911,488	13,766,064	%112
TOTAL	642,932,625	749,336,540	%17

Net actual claim of the company increased by 17%, and realized as TL 749 million. The 8% increase in total net actual claim TL 593 million is largely attributable to the amount of damages in the traffic division.

NET INCURRED CLAIMS / NET PREMIUMS EARNED

	2018	2019	CHANGE
Traffic	%109	%97	-12
Motor Insurance	%66	%90	23
Cargo	%53	%206	153
Health	%17	%27	9
Fire	%12	%25	14
Personal Accident	%4	%1	-4
Other	%130	%505	376
TOTAL	%84	%83	-1

When compared to the premium produced; Vehicle Insurance, Transportation, Health, Fire and Other Branches emerge as those who are very profitable and which significantly contribute to the company's growth.

Despite macro-economic developments and increasing claim costs, Doğa Sigorta achieved 1% improvement in 2020 thanks to the structural reforms it made in the Claims department.

INTRODUCTION

TECHNICAL BALANCE (TL)

	2019	2020	%CHANGE
Traffic	-112,294,473	4,008,251	%-104
Motor Insurance	11,151,449	-25,744,427	%-331
Cargo	-201,430	1,977,197	%-1082
Health	44,284,211	59,507,729	%34
Fire	47,834,988	43,333,512	%-9
Personal Accident	26,257,450	34,510,070	%31
Other	2,901,978	-11,798,112	%407
TOTAL	19,934,172	105,794,221	%431

*Due to the methodology change in the 2020 Technical Balance calculations, the Technical balance seems to have increased by 431% from 2019. When we calculate 2019 with the current methodology, the 2019 Technical Balance is found to be TL 124,357,781.

Financial Profit	2019	2020	%CHANGE
Investment Incomes	271,853,724	352,597,005	%30
Investment Expenses	-145,646,488	-328,369,010	%125
Other/Extraordinary R/P. and E/ L	-18,514,415	-8,339,871	%-55
Financial Profit	127,626,992	121,682,346	%-5

Taking advantage of the financial gains properly, Doğa Sigorta obtained an investment income higher than the year-end exchange rate and interest yield. The increase in Investment Expenses is related to the Investment Expenses calculation methodology. When 2019 is calculated with the current methodology, they are found to be TL 250,070,098, and the rate of increase in Investment Expenses realizes at 31%.

2. MANAGEMENT AND CORPORATE GOVERNANCE

2.1 Board of Directors

Nihat KIRMIZI

Chairman of the Board

Nihat Kırmızı was born in 1978 in Şanlıurfa and he majored in Communications and Finance. He achieved his master's degree from Accounting and Finance in Marmara University. Nihat Kırmızı is also the founder of the first participation insurance company established as cooperative in Turkey and he is doing research on finance and Islamic finance. He is the senior manager of the group of companies, which incorporates numerous companies active in finance, education, health industry. Nihat Kırmızı, Chairman of the Board of Directors of Doğa Sigorta and Chief Executive Officer, continues to work for the purpose of prevalence use of Islamic insurance in the field of insurance and to bring in qualified personnel to the Islamic finance sector.



Nabi KIRMIZI

Deputy Chairman of the Board

He was born in 27 December 1964 in Şanlıurfa and graduated from Economy Faculty. KIRMIZI who has completed his master at Istanbul University Social Sciences Institute. He is a member of the TÜRMOB, and holds the Financial Advisor's license and the Independent Auditor's license to the Public Surveillance Authority. He maintains his position as a founding partner and a member of the Board of Directors of companies operating in various sectors, both domestic and abroad. He is the chairman of the board of directors of Doğa Hospital A.Ş. which operates in the health sector and the deputy chairman of the board of directors of Doğa Sigorta which he is among the founding partners.

Mustafa Arif KÜME

Deputy Chairman of the Board

Mustafa Arif Küme was born in 1978 in İstanbul. He graduated from the Business Administration of Faculty of Economics and Administrative Sciences of Muğla University in 2000. Right after graduation, he continued his education life in Australia and graduated from RMIT University Management Information Systems department at the end of 2005. After his graduation, he worked in the Information Technologies sector and the Service sector in Australia for 5 years. By the end of 2010, Mustafa Arif Küme returned to Turkey and assumed senior management positions in companies operating under the umbrella of Doğa Grup and served on the boards of directors. He has been serving as the Vice Chairman of the Board of Directors of Doga Sigorta A.Ş. since 2014.



MANAGEMENT AND CORPORATE GOVERNANCE

Müslüm Berk KIRMIZI

Member of the Board of Directors

Müslüm Berk KIRMIZI was born in 1991 in Istanbul. He studied architecture at Leibniz Universität Hannover. He worked on various architectural projects in the United States of America and Germany after his graduation. In addition to his education and background in architecture, he also involved in insurance sector with his duties in Doğa Sigorta. He is also on the boards of companies operating in different fields such as health, construction and education. KIRMIZI can speak English and German fluently, and is currently attending to the MBA program at Istanbul University. Doğa Sigorta A.Ş. Board Member has been assigned to duty on 2018 General Assembly.





Coşkun GÖLPINAR

General Manager - Member

GÖLPINAR who started his career within the incorporation of Koç Holding as an architect in 1984 continued on in Akbank A.Ş. again as an architect from 1986 until 1987. GÖLPINAR who continued on with his career in insurance sector worked in Halk Sigorta A.Ş. as manager of Risk Engineering during 1989 and 1992, served as Technical Group Manager in Yapı Kredi Sigorta during 1992 and 1996, became Deputy General Manager responsible for Fire, Engineering and Marine branches from 1996 to 2004, worked as Deputy General Manager responsible for Marketing, Bancassurance and Direct Sales channels during 2004 and 2013. He served as General Manager in Can Brokerlik and Reasürans A.Ş. between 2013 and 2015. He has been serving as General Manager since June of 2016 in our company in which he started to work as the Assistant General Manager in March 2016. GÖLPINAR graduated from Yıldız Technical University, Architecture Department and he speaks English. He is married with one child.

2.2 Senior Management

Ercan KÖSOĞLU

Deputy General Manager - Claims and Legal Affairs

Ali Ercan KÖSOĞLU, who started his career in 1989 working in the Algeria branch of RAM Foreign Trade Company, worked in foreign companies between 1989-1993 and then started to work in Risk Management, Engineering and Fire departments within the incorporation of Halk Sigorta A.Ş. between 1993-2000. He continued on his career in Commercial Union Insurance in 2000 and Technical Director in Marsh Insurance and Reinsurance Broking between 2003 and 2005, Insurance Manager in Oyakbank between 2005 and 2006, Sales Manager in Marsh Insurance and Reinsurance Brokerage between 2006 and 2008, Technical Group Manager at Dubai Group Insurance Inc. between 2008 and 2009, worked at Zurich Insurance's Transportation Insurance and Business & Strategy Development branches between 2009 and 2014. In 2014, he served as Executive Vice President at Martin & Martin Insurance and Reinsurance Brokerage. He served as the CEO in Greco JLT Insurance and Reinsurance Brokerage in 2015 and later as Technical Group Manager in April Genç Insurance and Reinsurance Broking. Since June, 2016, KÖSOĞLU has been working as Assistant General Manager of Damage and Judicial Processes. He is a graduate of Istanbul Technical University, Department of Civil Engineering. He is married with two children.



MANAGEMENT AND CORPORATE GOVERNANCE

Adnan SIĞIN

Deputy General Manager - Sales and Regions

He started his professional life in 1989 in Başak Sigorta A.Ş.'s South Anatolian Regional Directorate. Adnan Mehmet SIĞIN worked in Gaziantep Liaison Office between 1997 and 1998. In 1998, he was transferred to Kapital Sigorta A.Ş., where he served as the South Anatolian Regional Manager. He then worked as the South Anatolian Regional Manager between 2000 and 2011 and as the Anatolian Regional Group President between 2011 and 2014. Adnan Mehmet SIĞIN, who has been working in our company since 2016, continues to serve as the Sales Group Manager responsible for South Eastern Anatolia and Mediterranean Regions. Graduated from Çukurova University, Faculty of Agriculture, SIĞIN is fluent in English. He is married with one child.



Mehmet TÜMER

Deputy General Manager - Technical

Mehmet TÜMER started his career in 1992, and having worked in banking and textile sectors for a while, he moved into insurance industry. As an insurance professional, he served respectively as Assistant Manager of Freight Insurance, Corporate UW Manager, Assistant Bancassurance Manager, Senior Manager of Auto and Liability Insurances at Yapı Kredi Sigorta; Senior Manager of Motor and Freight Insurances at Allianz Sigorta; and finally as Assistant General Manager of Auto and other UW, Reassurance, and Pricing at Generali Sigorta. He has been a member of our company working as Assistant General Manager of Technical Section since January 2018. Graduated from Business Administration Department of Middle East Technical University, TÜMER is fluent in English.

Fehmi ÖZBALKAN

Deputy General Manager- Financial Affairs

Born in 1978 in Bursa, Fehmi ÖZBALKAN graduated from Bursa Anatolian High School and earned his BA in Political Science and International Relations from Boğaziçi University in 2001. He continued his higher education in the USA and worked as a teaching assistant at the University of Illinois in Urbana-Champaign. He has two masters' degrees in Finance and Political Science. He started his career as a Fund Manager in İş Asset Management in 2006. He then worked as a Private Portfolio Manager in Garanti Asset Management between 2007 and 2008, as Debt Instrument Funds Vice President at HSBC Asset Management in 2009, as Senior Fund Manager at Allianz Turkey between 2009 and 2011, as Investment Officer and Corporate Finance Department Manager in Ergo Sigorta between 2011 and 2019. He has been working as the Chief Financial Officer / Deputy General Manager in our company since September 2019. He speaks English and French. He is married and has one child.



MANAGEMENT AND CORPORATE GOVERNANCE

Nuray DAY

Group Manager - Financial and Administrative Affairs

Nuray DAY, who started his career in 1995 as a member of the Business World Foundation in Insurance and Pre-Accounting, worked as a Financial Consultant in Commercial Union Life Insurance Company in 1997 and the Marine and Engineering Department Responsible in Akdeniz Sigorta A.Ş. between 1998 and 2001 and Insurance Responsible between 2001 and 2002 in Sigmar Sigorta Aracılık Hizmetleri Ltd. Şti. She worked at SBN (Ticaret) Sigorta A.Ş between 2002 and 2009 as Accounting and Finance Assistant Manager. DAY served as the Assistant Manager of Budget and Financial Affairs at Ankara Anonim Türk Sigorta Şirketi between 2009 and 2012. Between 2012 and 2013, she worked as Financial and Administrative Affairs Manager at S.S. Koru Sigorta Kooperatifi. DAY, has been working in our company since 2013, is the Group Manager for Financial and Administrative Affairs. Nuray DAY graduated from the Department of Public Finance in Anadolu University, Faculty of Economics and Administrative Sciences. Her foreign language is English.



Ümit GÜLTEKİN

Group Manager - Recourse, Motor Own Damage, Claim and Logistics

Ümit GÜLTEKİN started his career at the Claims Department at Allianz Sigorta in 2002, and where he served as an appraiser of Auto and Engineering Claims from 2002 to 2003; Supervisor of Special Projects and Underwriting from 2003 to 2004; Auto and Other Claims Supervisor from 2004 to 2005; Project Development Supervisor from 2005 to 2009; and as Assistant Project Manager of Automotive Claims from 2006 to 2009. Continued his career at Mapfre Sigorta in the position of Assistant Manager of Claims from 2009–2010, GÜLTEKİN then worked as Operations Director of IT and Claims at Carglass from 2010 to 2015. Ümit Gültekin switched to Axa Sigorta in 2015, and where he worked as Claim Logistics Manager from 2015 to 2017. Joined our company in July 2017, GÜLTEKİN has been still serving as Group Manager of Recourse, Claim (MOC-Motor Own Claim) Inspection and Logistics. Graduated from Electrics and Electronics Engineering Department of Sakarya University, GÜLTEKİN also speaks English. He is married with one child.



Nilbeliz ANAT AKALIN

Management System, R&D and Marketing Group Manager

Nilbeliz ANAT AKALIN started her career in 2018, at Garanti Bank as an Analysis and Reporting specialist until 2011. Between the years of 05.2011-11.2013 ,she started to work at YapıKredi Insurance as a Budget and Reporting Assistant Manager, between 11.2013-04.2015 she continued her career as a Performance Management Manager at Avea,between 04.2015-08.2015 her Avea career continued as Planning and Reporting Manager. After her Avea Career, between 08.2015 – 08.2017 she worked at FLO as Budget Reporting and Analysis Manager. Nilbeliz graduated from the department of Econometry in Marmara University, Faculty of Economics and Administrative Sciences. Her foreign language is English. Nilbeliz ANAT AKALIN started her career at Doğa Insurance as of 12.2017 as Claims Projects and System Development Manager, as of 01.01.2020, has been assigned to her current position. She is Married.



İpek GÜNER

Corporate Sales and Alternative/Digital Distribution Channels Group Manager

She Started her career in 2002 at Koç Allianz Koç Grubu as Customer Manager and continued until 2006 . Then her career continued respectively, between 2006-2008 as Global Affairs Portfolio Manager at AON Risk Solutions, Between 2008-2010 , as Sales Manager at Marsh Corporate, between 2010-2016 as Corporate Regional Broker and Captive Agencies Assistant Manager at Zurich Insurance, As of 2017, İpek GÜNER worked as Major Clients and Corporate Sales Manager at Doğa Insurance, and then as of 07.01.2020, she continues to serve as Corporate Sales and Alternative/Digital Distribution Channels Group Manager.



MANAGEMENT AND CORPORATE GOVERNANCE

2.3 Human Resources Practices

2020 Human Resources activities will be addressed under different titles:

- 1) Employment Activities
- 2) Employee Data
- 3) Training Activities
- 4) Employer Branding and Process Development Activities
- 5) Performance and Career Management Activities
- 6) Activities Related to Covid-19
- 7) Other Projects

1) Employment Activities

2020 has been a year in which the organizational structure of our company continued to grow. We increased the quality and number of our personnel in order to provide faster and better service to our policyholders and to meet the operation volume created by the increasing premium production.

Within this scope, the number of personnel who started to work at our company in 2020 and their genders are provided in the table below.

NUMBER OF NEW EMPLOYEES
58

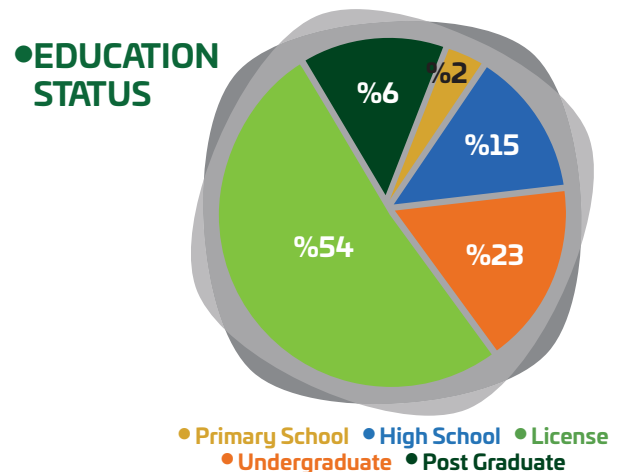
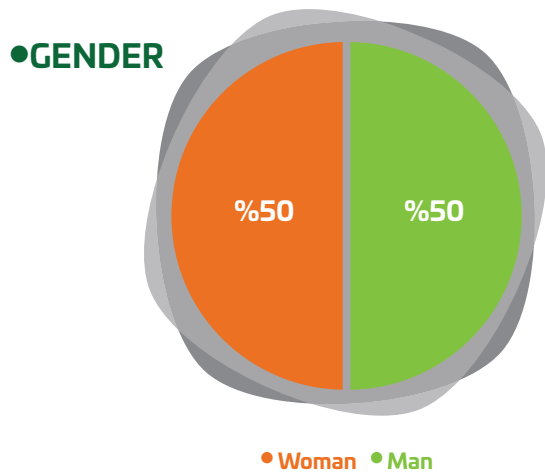
GENDER	NUMBER OF EMPLOYEES
Man	32
Woman	26

2) Employee Data

Number of Employees working at our company as of 31.12.2020 is 275. The demographic data of this personnel is given in the table and graphics below.

GENDER	NUMBER OF EMPLOYEES
Man	138
Woman	137
Grand Total	275

EDUCATION STATUS	NUMBER OF EMPLOYEES
Primary School	6
High School	42
Associate Degree	63
Bachelor's degree	148
Master's Degree	16



MANAGEMENT AND CORPORATE GOVERNANCE

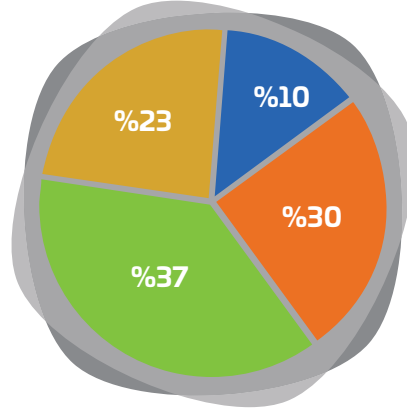
3) Educational Data

In 2020, 36 training activities were organized under 29 titles which would support our employees' personal and professional development. Detailed information regarding these trainings can be found in the graphics and tables below:

Total Number of Trainings	Total Number of Participants
36	120

Type of Training	Number of Training	The Number of Participants
Orientation	5	48
Computer	2	5
Self-improvement	3	29
Occupational	26	64

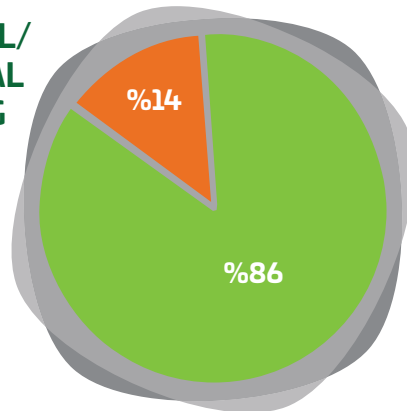
•EĞİTİM TÜRÜ



• Computer • Self-improvement • Occupational • Orientation

Number and Distribution of Internal/External Training	
External Training	31
Internal Training	5

•INTERNAL/ EXTERNAL TRAINING



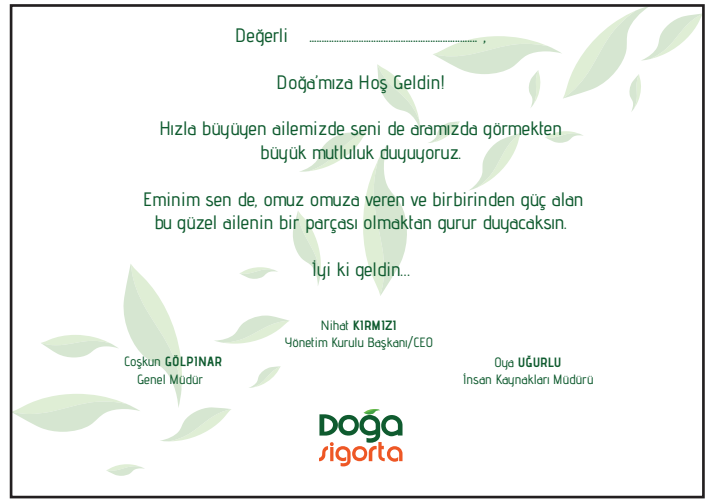
• External Training • Internal Training

4) Employer Branding and Process Development Activities

Various applications and process development projects were conducted in 2020 to improve our company's organizational image and profile to make it more preferable for our existing employees and potential external candidates.

a) Welcome Package and Welcome Letter Application

In order to make the new employees feel welcome and as a member of this family from the first day, this package is presented to him/her on the first day on his/her job. This package contains a card with the welcome message of Mr. Nihat Kırmızı, CEO, Mr. Coşkun Gölpinar, General Manager, and Ms. Oya Uğurlu, HR Manager, and a welcome chocolate, and all the office materials / stationary he/she may need in the future.



b) "Buddy" Application

Every new employee is assigned a "buddy" who will support him/her and facilitate his/her adaptation to the company culture, work environment, company rules and procedures. The assigned buddy assists and guides the new employee regarding every matter for the first month.

In this process, 20 employees were determined within the scope of certain criteria with the support of group and regional managers (minimum 2 employees in every region and location), and they were prepared by the HR Department for this process and given training on the duties and responsibilities of a "buddy". Subsequently, they were given a Buddy Manual which explains the buddy application and the duties and responsibilities of a buddy.

c) Weekly Planned Schedule Application

The first weekly schedule of our new employees is planned with their immediate supervisor. The aim of this application performed within the scope of the on-boarding process is to eliminate the feeling of uncertainty the employee may feel when adapting to the work and environment, and to introduce him/her to the persons he/she will work closely, and to inform him/her about the business and process by authorized personnel. In this way, the adaptation of the new employee to the environment and his/her job is facilitated.

MANAGEMENT AND CORPORATE GOVERNANCE

d) Employee Manual

An Employee Manual was prepared which is a guide for all of our employees, which reflect our corporate identity, and which increases the brand value within the scope of employer branding. The Manual has been offered to our employees over the Intranet.

This Manual contains many subjects such as our Vision – Mission and Values, Organizational Structure, Human Resources Applications, Products, History of Insurance, Glossary, Company Systems, PDPL, etc.

Employee Manual Link: <https://intranet.dogasigorta.com/dogacalisanhber/>



5) Performance and Career Management Activities

a) Performance

The structure of our performance evaluation system has been completed, and position-based KPIs expected from our employees and Doğa Sigorta Competence Set within the framework of competencies have been created.

b) Career

In January and July 2020, some employees were assigned new positions within the company based on their knowledge, skills and competencies. 23 employees in total were promoted this year.

With the introduction of performance evaluation and creation of position based career maps in 2021, we plan to make this process more concrete and more systematic.

6) Activities Related to Covid-19

During the Covid-19 pandemic, we took actions to ensure that all of our employees quickly adapt to this process without interrupting our business processes and by taking our employees' health into consideration in coordination with our senior management and other departments.

In this scope, the daily developments were followed closely, and our employees were informed about Covid-19 and protection methods, and the measures taken within the building. All of our employees were provided masks and disinfectants in coordination with our Administrative Affairs Department.

All employees started to work from home 100% in March, which continued through 31 May. On 1 June, our employees started to work at the office in turns by observing the social distancing rules. Accordingly, they worked 30% at the office and 70% from home. In this period, HR Department prepared necessary weekly plans and organized employees with the Department Managers. Necessary measures regarding the work plan in office, shared spaces and equipment use were determined, instructions were prepared and share with all of our employees.

During the summer when we transitioned to work at the office partially, we applied antibody tests to our employees by collaborating with the Doğa Hospital. When the number of cases increased in Autumn, all of our employees transitioned to working from home 100%. In this process, we provide 50GB/month internet support to our employees who are deputy managers or lower level employees with the support of our senior management.

In order to support our employees motivations and developments during the pandemic, we prepared a Covid-19 Period Development and Efficiency Kit document. This document contained TedX talks, online free courses, online magazines-books, virtual museums, videos of specialist doctors and psychologists about Covid-19, and many other useful information.

Our strict measures and activities regarding Covid-19 will continue in 2021 by prioritizing the health of our employees.

7) Other Projects

a) Digital HR Platform

In 2020 we embarked on projects aimed at carrying the HR processes to the digital environment such as personnel processes, employment, leave procedures, career and capacity management, budget management. We are planning launch the digital platform online in February 2021 within the scope of our collaboration with Sabancı DX, and provide access to all of our employees

b) Open Office Work Rules Guide

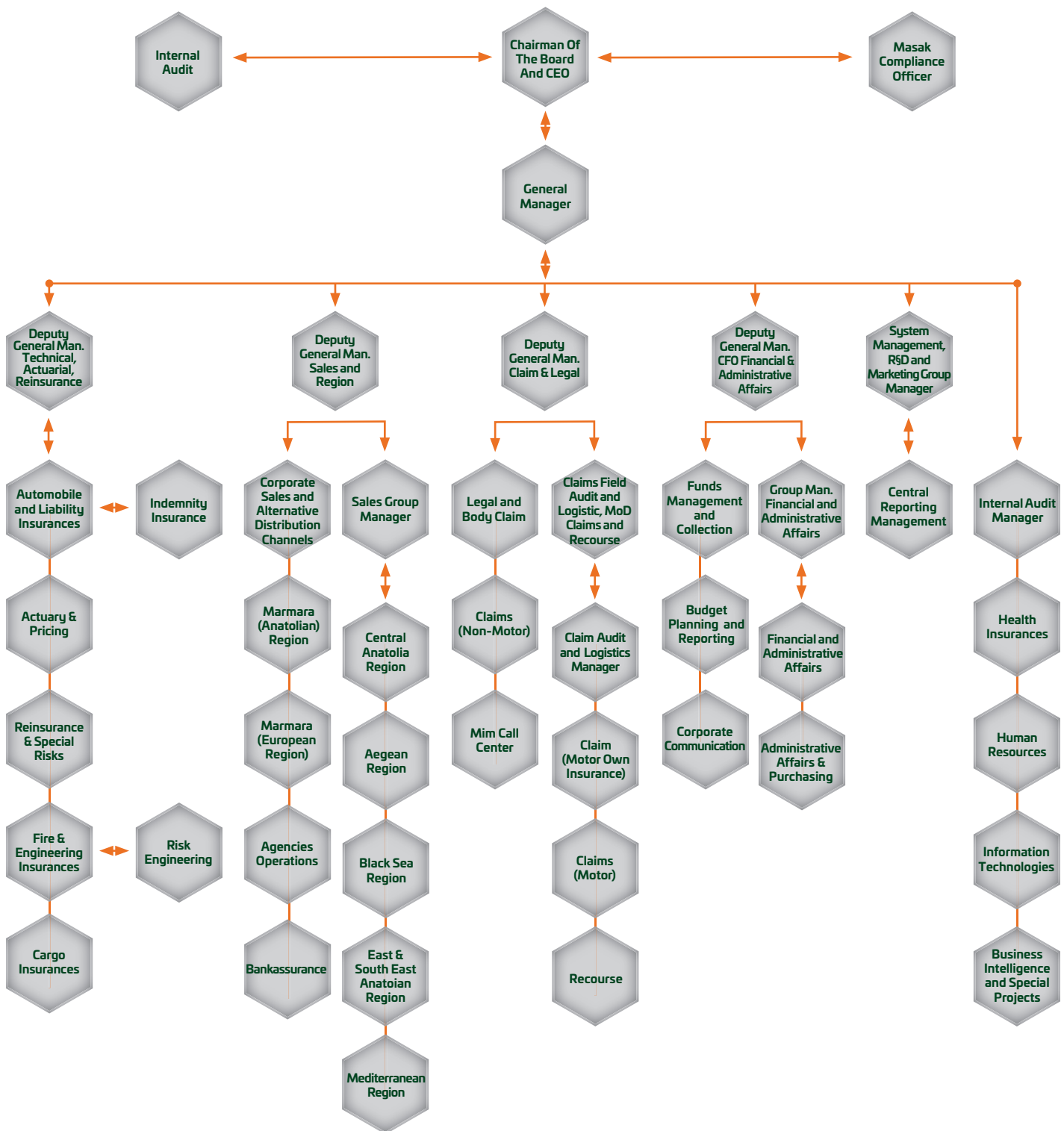
As Human Resources Department, the productivity of our employees and our work environment is one of our top priorities. The matters which all employees must consider in an open office work environment were determined in a project which was conducted in this scope, A card was designed and put on the tables of all our employees in order to remind them these subjects at all times. This application aimed at increasing the awareness of our employees regarding this matter and minimizing the possible negative effects of open office work environment.

c) Creating Position-Based Job Descriptions

This project which was launched in 2019 to determine the duties and responsibilities of all positions was completed in 2020. As of 2021, we are planning to have all of our existing and new employees to sign a job description document describing their basic duties and responsibilities.

MANAGEMENT AND CORPORATE GOVERNANCE

2.4 Organizational Structure



2.5 Financial Benefits Provided to Board Members and Senior Executives

- a. Total amount of financial benefits such as attendance fee, salary, premium, bonus, dividend payments, etc. are stated in footnotes entitled Independent Auditors' Report 1.6.
- b. Information about the total amount of allowances, travelling, accommodation and representation expenses, cash or non-cash advantages, insurances and similar benefits these are stated in the footnotes.

2.6 General Assembly Information

Our Company's 2020 General Assembly will be held in 2021.

2.7 Summary of the Board of Directors Report Presented to the General Assembly

Our Company realized TL 1,781 million of premium production. We generated TL 90 million profit after tax as a result of this year's operations. At the end of 2020, our shareholders' equity reached TL 392 Million with our after-tax profit and Cash assets reached to TL 1,201 Million and Size of Assets reached to 2,117 Million TL. With these results, our Company's equity profitability is recognized at 40 % in 2020.



Coşkun Gölpınar

Board Member and General Manager

2.8 Business Continuity

"Risk Analysis" and "Business Impact Analysis" which are planned to be conducted within the scope of the first phase of Doğa Sigorta business continuity project will be launched in 2021. Disaster recovery activities continued in coordination with Information Technologies Department and Internal Control and Corporate Risk Management Department. Business Continuity Committee met regularly during the year and evaluated periodic activities in this area. Tests and drills to be performed annually based on different scenarios aimed to maximize the awareness of the employees.

2.9 Risk Management

Risk management policies and procedures of Doga Sigorta A.Ş. were designed to monitor, keep under control, and where necessary, modify, the company's future cash flows, their risk and return structure and the quality and level of activities related thereto.

The purpose of risk management, which is a part of all business processes in the risk management standards of Doga Sigorta A.Ş., is to monitor financial, insurance and operational risk exposure collectively and to measure their impact on critical financial indicators (profitability, company value, capital, liquidity).

2.9.1 Risk Appetite Framework

The role of the risk management team is to make sure that the top management approves the risks exposed by the company, understands the outcomes of negative development of risks and has actionable plans against the risk of a downturn. This is made possible by a Risk Appetite framework which indicates the impact of risks on Income, Company Value, Capital and Liquidity.

2.9.2 Classification of Risks

2.9.2.1 Financial Risks

The impact of the changes in interest and foreign exchange rates and real estate prices which may be caused by the fluctuations in financial markets and various investment instruments on financial indicators of the company are measured and action plans are implemented to keep potential impacts within risk limits. As part of the financial risks analyses, our company's reinsurance structure is analyzed and classified as per the ratings of international rating agencies, and our reinsurance risks are measured by the models per Doga Sigorta A.Ş. standards.

2.9.2.2 Insurance Risks

Concerning the risks related to insurance contracts, the financial loss that may be incurred if the subject matter of insurance occurs is measured by statistical methods and the minimum capital that must be held by the company is determined accordingly. Such measurements are made in accordance with the Doga Sigorta A.Ş. Standards and the internal models designed by the Ministry of Treasury and Finance, General Directorate of Insurance.

2.9.2.3 Operational Risks

The efforts to identify and manage the risks that may have an adverse effect on the company's activities and business processes are conducted by the risk management unit. Operational risks include direct and indirect damages which may be caused by faulty internal processes, personnel or systems or external events. Internal Control and Corporate Risk Management Department identifies, anticipates, measures and monitors operational risks that the company may be exposed to.

Risks that concern all departments and defined by a self-assessment method are regularly updated and measured.

Internal Control and Corporate Risk Management Department monitors the defined risks and the measures taken against the risks are executed carefully under monitoring and updating activities and reported at regular intervals. The table that defines the exposed risk groups in Doga Sigorta A.Ş. Risk Management standards is given below.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

MAIN RISK GROUP	SUB RISK GROUP	RISK SUBJECT
FINANCIAL RISKS	Market Risks	Stock Risks
		Real-Estate Risks
		Interest Rate Risk
		Private Sector Bonds Risk
		Asset Based Financial Investment Risk
		Volatility Risk
		Basis Risk
Credit Risk	Counterparty Risks	
Liquidity Risk	Liquidity Risk	
NON-LIFE INSURANCE RISKS	Reserve Risks	Insufficient Reserve Risk
		Rising Risk
	Insurance Risks	Commercial Writing Risks
		Pricing Risk
		Customer Value Risk
	Catastrophe Risks	Catastrophe Risks - Natural Catastrophe
Catastrophe Risks - Human Basis		
OPERATIONAL RISKS	Internal Fraud	Internal Fraud and Unauthorized Operations
	External Fraud	External Fraud and System Security
	Workplace Safety and Employment Practices	Employee Relations, Discrimination
		Safe Working Environment
		Personnel Management (Critical Employee Losses)
	Customer, Production and Business Practices	Compliance, Notification and Product Responsibilities (Wrong Sales, Aggressive Sales, Misdirected Marketing Material)
		Unsuitable Illegal Business and Market Practices (Antitrust, Unlicensed Sale, Black Money, Legal Incompability)
		Product Defects (Product Deficiencies and Model Faults)
	Possible Losses in Tangible Assets	Natural Disasters and Human-Made Disasters
	System Errors and Work Outages	System Security
		System Outage
	Process Management and Transaction Faults	Transaction Errors (e.g. Fault Claim Payments)
		Software and Claim Process
		Public Disclosure and Reporting Errors
Project Management Errors		
Internal Services Providers' Errors and Their Poor Performance (Affiliated Agencies , Sale and Promotion Teams)		
External Services Providers' Errors and Their Poor Performance		

3. INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3.1 Internal Audit

Mustafa Özgür GÖKALP **Internal Audit Manager**

Mustafa Özgür Gökalg was born in 1965 in Kahramanmaraş and graduated from Marmara University, Faculty of Economic and Administrative Sciences. He started his insurance career at Halk Sigorta in 1989. During his 25 years in the insurance sector, he worked as a manager in the Internal Audit Department for 14 years. He also worked as a Finance, Technical Compliance, Administrative Affairs Cost Management Manager. Mustafa Özgür Gökalg has been working as the Internal Audit Manager at Doğa Sigorta since September 2016.

2020 Internal Audit Activities;

Internal audits are conducted by the Internal Audit Unit that reports to the Board of Directors as per the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies". Internal Audit Department consisted of two people, one Internal Audit Manager and the Internal Audit Assistant Specialist in 2020.

The Internal Audit Department which operates directly under the Board of Directors also submits the reports to the Board.

The purpose of the internal audit activities is to ensure that the company activities comply with the laws and other legislation, and that they are in line with the company strategies, policies and principles.

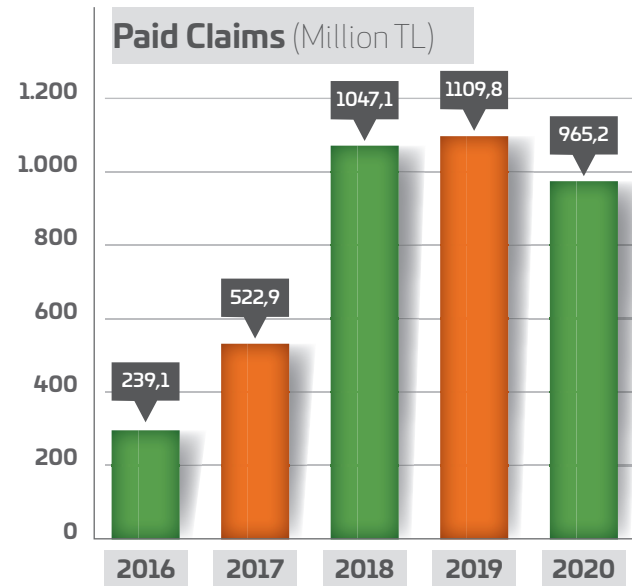
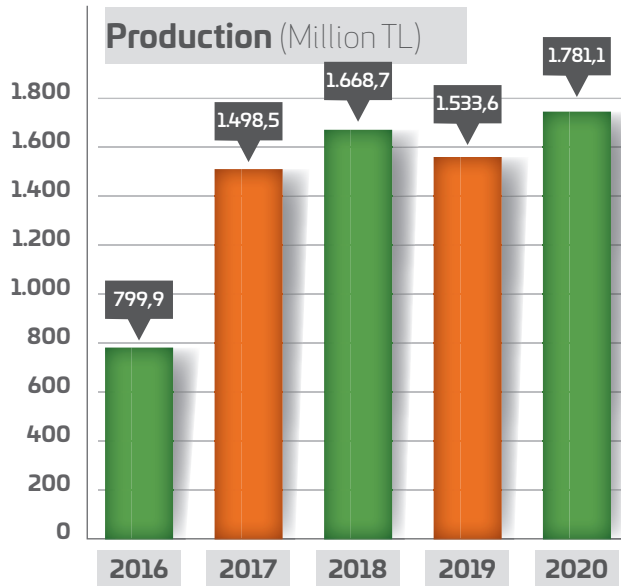
In this respect, risk-based audits were conducted, the liabilities for reporting the processes that are uncontrolled or do not appear to be adequately controlled under the current control system, revising the work flows and procedures as required, and monitoring correction and improvement activities were fulfilled as projected in the periodic internal audit plan and special inspections and investigations were conducted in addition to the plan. These activities also involve taking necessary measures aimed at determining control points in line with the objective of effective use of especially resources, information security, and minimization of risks. In addition, various projects were conducted to make all business processes of the company compliant with the provisions of the Law on the Protection of Personal Data in effect.

3.2 Disclosures Concerning Special Audit and Public Audit During the Reporting Period

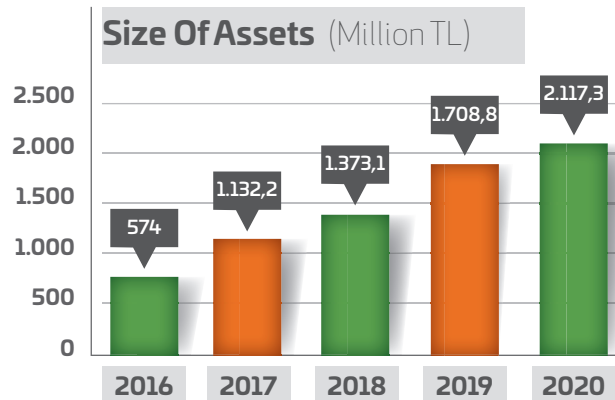
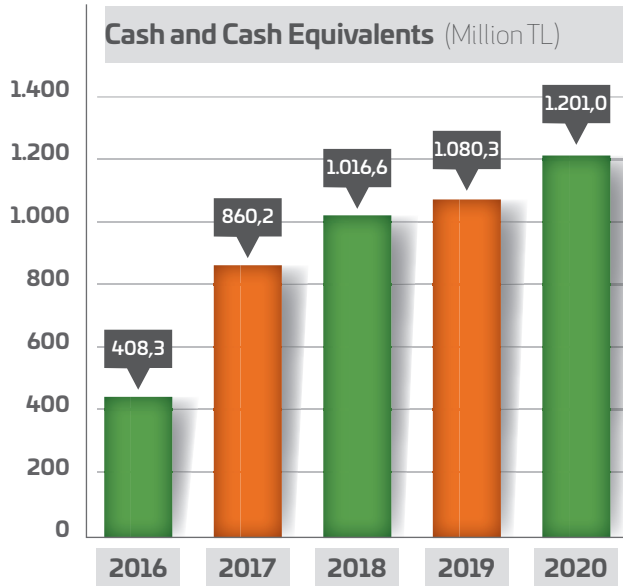
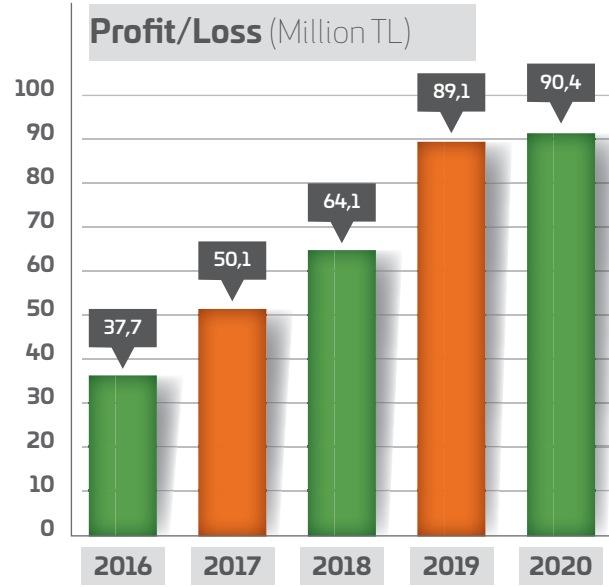
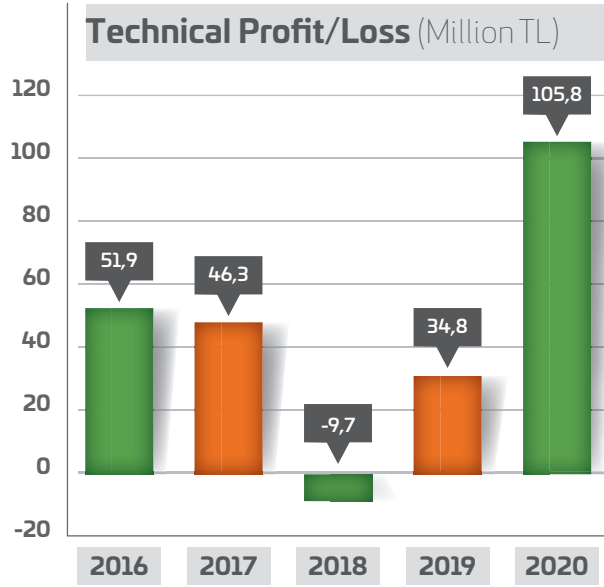
The Audit of Financial Statements and Accounting Transactions (Technical and Financial Analysis Audit) of Doga Sigorta A.Ş. under the Second Term Operation Program pursuant to the Insurance Law no. 5684 and related regulations has been completed on 03/05/2019 as per the Approval no. 2657 dated 10/26/2018 of the Ministry of Treasury and Finance.

3.3 Financial Information for Five Years Period Including the Report Period

5 Year Data (million TL)	2016	2017	2018	2019	2020
Production	799.9	1,498.5	1,668.7	1,533.6	1,781.1
Claims	239.1	522.9	1,047.1	1,109.8	965.2
Technical Profit/Loss	51.9	46.3	-9.7	34.8	105.8
General administrative expenses	38.0	74.0	79.4	114.3	111.1
Investment Incomes	14.9	75.6	204.2	271.9	352.6
Investment Expenses	1.0	5.0	9.7	46.1	84.5
Profit/Loss	37.7	50.1	64.1	89.1	90.4
Cash Assets	408.3	860.2	1,016.6	1,080.3	1,201.0
Size Of Assets	574.0	1,132.2	1,373.1	1,708.8	2,117.3
Long and Short Term Liabilities	98.2	191.3	121.1	147.9	154.6



INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT



INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3.4 Management's Assessment as to Whether the Capital is Unreturned or Whether the Company is Deeply in Debt

The purpose of the "Regulation on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies" is to ensure and control that companies maintain a minimum level of equity against their existing liabilities and potential risks.

Under article 17 entitled Guarantees of the Insurance Law No. 5684, non-life insurance companies shall establish a minimum guarantee fund which should not be less than one third of their capital requirement. In any period, the minimum guarantee fund should never be less than one third of the capital requirement requisite for each branch in which the company is operating. As of 12/31/2020, our Company has TL 95,007,117 blocked in favor of the Treasury.

According to the results of the capital adequacy statements measuring the amount of required equity capital for the company, the Company's capital adequacy dated 12/31/2020 was calculated as positive TL 69,939,662.

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in the table enclosed.

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in Articles 3.3 and 3.5.

1st METHOD (TL)	31.Dec.15	31.Dec.16	31.Dec.17	31.Dec.18	31.Dec.19	31.Dec.20
Equity Capital Required for Non-Life Branches	22,401,879	60,113,974	111,182,848	106,971,386	120,259,591	155,010,407
Equity Capital Required for Life Branch						
Equity Capital Required for Pension Branch						
Total Required Equity Capital	22,401,879	60,113,974	111,182,848	106,971,386	120,259,591	155,010,407
2nd METHOD (TL)	31.Dec.15	31.Dec.16	31.Dec.17	31.Dec.18	31.Dec.19	31.Dec.20
Equity Capital Required for Active Risk	6,155,196	15,505,683	26,041,074	41,073,197	78,363,566	86,143,033
Equity Capital Required for Reinsurance Risk	5,989,347	28,043,979	38,501,402	40,052,669	34,350,496	47,577,948
Equity Capital Required for Excessive Premium Increase	-					
Equity Capital Required for Outstanding Claims Reserve	2,390,789	10,303,909	20,271,796	38,093,815	52,533,333	71,873,757
Equity Capital Required for Underwriting Risk	12,789,177	33,285,190	82,530,153	91,511,716	100,089,596	125,889,265
Equity Capital Required for Interest Rate and Exchange Risk	46,016	115,476	232,899	1,326,795	7,249,642	6,656,137
Total Required Equity Capital	27,412,893	87,296,972	167,620,424	212,058,190	272,586,633	338,140,140
Shareholders' equities	37,623,267	95,534,093	180,780,135	245,533,485	328,487,569	391,667,873
Reserve for Balancing	128,229	386,345	1,054,661	2,260,415	4,215,092	7,591,929
Total Required Equity Capital To Be Considered For Capital Adequacy	37,751,499	95,920,438	181,834,797	247,793,899	332,702,661	399,259,802
Subsidiary Deducted from the Equity Capital				180,000	180,000	180,000
Capital Adequacy Result	10,338,606	8,623,466	14,214,373	35,555,709	59,936,028	60,939,662

3.5 Financial Tables and Information About Financial Structure, and Evaluation of Financial Status Profitability and Ability to Pay Compensation

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in the tables enclosed. Previous term comparison was conducted based on the 2019 annual report data.

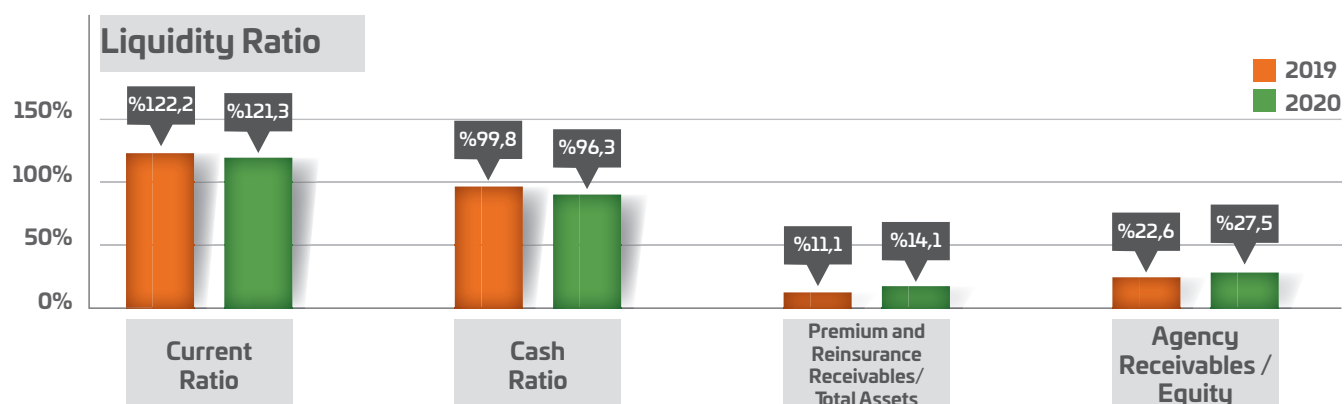
3.5.1 Capital Adequacy Result

CAPITAL ADEQUACY RATIOS	2019	2020
Capital Adequacy Ratio	%121,80	%118,00
Equity Profitability Ratio	%53,30	%40,40
Net Risk Ratio	%248,30	%258,10
Shareholders' equities / Total Assets	%19,20	%18,50
Shareholders' equities / Technical Provisions (net)	%156,30	%116,90



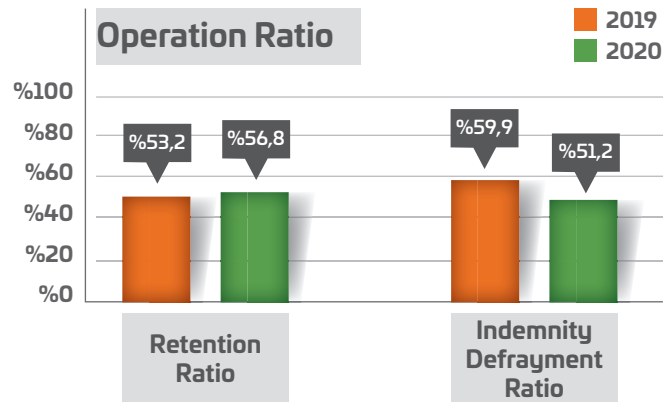
3.5.2 Liquidity

LIQUIDITY RATIOS	2019	2020
Current Ratio	%122,2	%121,3
Cash Ratio	%99,8	%96,3
Premium and Reinsurance Receivables/Total Assets	%11,1	%14,1
Agency Receivables / Equity	%22,6	%27,5



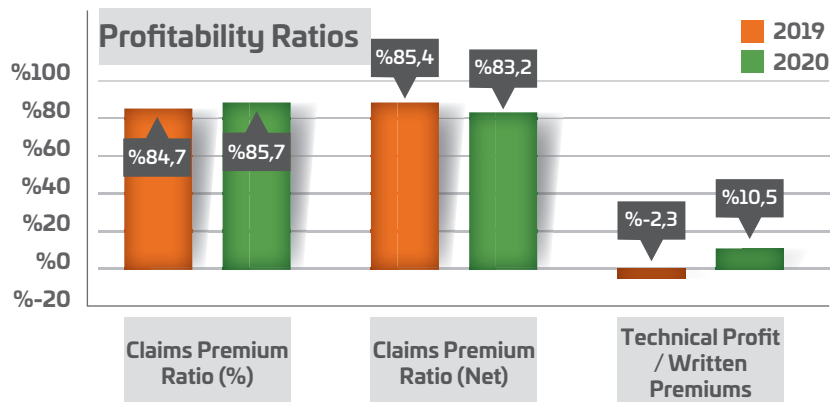
3.5.3 Operation

OPERATING RATIOS	2019	2020
Retention Ratio	%53,2	%56,8
Indemnity Defrayment Ratio (Net)	%59,9	%51,2



3.5.4 Profitability

PROFITABILITY RATIOS	2019	2020
Claims Premium Ratio (%)	%84,7	%85,7
Claims Premium Ratio (Net)	%85,4	%83,2
Technical Profit / Written Premiums	%-2,3	%10,5



Our company continued to grow and announced its post-tax financial profit as TL 90,415,759 in 2020. In the same period, there was a 4% increase in long-term and short-term debts and realized as TL 155 million. The growth rate of cash and cash equivalents was 11%. In 2020, our industry premium production rank was 13. We concluded 2020 by consolidating our financial adequacy and capital structure.

3.6 Information on Lawsuits against the Company with a Potential Impact upon Operations or Financial Standing and their Possible Outcomes

There are standard lawsuits brought against the company regarding its operating field; however they are not at a level to influence the company's operations or financial standing. Besides, required provisions were allocated in the company's financial statements for all the lawsuits.

3.7 Information On Objectives and Achievement Evaluation

Our premium production realized at 82% in 2019. Along with premiums written were above the targets, as a result of our selectiveness regarding our customer portfolio, the positive impact of improvement on claims, and effect of improvement on the positive deviation in both claims paid and the provisions set aside, we obtained TL 40 million more profit before tax than targeted at the beginning of the year, and ended 2020 with TL 121.7 million Profit Before Tax.

2020 INCOME - EXPENSE STATEMENTS	2020 TARGETED	2020 REALIZED	REALIZATION RATIO%
WRITTEN PREMIUMS	1,690,696,209	1,781,055,358	%105
CEDED PREMIUMS TO REINSURERS	-568,797,674	-569,566,338	%100
CLAIMS PAID (NET)	-600,944,412	-524,897,896	%87
TECHNICAL RESERVE ALLOCATED	-196,584,598	-334,911,521	%170
OTHERS OPERATING EXPENSES	-237,410,845	-303,105,466	%128
FINANCIAL INCOMES	192,692,380	352,597,005	%183
FINANCIAL EXPENSES	-188,065,880	-328,201,304	%175
PROFIT/LOSS BEFORE TAX (+) (-)	54,491,672	121,682,346	%223
NET PROFIT	50,283,247	90,415,758	%180

3.8 Information on Dividend Distribution Policy, and If No Dividend is to be Distributed, the Reason for This Decision and Recommendation as to How Undistributed Dividend will be Used.

Doğa Sigorta may distribute dividend within the framework of the relevant laws. When a decision is made regarding this issue, the company's current capital adequacy, its profitability and cash position, and its investment and financing policies are considered. Decisions concerning dividend distribution are taken by the shareholders at the General Assembly Meeting, and the profit to be distributed is the new profit for the period stated in the financial statements audited by independent auditors. When determining the amounts to be distributed, the General Assembly may choose to transfer some or all of the profit to the next year or set it aside as Reserve Funds.

Our Company will render a decision at the general assembly to be held in late March regarding the distribution of 2020 profits.

3.9 Affiliation Report

Our Company does not have any Affiliated Companies. Therefore, an Affiliated Company Report is not issued

3.10 Takaful

3.10.1 Introduction

The government's efforts to increase the share of participation in the finance industry including banking in particular are recently on the increase in our country.

Spreading participation insurance business nationwide is among the objectives of the government in the five-year development plan. In line with this, the finance industry gained momentum in the field of participation with life and non-line insurance companies in addition to banking.

Participation insurance business started in non-life insurance when Neova Sigorta A.Ş. started its operations in 2009. Doğa Sigorta was the first company to engage in Participation Insurance business with the Window Model in 2015. Islamic Insurance in the life insurance branch was introduced in Turkey in 2014 when Katılım Emeklilik ve Hayat A.Ş. was founded.

Participation insurance which started with a single company and TL 0.4 billion participation amount in 2014 grew 6.4 fold from 2015 and reached TL 3.9 Billion production.

By the end of 2020, there are 10 participation companies in the market. 3 of these operate in pension and life branches whereas the other 7 are in non-life branches.

	TOTAL PARTICIPATION PRODUCTION	TOTAL SECTOR PRODUCTION	PRODUCTION SHARE
2015	533,253,025	31,025,897,629	%1,72
2016	1,045,611,280	35,447,988,684	%2,95
2017	1,315,855,322	39,707,569,944	%3,31
2018	2,231,560,711	47,732,813,112	%4,68
2019	3,230,742,355	57,881,874,321	%5,58
2020	3,941,191,476	68,143,955,472	%5,78

Table 1: The Share of Participation Insurance (Takaful) Production in the Overall Industry

The regulation on the code of practice of participation insurance business which issued on September 2017 and took effect in December 2017 will allow the participation insurance business to grow faster and more strongly. The regulation enforces a duration limit of 3+2 years on the companies that operate in the participation insurance (Takaful) business by window model and requires that the system be turned into an independent insurance company or a full participation company, or the participation insurance business be left altogether. In the Amendment of the Regulation on Participation Insurance Operating Procedures and Principles published in the Official Gazette dated 19.12.2020 and numbered 31339, the definitions and implementation processes were detailed comparing the regulation dated September / 2017.

The window model has found the opportunity for implementation with the regulation and it allowed the company to enter the participation insurance business and proved an important step for the Islamic Insurance business to grow.

Doga Sigorta A.Ş. has been one of the companies that helped the participation insurance (Takaful) industry grow by window model since 2015. In our country, the introduction of the window model and participation insurance was realized together with Doğa Sigorta.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

	DOĞA SİGORTA TOTAL PREMIUM PRODUCTION	TOTAL SECTOR PRODUCTION	PRODUCTION SHARE
2015	291,331,842	31,025,897,629	%0,94
2016	799,901,975	35,447,988,684	%1,98
2017	1,491,503,094	39,707,569,944	%3,20
2018	1,668,705,527	47,732,813,112	%3,06
2019	1,533,598,888	57,881,874,321	%2,65
2020	1,781,139,497	68,143,955,472	%2,61

Table 2: Doga Sigorta A.Ş. Sector Share of Participation Production (*) Non-life total production

	SECTOR RANKING IN TOTAL PREMIUM PRODUCTION	SECTOR RANKING IN PARTICIPATION PRODUCTION
2015	19	3
2016	15	4
2017	9	2
2018	10	3
2019	13	3
2020	12	3

Table 3: Doga Sigorta A.Ş. Sector Ranking in Total and Participation Production

In the light of the stable growth in the Turkish economy and recent developments in the Turkish Insurance Industry, Doğa Sigorta aims to grow its presence in the Insurance Industry in line with the positive attitude of the government towards the development of the industry and with the efforts to complete the required infrastructure. In this respect, we intend to have a strong presence in the participation insurance industry as well as the conventional one.

3.10.2 Distribution Channels

Doğa Sigorta markets its Participation Insurance products in all its agencies in operation. 1826 of our agencies in operation, including central production and bank production, played an active role in selling the participation products in 2020.

Within the scope of the agreement made with Türkiye Finans Participation Bank, the bankassurance activities which started in the 3rd quarter of 2018 were completed, and production started in 2019.

In 2020, our 1,826 (1,841 in 2019) intermediaries have realized in total participation production in the regions.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

INTERMEDIARY DISTRIBUTION	2018	2019	2020
ADANA	293	303	307
ANKARA	330	355	359
ANTALYA	216	200	185
BURSA	102	120	130
MAJOR CUSTOMERS AND CORPORATE SALES	64	54	53
BANK CHANNEL SALES DIRECTORATE		3	3
ISTANBUL (EUROPEAN SIDE+ASIAN SIDE)	389	413	403
IZMIR	133	240	220
BLACK SEA	221	156	166
TOTAL	1748	1844	1826

Table 4 : Doga Sigorta A.Ş. Number of Distribution Channel with the breakdown of the region which involve in Participation Insurance

The participation premium production of our intermediaries in the region / branch is TL 394,434,472.

2020	FIRE	MOTOR	NON-MOTOR	CARGO	ENGINEERING	HEALTH	TARŞIM	DASK	TOTAL
ADANA	59,686	41,997,977	5,199	0	413	5,399,624	0	0	47,462,898
ANKARA	127,254	85,100,238	7,556	0	338	10,925,533	0	0	96,160,919
ANTALYA	37,522	25,856,705	1,560	0	0	3,241,790	0	0	29,137,578
BANK CHANNEL	781,581	3,252,382	10,141,065	17134,36	211,384	22,637	0	0	14,426,183
BURSA	17,700	23,096,490	658	0	0	2,940,647	0	0	26,055,495
MAJOR CUSTOMERS AND CORPORATE SALES	20,935	17,526,645	664	58	0	2,189,651	0	0	19,737,955
İSTANBUL-ANATOLIA	781,628	37,577,842	67,354	4502,17	47,827	4,769,158	0	0	43,248,311
ISTANBUL-EUROPEAN	211,440	50,546,747	7,588	30	84,403	6,510,010	0	0	57,360,219
IZMIR	57,312	33,135,819	4,465	539,71	1,454	4,324,926	0	0	37,524,516
BLACK SEA	39,884	20,737,496	1,909	0	26	2,535,567	0	0	23,314,881
CENTER	0	3,674	0	0	0	1,842	0	0	5,517
TOTAL	2,134,941	338,832,016	10,238,019	22,264	345,844	42,861,387	0	0	394,434,472

Table 5 : Distribution of Doga Sigorta A.Ş. Products by Branch and Region

3.10.3 Participation Management Model

The models used in Islamic insurance practices;

3.10.3.1 Mudaraba Participation

In this model, contribution (tabarru) is collected from the participants, which are then transferred to the Takaful fund. The amount remaining after the expenses (reinsurance expenses, operational expenses, claims payments, etc.) are deducted from this fund is directed towards investment instruments which conform to Islamic principles. A mudabara contract is made between the Participants and the Takaful Company. In other words, the profit/loss obtained from these funds are distributed based on the numbers whose ratio is pre-determined according to the contract made among the contributors within the framework of labor capital partnership agreement. In this model, a single contract covers the investment and insurance activities. This model is mostly used in Malaysia

3.10.3.2 Wakalah (Proxy) Takaful Participation

Unlike the mudabara structure, a wakalah contract is signed between the Takaful company and the participants in a Takaful structure, and the Takaful company receives its fee in return for this wakalah fee. In the wakalah model, the operator company receives some of the savings as a fee before it starts to operate the pool. This is called the wakalah fee. The basic tenet of this model is that the company acts as the proxy of the policy holder. Since a mudabara contract is not signed, the profit and loss resulting from the funds invested does not affect the Takaful company. The wakalah model is widely used in Takaful companies. Although the wakalah contract is widely used in insurance activities in Turkey, they are rarely used in contracts concerning the investment of the funds collected.

3.10.3.3 Hybrid Participation

Hybrid Takaful structure is a Takaful model created by using these two different Takaful structures together. In this model, there is both a wakalah and a mudabara contract. As the proxy for the owners of the funds, the company manages the funds in return for a proxy fee, and receives its share from the resulting profit/loss in accordance with the contract made. Profit/loss sharing may vary based on the contracts made. This is the most frequently used model in the Takaful sector. It is widely used in Middle Eastern countries. In this structure, insurance activities are performed based with wakalah contracts whereas profit and loss to be obtained from investments are distributed based on mudabara contracts.

Since our company's field of activity is general Participation, and the Proxy (Wakalah) system is considered most suitable for this field, our company adopted Proxy Participation system. In the Proxy Model, the Operator Company collects the payments made by the participants in an insurance pool, insurance payments are made from the fund that is formed, and the balance is directed to investment. The fundamental principle of this model is that the Operator company acts like the proxy of the policyholder. The Operator Company carries out all procedures of the pool for a predetermined cost.

No part of the Insurance fund formed or the profit or loss of the funds directed to investment is transferred to the Operator company.

Our company uses the wakalah (proxy) model for the benefits listed below:

- Keeping of customer satisfaction at the highest level,
- Not being a partner of loss
- Have an understandable operating structure
- Easily manageable financial structure

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

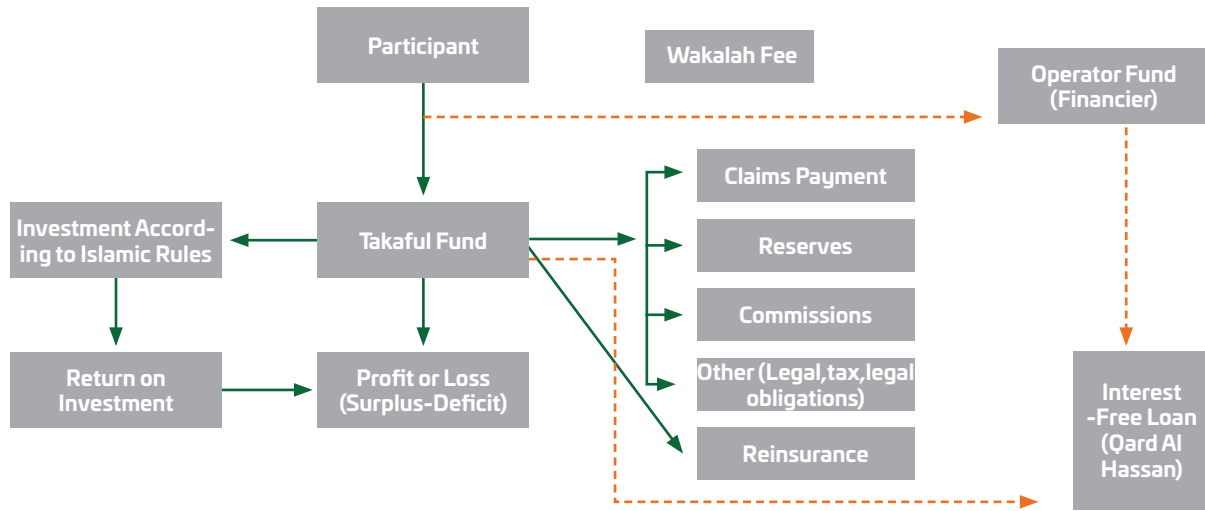


Table 6: *Doğa Sigorta A.Ş. Proxy Model (Wakalah) Work Flow*

As part of the proxy model, Doğa Sigorta assumed management of the funds as the proxy of the participants under the title of Operator Company. Our company pools policy premiums in a risk pool kept by the participation banks, and makes all insurance payments including the claims, agency commissions, payments to re-insurers, etc. from this pool. Our company also manages the transactions for increasing the revenue of the pool by directing the amounts collected in the pool to investment. Doğa Sigorta collects a certain amount of fee from the participants as approved by the Board of Ratification.

	PROXY (WAKALAH) RATES	
2015	%20	Maximum
2016	%15	Maximum
2017	%15	Maximum
2018	%20	Maximum
2019	%20	Maximum
2020	%20	Maximum

Table 7: *Doğa Sigorta A.Ş. Service cost Rates*

3.10.4 Organizational Structure

Within the year 2015 our company started studying the domestic and foreign applications of Participation Insurance, a branch which could not be widely and commonly implemented in Turkey, and only after completing the necessary infrastructure works, it started to operate in the field of participation insurance starting from June 2015.

The entire staff provides participation insurance service without an individual organizational structure in the existing structure.

3.10.5 Regional Directorates

Our company actively performs its participation insurance activities through 9 regional directorates and 1 participation bank. Our regional employees visit policyholders that lean towards participation insurance with our agents and inform them about our company and operating conditions. Our regional directorates where participation insurance is in the greatest demand are in Istanbul (European and Anatolian), Central Anatolia and Adana areas.

3.10.6 Advisory Committee

Prof. Dr. Hayrettin Karaman, Prof. Dr. Vecdi Akyüz and Assoc. Prof. Dr. İshak Emin Aktepe are members of our Advisory Committee.

Since the advisory committee took up position in 2015;

- Establishment of participation (takaful) system
- Coverages to be given in policies
- Collections made with credit cards of conventional banks
- Wakalah fees from participants
- Constitute Re Tekaful agreements
- Operation of the insurance fund to be established
- A certain part of the sum which is collected in the insurance fund as a result of the contract signed between Doğa Takaful and the Participants, a certain part of the profit to be generated by the fund, and a certain part of the difference between the income and the expenses are donated to foundations, associations and educational organizations which perform public service; scholarships are given, and donations are made with this money.

In those main headings, it has given conformity to the issues that allow participation insurance to be implemented within the framework of the Islamic Rules.

3.10.7 Personnel Competence and Training

Employees are informed about participation insurance by internal training programs organized at regular intervals. In addition, registration in the Participation insurance training organized by SEGEM is in progress.

3.10.8 Website

The participation insurance page of www.dogasigorta.com was re-designed to comply with the annex 2 of the circular no. 2017/22 published under the Regulation on the Participation Insurance Principles and Procedure of Operation published by the Undersecretariat of Treasury on September 20, 2017.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3.10.9 Separation Of The Funds

Participation policy premiums issued from 2015 are kept in Participation Banks and directed to investment. Payments of claim, commission, return of premium, assistance services, reinsurance, etc. are entirely made from the risk pool. Participation incomes earned by directing Risk Pool to investment in participation banks are transferred to the risk pool as a source of liquidity.

As of the end of 2020, we are collaborating with 4 participation banks to spread the risk and maximize the revenue. The amounts belonging to the insurance fund are forwarded to investment in these banks.

	PERIOD-END RISK POOL BALANCE
End of 2017	45,000,000
End of 2018	244,500,000
End of 2019	305,984,830
End of 2020	302,388,205

Table 8: Doga Sigorta A.Ş. Period-End Risk Fund Balance

	PARTICIPATION INCOME FROM PARTICIPATION FUND	PARTICIPATION INCOME FROM LEASE CERTIFICATES	TOTAL INCOME
2017	671,183		671,183
2018	19,201,748	346,962	19,548,710
2019	28,895,511		28,895,511
2020	12,705,612	4,610,636	17,316,248
TOTAL	61,474,054	4,957,598	66,431,652

Table 9: Doga Sigorta A.Ş. Insurance Fund Participation Income

3.10.10 Risk Fund Income and Expense Items

Investment Incomes item consists solely of the participation income obtained from the investment return on the risk fund.

	2015	2016	2017	2018	2019	2020
RECEIVED CONTRIBUTION PREMIUM	406,338.06	3,697,476.70	175,075,913.91	403,599,055.15	384,290,296.28	394,403,935.93
INDEMNITIES PAID REINSURANCE SHARE	5,264.24	1,250,282.61	9,315,332.48	73,488,385.72	118,175,737.12	105,945,888.45
RECEIVED COMMISSION CHANGE	60,276.61	542,253.12	12,709,464.73	23,322,053.28	9,772,099.34	8,179,250.00
INVESTMENT INCOMES			671,183.00	19,548,710.00	28,895,511.00	104,880,075.18
INCOME ITEMS	471,878.91	5,490,012.43	197,771,894.12	519,958,204.15	541,133,643.74	613,409,149.55

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

	2015	2016	2017	2018	2019	2020
PARTICIPATION REINSURANCE PREMIUM	264,926.93	2,351,578.95	78,649,169.20	148,458,226.58	134,380,847.71	95,390,719.48
INDEMNITY PAID	10,113.35	1,786,117.19	14,831,341.43	145,548,149.23	264,737,223.41	262,332,420.28
PAID COMMISSION CHANGE	70,985.57	550,884.37	20,775,866.80	51,586,794.02	31,067,998.17	59,252,408.04
TAX AND LEGAL LIABILITIES	30,930.65	208,593.37	20,576,584.80	49,191,300.07	41,929,052.90	43,577,197.04
INVESTMENT EXPENSES						5,535,853.68
EXPENDITURE ITEMS	376,956.50	4,897,173.88	134,832,962.23	394,784,469.90	472,115,122.19	466,088,598.52

Table 10: Doga Sigorta A.Ş. Risk Fund Income-Expense Expenditures

	2016	2017	2018	2019	2020
A.) STAFF EXPENSES (-)	5,331.89	2,017,784.88	5,870,258.07	8,479,815.64	8,302,255.09
B.) ADMINISTRATION EXPENSES (-)	5,941.64	2,539,717.41	8,278,757.76	9,872,073.60	5,307,125.86
C.) RESEARCH AND DEVELOPMENT EXPENSES (-)	0.00	0.00	0.00	0.00	0.00
D.) MARKETING EXPENSES (-)	3,537.03	1,215,313.95	2,467,386.04	7,640,261.64	6,095,988.66
E.) OUTSOURCING USE AND SERVICE EXPENSES (-)	1,134.41	879,842.32	1,542,011.29	2,470,886.07	2,426,617.06
OPERATING EXPENSES (-)	15,944.97	6,652,658.57	18,158,413.16	28,463,036.95	22,131,986.67

(*) Operational Expenses have been distributed based on the ratio of participation production in total production.

Table 11: Doga Sigorta A.Ş. Operating Expenses Participation Share

3.10.11 Balance Rebate

At the end of every period, the company shall calculate the balance using the actuary and takaful finance principles which are generally accepted for the risk fund. The deficit and surplus found at the end of the said calculation shall be announced on the Company's website.

Provided that the participants are informed prior to the contract or in insurance contracts, if the said balance generates surplus, it is possible to;

- To use this amount to decrease the contribution premiums,
- To set it aside as contingency fund for unforeseeable risks in the future,
- To distribute it fully or partially among the participants without allowing the company to take a share,
- To evaluate it in another way to be approved by the advisory committee

The distribution of the balance fully or partially among the participants can be effected by one of the ways below provided that it is stated in the insurance contract and that the company actuary approves that the company has sufficient capital;

- The balance may be distributed to all participants based on the contribution premiums they pay regardless of whether they recovered damages in the relevant period.
- The balance may be distributed to the participants who have not recovered any damages in the relevant period.
- The balance may be distributed to all participants who contribute positively to the fund regardless of whether they recovered damages in the relevant period.
- The balance may be distributed by a method to be approved by the advisory committee.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

In the event the balance is evaluated with a method approved by the advisory committee, or the balance rebate is distributed with a procedure to be approved by the advisory committee, this situation shall be announced on the company's website.

Balance rebate calculations and rebate calculation tables shall be published on the companies' websites. In the event a rebate is calculated, the method by which it will be evaluated/distributed must be stated in the insurance contract and the company's website.

In companies which operate in liability and life-takaful, matters such as the balance calculation, the balance distribution method, and the frequency of balance distribution shall be determined with the positive opinion of the advisory committee after obtaining the company actuary's approval since the risks they assume are long-term.

The company shall determine how many years after the recording the balance rebate it will be distributed by considering the branch it operates in and the nature of the product, and by obtaining the positive view of the advisory committee after the approval of the company actuary.

Our company will not make balance rebate in auto and liability branches and in compulsory insurances

In Doga Sigorta A.Ş., no fund surplus rebate will be made from funds in the first 5 years due to contingency.

The balance rebates not sought by the beneficiaries in a timely manner shall be subject to the "Regulation on Unclaimed Money by the Beneficiaries Within the Scope of Insurances Subject to Private Law Provisions".

In the event the risk fund generates surplus and it is aside as contingency fund for unforeseeable risks in the future, this fund shall not be distributed to the shareholders/members as dividend under any circumstances, and it shall not be taken into consideration in the calculation of distributable profit.

3.10.12 Retakaful

Our company transfers the Participation Insurance (Takaful) production to the Reinsurance Companies that provide takaful reinsurance service. Our Retakaful contracts have been renewed each June since June 2015 when we started our operations.

Our retakaful treaty terms which were renewed in June 2019;

RETAKAFUL QUOTA TREATY 01.06.2015 - 01.06.2020										
PERIOD	2015		2016-2017		2017-2018		2018-2019		2019-2020	
PLACEMENT	NON MOTOR	MOTOR	NON MOTOR	MOTOR	NON MOTOR	MOTOR	NON MOTOR	MOTOR	NON MOTOR	MOTOR
CONSERVATION	%30,00	%30,00	%30,00	%30,00	%30,00	%49,50	%30,00	%57,50	%30,00	%57,50
SWISS RE	%35,00	%35,00	%35,00	%24,50						
GIC RE			%5,50	%11,00	%17,50	%28,00	%17,50	%30,00	%30,00	%30,00
AFRICA RE			%5,00	%10,00	%10,00	%10,00	%10,00	%10,00	%7,50	%7,50
SCR MAROC					%10,00		%15,00		%7,50	
CCR ALGERIA					%7,50		%10,00		%7,50	
TUNIS RETAKAFUL					%5,50		%10,00		%7,50	
ARAB RE					%2,50	%2,50	%7,50	%2,50	%10,00	%5,00
NEW INDIA					%10,00	%10,00				
HANNOVER RETAKAFUL	%35,00	%35,00	%24,50	%24,50	%7,00					
TREATY	%70,00	%70,00	%70,00	%70,00	%70,00	%50,50	%70,00	%42,50	%70,00	%42,50

Table 12: Doga Sigorta A.Ş. 2015-2020 Our Retakaful Treaty Terms

3.10.13 Objectives and Strategies for the Upcoming Period

- Designing projects under social responsibility projects inside and outside the industry to raise awareness about the Islamic Insurance system principles of practice in the uninsured segments of the society which avoid insurance because of certain sensitivities but hold considerable potential as future policyholders
- Being one of the leading companies in the participation insurance market
- To become one of the pioneers of the sector in Participation Insurance by establishing a Participation Insurance Company in the next 3 years
- Accelerating the growth and development of a participation insurance (Takaful) industry in Istanbul in line with the vision to make the city a financial center, based on our idea that participation insurance is an important instrument in creating funds to grow and develop the Islamic finance industry demanded by both Turkish and foreign investors and utilizing such funds in Islamic finance instruments to maximize investment alternatives

3.10.14 Declaration of Conformity of Advisory Committee For Participation Insurance

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الْحَمْدُ لِلَّهِ الصَّلَاةُ وَالسَّلَامُ عَلَى رَسُولِ اللَّهِ

DOGA SİGORTA A.Ş. DECLARATION OF ADVISORY COMMITTEE

Doğa Sigorta continue to operate in Participation Insurance as a window model within the scope of the Insurance Law No. 5684 and the Regulation on Working Procedures and Essentials of Participation Insurance which is valid since 12/20/2017.

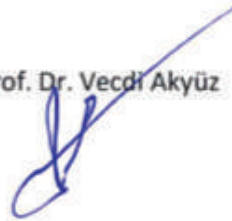
The transactions of Doğa Sigorta which are within the scope of the Participation Insurance are carried out in 2020 have been implemented in accordance with the Islamic Principles and we declare that the auditing of the transactions within the scope of the Participation Insurance was carried out by us.

DOGA SİGORTA A.Ş.
Advisory Committee
5 March 2021

Prof. Dr. Hayreddin Karaman



Prof. Dr. Vecdi Akyüz



Prof. Dr. İshak Emin Aktepe



3.10.15 Permission (İcazet) Document for Participation Insurance Tekaful Transactions



- Doğa Participation establishes a takaful system;
- It collects funds from the participant in the takaful pool it creates as donation;
- It also collects funds from its participant as partnership contribution;
- It charges expenses during entry to the takaful system;
- It pays commission from the insurance pool to intermediaries and pays for other expenses related to insurance from the fund;
- It operates the amount collected in the takaful fund through the power it receives from the participants, and receives a fee which may be definite, relative and/or a premium;
- It invests the amount collected in the insurance fund in transactions which conform to the Islamic law;
- Doğa Takaful or Re-Takaful Company gives Qard Al-Hassan Loan to the fund to cover the deficit in the Takaful fund, and they collect this amount when the fund is able to pay;
- It collects a difference in the amount of the inflation that realizes during the period it was a debtor when collecting the Qard Al-Hassan;
- It resorts to retakaful to share the risk;
- The participants receive compensation when the risk realizes; they receive profit share when the fund generates surplus, or they obtain discount right for the subsequent policy;
- A certain part of the sum which is collected in the insurance fund as a result of the contract signed between Doğa Participation Insurance and the Participants, a certain part of the profit to be generated by the fund, and a certain part of the difference between the income and the expenses are donated to foundations, associations and educational organizations which perform public service; scholarships are given, and donations are made with this money.

Prof. Dr. Hayreddin Karaman

Prof. Dr. Vecdi Akyüz

Doç. Dr. İshak Emin Aktepe

3.11 2020 Declaration of Conformity for The Annual Report

We hereby represent that the content of the Board of Directors' 2020 Annual Report, in relation the activities of our Company is drawn up in compliance with the principles and procedures set out by "Regulation on the Determination of the Minimum Content of Annual Activity Reports of Companies" issued by the Ministry of Customs and Trade which entered in to force after it was published in the Official Gazette dated 28 August 2012 and No. 28395. And by the "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" issued by the Under secretariat of Treasury which entered into force after it was published in the Official Gazette date 7 August 2007 and No. 26606.

İstanbul, 31 December 2020

3.12 Audit Firm Compliance Opinion



INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Doğa Sigorta Anonim Şirketi

A) Independent Audits of Unconsolidated Financial Statements

1) *Opinion*

We have audited the unconsolidated balance sheet of Doğa Anonim Şirketi (“the Company”) as of 31 December 2020 and the related unconsolidated statement of income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our view, the accompanying unconsolidated financial statements accurately present in all significant aspects the company's non-consolidated financial position as of December 31, 2020, and its non-consolidated financial performance and non-consolidated cash flows of the reporting period ending on the same date in accordance with the regulations on accounting and financial reporting in force based on insurance legislation and, in issues not regulated by them, the "Insurance Accounting and Financial Reporting Legislation", which includes the provisions of Turkish Accounting Standards.

2) *Justification of the Opinion*

Our independent audit has been conducted in accordance with the regulations regarding independent auditing principles, and with the Standards on Auditing which is an integral part of the Turkish Auditing Standards (“TAS”) published by the POA and the insurance legislation. Our responsibilities under these standards are detailed in the Independent Auditor's Responsibilities for the Independent Audit of Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Independent Auditors (“Code of Ethics”) published by the POA and the provisions on ethics contained in the legislation relating to the independent audit of financial statements. Codes of Ethics and ethical responsibilities under the legislation have also been observed by us. We believe that the independent audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3) Key Audit Issues

Key audit issues are the most important issues in the independent audit of the unconsolidated financial statements of the current period according to our professional judgment. Key audit issues are addressed as a whole within the framework of an independent audit of the unconsolidated financial statements and in the formation of our opinions on the unconsolidated financial statements, and we do not express any separate opinion regarding these issues.

Key Audit Issue	How key audit issues are addressed in the audit
<p>Estimation used in the calculation of technical provisions of insurance contracts</p> <p>As described in footnotes 2 and 17, the Company has allocated a total of TL 1.387.592.546 for insurance technical provision as of 31.12.2020. 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. As of the date, the Company has allocated a net provision of TL 816.621.725 for outstanding damages and TL 579.153.482,00 for incurred but not reported losses within this amount.</p> <p>The reason why we focus on these issues in our audits is that since it contains important estimates and management judgment used in the calculation of outstanding damage provisions, which include incurred but not reported damage amounts, this issue has been selected as a key audit issue.</p>	<p>From the insurance technical provisions detailed in Notes 2 and 17, we performed the audit procedures for the assumptions used in the calculation of the provision for outstanding damages and the provision for incurred but not reported outstanding damages (IBNR) together with the certified Actuary as an external expert, who is a part of our audit team.</p> <p>We examined the data set for the outstanding damage and paid damage files subject to the IBNR account of the Company and carried out the checks against the relevant period trial balance. We checked the IBNR amounts based on branches by recalculating the compliance with the legislation according to the method determined by the Company. We examined the opening history of development coefficients, final H/P premium rates and file outstanding amounts, and checked their compatibility with both the branch characteristics and the company experience. We checked the interest calculations of the files that were subject to the lawsuit. We checked the reflection of the total legal outstanding provision on the financial statements and the data set subject to the IBNR account. By examining damage analyses conducted by the company actuary, we questioned its compliance and consistency with both legislation and company experience, we evaluated whether the disclosures on this issue were sufficient in the /footnote disclosures that are part of the financial statements.</p>

4) The Responsibilities of the Management and Those Responsible for the Top Management regarding the Unconsolidated Financial Statements

The Company's management is responsible for the preparation of the unconsolidated financial statements in accordance with the Insurance Accounting and Financial Reporting Legislation, their presentation in an accurate manner, and the internal control as it deems necessary for the preparation of the financial statements in a way that does not contain significant inaccuracies due to error or fraud.

While preparing the unconsolidated financial statements, the management is responsible for evaluating the Company's ability to maintain its continuity, expressing the continuity-related issues when necessary, and using the principle of continuity of the business unless it has the intention or obligation to liquidate the Company or terminate the business activity.

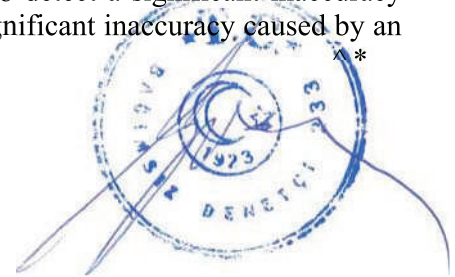
Those responsible for top management are responsible for oversight of the Company's financial reporting process.

5) Responsibilities of the Independent Auditor Regarding the Independent Audit of unconsolidated Financial Statements

Our aim is to have reasonable assurance as to whether or not the unconsolidated financial statements as a whole contain a significant inaccuracy caused by error or fraud and to issue an independent auditor's report containing our view. A reasonable assurance given as a result of an independent audit conducted in accordance with the Independent Accounting Standards, which are part of the rules on independent audit principles in force in accordance with insurance legislation and the Turkish Audit Standards published by the Accounting and Audit Standards Authority, is a high level of assurance but does not guarantee that any significant inaccuracy will always be detected. The inaccuracies may have been caused by error or fraud. If the inaccuracies, either alone or collectively, are reasonably expected to affect the economic decisions that the financial statement users will take based on these unconsolidated financial statements, these inaccuracies are considered significant.

As a requirement of an independent audit conducted in accordance with the Independent Accounting Standards, which are part of the rules on independent audit principles in force in accordance with insurance legislation and the Turkish Audit Standards published by the Accounting and Audit Standards Authority, we use our professional reasoning and maintain our professional skepticism throughout the independent audit. In addition to these:

The risks of “significant inaccuracy” arising from error or fraud in the financial statements are identified and evaluated, audit procedures responding to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to provide the basis for our opinion (Since fraud can include the acts of collusion, forgery, willful negligence, false statement or violation of internal control, the risk of failure to detect a significant inaccuracy caused by fraud is higher than the risk of failure to detect a significant inaccuracy caused by an error.).



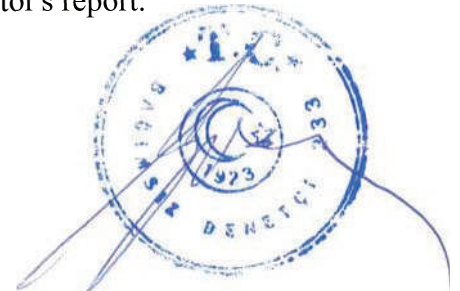
6) *Responsibilities of the Independent Auditor Regarding the Independent Audit of unconsolidated Financial Statements (Continued)*

- The internal control related to the audit is not evaluated for the purpose of providing an opinion on the effectiveness of the company's internal control, but for the purpose of designing the audit procedures that are appropriate to the situation.
- The compliance of accounting policies used by management and whether the accounting estimates made and related disclosures are reasonable are evaluated.
- Based on the audit evidence obtained, it is concluded on whether there is significant uncertainty regarding the events or circumstances that may cast serious doubt on the company's ability to maintain continuity and on the suitability of using the principle of continuity of the business by the management. If we conclude that there is significant uncertainty, we should draw attention to the relevant disclosures in the unconsolidated financial statements in our report or give an opinion not positive if these disclosures are insufficient. The results that we have reached are based on the audit evidence obtained until the date of the independent auditor's report. However, future events or circumstances may end the Company's Life continuity.
- The general presentation, structure, and content of the unconsolidated financial statements, including explanations, and whether these statements reflect the underlying processes and events in such a way as to provide an accurate presentation are evaluated.

In addition to other issues, we report the planned scope and timing of the independent audit, and the important audit findings including the significant internal audit deficiencies that we identified during the audit, to those responsible for the top management.

We have informed those in charge of top management that we comply with the ethical provisions related to independence. We have also communicated to those responsible for senior management the measures related to all relations and other issues that may be considered to have an impact on independence.

Among the issues reported to those responsible for the top management, we determine the most important issues in the independent audit of the unconsolidated financial statements of the current period, namely the key audit issues. In cases where the legislation does not permit the public disclosure of the issue, or in highly exceptional circumstances where the negative consequences of public disclosure are reasonably expected to exceed the public interest that the public disclosure will result in, we may decide that the relevant issue is reported in our independent auditor's report.



B) Other Obligations Arising From Legislation

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code (TCC); no significant matter has come to our attention that leads us to believe that for the period 1 January - 31 December 2020, the Company's bookkeeping activities and the financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.



Nazım ANIL Auditor in Charge 5th March 2021 in
Istanbul, Turkey

3.13 31.12.2020 Independent Auditor's Report

**INDEPENDENT AUDITOR'S REPORT IN RELATION TO ANNUAL ACTIVITY REPORT OF
THE GENERAL ASSEMBLY
INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Doğa Sigorta Anonim Şirketi

We have audited the annual activity report of Doğa Anonim Şirketi for the financial year ending on December 31, 2020.

General Assembly Responsibility Concerning the Annual Activity Report

In accordance with Article 514 of the Turkish Commercial Code 6102 ("TCC"), the company management is responsible for the preparation of the annual activity report with due diligence and to ensure consistency with the financial statements and for such internal control as postulated necessary by the company management to enable the preparation of such annual report.

Independent Auditor's Responsibility

Our responsibility is to express an opinion as to whether the financial information included in the annual report is consistent with the financial information included in the Company's financial statements, and whether it reflects the truth based on our independent audit of the annual activity report conducted in accordance with article 397 of the TCC.

Our independent audit has been conducted in accordance with the regulations regarding independent auditing principles, and with the Standards on Auditing which is an integral part of the Turkish Auditing Standards ("TAS") published by the POA and the insurance legislation. Those standards require that we comply with code of ethics, and plan and perform the audit to obtain reasonable assurance about whether the financial information included in the annual report is consistent with the financial statements and provide fair presentation.

An independent audit also includes performance of audit procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the independent auditor's professional judgment.

We believe that the independent audit evidence we have obtained is sufficient provide a basis for our audit opinion.



Opinion

In our opinion, the financial information included in the annual report is consistent, in all material respects, with the audited financial statements and provides a fair presentation.

Other Obligations Arising From Legislation

In accordance with Article 402 of the TCC, the General Assembly has provided us with the required explanations and documents. Moreover, no significant matter has come to our attention that leads us to believe that the Company's bookkeeping activities for the period ending on December 31, 2020 is not in compliance with the TCC and provisions of the Company's articles of association pursuant to financial reporting.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.



Nazım ANIL
Auditor in
5 March 2021
Istanbul Turkey

AUDITORS' REPORT ON SYSTEM AND COMMITTEE OF EARLY DETECTION OF RISKS

To the General Assembly of Doga Sigorta Anonim Şirketi

1. We have completed our audit procedure covering the early detection of risk system and committee established by Doğa Sigorta A.Ş. ("Company").

Responsibility of the General Assembly

2. Pursuant to the subparagraph one of Article 378 of Turkish Commercial Code No. 6102 ("TCC"), General Assembly is required to constitute an expert committee, and to run and to develop the necessary system for the purposes of early detection of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks.

Auditor's Responsibility

3. Our responsibility is to reach to a conclusion on the early risk detection system and committee based on our audit. Our audit was conducted in accordance with TCC and "Principles on the Auditor's Report on the Early Risk Identification System and Committee" issued by the Public Oversight Accounting and Auditing Standards Authority., and code of ethics. Those principles require us to identify whether the Company established the early risk detection system and committee or not and, if established it is required to assess whether the system and committee are operating or not within the framework of Article 378 of TCC. Our audit does not include evaluating the appropriateness of the remedies put forth by the early detection of the risk committee or the adequacy of the operations carried out by the management of the Company in order to manage these risks.

Information about the System and Committee for Early Detection of Risk

4. The Company is not obligated to constitute an Early Risk Detection Committee within the framework of Article 378 of TCC. The Company's Early Risk Detection System was examined in accordance with the "Principles on the Auditor's Report on the Early Risk Detection System and Committee"



Results

5. Based on our audit, it has been concluded that, early risk detection system and committee of Doğa Anonim Şirketi is sufficient, in all material respects, in accordance with Article 378 of TCC, exclusive of the matters addressed in the paragraph below.
6. The Company's early risk detection system is not designed and applied based on written procedures. Therefore, no systematical approach could be observed. However, Members of the General Assembly actively participate in Company operations. General Assembly Members are also executives, and they follow the Company's operational, financial, and legislative processes, and render and apply decisions regarding them. The vast experience of the General Assembly Members in the industry, and their careful and meticulous pursuit of Company activities allow the early identification and detection of the risks. The controls we performed during the performance of our auditing activities support our assessment. It will be beneficial for the General Assembly to write down its organizational risk management activities in the future.

Anıl Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.



Nazım ANIL, YMM Auditor in Charge Istanbul.
05 March 2021



FINANCIAL STATEMENTS OF DOĞA SİGORTA ANONİM ŞİRKETİ AS OF 31 DECEMBER 2020

We confirm that the unconsolidated financial statements and related disclosures and footnotes as of December 31, 2020 which were prepared in accordance with the accounting principles and standards in force as per the regulations of the Treasury and Finance Ministry of Turkish Republic 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.

Istanbul, 05. March 2021

Coşkun GÖLPINAR
Genel Müdür

Fehmi ÖZBALKAN
Genel Müdür Yardımcısı

Nuray DAV
Mali ve İdari İşler Grup Müdürü

Esra DENİZCİ
Aktüer (Sicil No:31)

Above: General Manager, Deputy Manager, Finance and Administrative Group Manager, Actuary (signatures)

1. FINANCIAL STATEMENTS:

a. Financial statements as of 31 December 2020 solo balance sheet. (All figures are expressed in Turkish Lira "TL")

ASSETS			
I- Current Assets	Footnote	Independent The items has been subjected to the audit 31 December 2020	Independent The items has been subjected to the audit 31 December 2019
A- Cash and Cash Equivalents		1,201,042,046	1,080,271,661
1- Cash		739	18,885
2- Cheques Received		-	-
3- Banks	14	910,567,469	789,714,380
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months	14	290,473,838	290,538,396
5- Cash and Cash Equivalents		-	-
B- Financial assets and Financial Investments of which the Risks are Undertaken by the Policyholders		449,801,840	288,727,720
1- Available-For-Sale Financial Assets	11	259,937,528	-
2- Marketable Securities To Be Held Until Maturity	11	189,863,972	-
3- Marketable Securities In The Tradebook	11	340	288,727,720
4- Loans		-	-
5- Provision for Credits (-)		-	-
6- Financial Investments of which the Risks are Undertaken by the Life Insurance Policyholders		-	-
7- Company Stock		-	-
8- Provision For Impairment of Inventory (-)		-	-
C- Receivables From Real Operating Income		286,957,190	179,123,538
1- Receivables from Insurance	12	216,231,248	159,968,065
2- Provision for Insurance Transaction Receivables (-)	12	(12,448,335)	(10,419,672)
3- Receivables from Reinsurance Transactions	12	83,174,277	29,575,145
4- Provision for Reinsurance Transactions Receivables (-)		-	-
5- Deposits On Behalf Of Insurance and Reinsurance Companies		-	-
6- Loans of Policyholders		-	-
7- Provision for Loans of Policyholders (-)		-	-
8- Receivables For Pension (Retirement) Transactions		-	-
9- Doubtful Receivables Arising From Real Operations	12	51,898,806	44,555,639
10- Provisions for Doubtful Receivables Arising From Real Operations (-)	12	(51,898,806)	(44,555,639)
D- Receivables From the Related Parties		-	66,791
1- Receivables from Shareholders		-	-
2- Receivables from Associates	4	-	66,791
3- Receivables from Subsidiaries		-	-
4- Receivables from Group Companies		-	-
5- Receivables from Employees		-	-
6- Receivables from Other Related Parties		-	-
7- Rediscounted Receivables From Related Parties (-)		-	-
8- Doubtful Receivables From Related Parties		-	-
9- Provision for Doubtful Receivables From Related Parties (-)		-	-
E- Other Receivables		10,142,776	6,385,605
1- Leasing Receivables		-	-
2- Unearned Lease Interest Incomes (-)		-	-
3- Deposits Paid and Guarantees Given	4	159,800	159,800
4- Other Miscellaneous Receivables (+/-)	4	9,982,976	6,225,805
5- Rediscount On Other Miscellaneous Receivables (-)		-	-
6- Doubtful Other Receivables		-	-
7- Provision for Doubtful Other Receivables (-)		-	-
F- Short-Term Prepaid Expenses and Accrued Income		131,346,739	122,283,557
1- Deferred Production Costs	17	126,973,537	109,935,344
2- Accrued Interest and Rental Income		-	-
3- Accrued Revenue Receivables		-	-
4- Short-Term Prepaid Expenses and Accrued Income	17	4,373,202	12,348,213
G- Other Current Assets		665,661	436,713
1- Required Stocks For Future Months		-	-
2- Prepaid Taxes and Funds	35	3,642	3,643
3- Deferred Tax Assets		-	-
4- Work Advances	4	535,060	428,271
5- Advances to Personnel	4	126,959	4,799
6- Inventory and Delivery Shortages		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provisions for Other Current Assets (-)		-	-
I- Total Current Assets		2,079,956,252	1,677,295,585

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

b. Financial statements as of 31 December 2020 solo balance sheet (All figures are expressed in Turkish Lira "TL")

ASSETS			
II- Non-Current Assets	Footnote	Independent The items has been subjected to the audit 31 December 2020	Independent The items has been subjected to the audit 31 December 2019
A- Receivables From Real Operating Income		-	-
1- Receivables from Insurance		-	-
2- Provision for Insurance Transaction Receivables (-)		-	-
3- Receivables from Reinsurance Transactions		-	-
4- Provision for Reinsurance Transactions Receivables (-)		-	-
5- Deposits On Behalf Of Insurance and Reinsurance Companies		-	-
6- Loans of Policyholders		-	-
7- Provision for Loans of Policyholders (-)		-	-
8- Receivables For Pension (Retirement) Transactions		-	-
9- Doubtful Receivables Arising From Real Operations		-	-
10- Provisions for Doubtful Receivables Arising From Real Operations (-)		-	-
B- Receivables From the Related Parties		-	-
1- Receivables from Shareholders		-	-
2- Receivables from Associates		-	-
3- Receivables from Subsidiaries		-	-
4- Receivables from Group Companies		-	-
5- Receivables from Employees		-	-
6- Receivables from Other Related Parties		-	-
7- Rediscounted Receivables From Related Parties (-)		-	-
8- Doubtful Receivables From Related Parties		-	-
9- Provision for Doubtful Receivables From Related Parties (-)		-	-
C- Other Receivables		3,422,856	793,406
1- Leasing Receivables		-	-
2- Unearned Lease Interest Incomes (-)		-	-
3- Deposits Paid and Guarantees Given	4	3,422,856	793,406
4- Other Miscellaneous Receivables		-	-
5- Rediscount On Other Miscellaneous Receivables (-)		-	-
6- Doubtful Other Receivables		-	-
7- Provision for Doubtful Other Receivables (-)		-	-
D- Financial Assets		984,773	730,032
1- Long term securities	9	684,773	430,032
2- Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Subsidiaries	9	300,000	300,000
5- Capital Commitment To Subsidiaries (-)		-	-
6- Receivables from Group Companies		-	-
7- Capital Commitment To Receivables from Group Companies (-)		-	-
B- Financial assets and Financial Investments of which the Risks are Undertaken by the Policyholders		-	-
9- Other Miscellaneous Financial Assets		-	-
10- Provision For Impairment of Inventory (-)		-	-
E- Tangible Assets		17,235,993	17,260,657
1- Investment Property		-	-
2- Provision For Impairment of Inventory For Investment Property (-)		-	-
3- Property Intended For Use		-	-
4- Machine and Equipment		-	-
5- Fixtures and Installations	6	7,547,808	6,137,286
6- Motor Vehicles	6	6,974,098	4,756,598
7- Other Tangible Assets (Leasehold Improvement Amount Is Included)	6	11,356,900	9,878,601
8- Acquired Tangible Assets By Leasing	6	7,571,892	6,900,439
9- Accumulated Depreciation (-)	6	(16,214,705)	(10,412,267)
10- Advances For Tangible Assets (Investments In Progress Are Included)		-	-
F- Other Intangible Assets	8	3,624,961	2,485,216
1- Rights	8	7,463,577	4,930,459
2- Goodwill		-	-
3- Expenses In Respect Of The Pre-Operating Cycle		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Fixed Assets		-	-
7- Accumulated Depreciation (-)	8	(3,838,616)	(2,445,243)
8- Advances For Intangible Fixed Assets		-	-
G- Prepaid Expenses and Income Accruals Pertaining To Future Years		-	-
1- Deferred Production Costs		-	-
2- Income Accruals		-	-
3- Long-Term Prepaid Expenses And Accrued Income		-	-
H- Other Non-Current Assets		12,114,732	10,227,126
1- Effective Foreign Exchange Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Required Stocks For Future Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	12,114,732	10,227,126
6- Other Miscellaneous Non-Current Assets		-	-
7- Depreciation for Other Non-Current Assets (-)		-	-
8- Provisions For Other Non-Current Assets (-)		-	-
II- Total Non-Current Assets		37,383,315	31,496,437
Total Current Assets (I + II)		2,117,339,569	1,708,792,022

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

c. Financial statements as of 31 December 2020 solo balance sheet (All figures are expressed in Turkish Lira "TL")

LIABILITIES			
III- Short Term Liabilities	Footnote	Independent The items has been subjected to the audit 31 December 2020	Independent The items has been subjected to the audit 31 December 2019
A- Financial Payables		2,692,299	2,491,455
1- Payables To Credit Agencies		-	-
2- Payables From Leasing Receivables	20	3,133,182	3,203,053
3- Deferred Financial Lease Borrowing Expenses (-)	20	(440,883)	(711,598)
4- Principal and interest payable of long term loans		-	-
5- Issued Bonds Principal, Installments and Interest		-	-
6- Other Miscellaneous Financial Assets		-	-
7- Premiums On Other Miscellaneous Financial Assets (-)		-	-
8- Other Miscellaneous Financial Assets (Liabilities)		-	-
B- Real Operating Liabilities		108,998,346	104,702,514
1- Payables from Insurance Operations	19	39,179,624	33,225,669
2- Receivables from Reinsurance Transactions	10,17,19	69,818,722	71,476,845
3- Deposits On Behalf Of Insurance and Reinsurance Companies	10,19	-	-
4- Receivables For Pension (Retirement) Transactions		-	-
5- Other Real Operating Liabilities		-	-
6- Rediscount on other notes payable from real operating income (-)		-	-
C- Liabilities due to related parties		4,427	165,224
1. Due To Shareholders	45	-	-
2- Payables to associates		-	-
3- Payables to subsidiaries		-	-
4- Receivables from Group Companies		-	-
5. Due To Personnel	45	4,427	165,224
6- Receivables from Other Related Parties		-	-
D- Other Payables		45,618,007	43,003,860
1- Deposits and Guarantees Received	19	11,996,377	8,911,658
2- SSI Debts Related to Treatment Expenses	19	22,283,844	22,340,792
3- Other Miscellaneous Payables	19	11,337,786	11,751,410
4- Rediscount On Other Miscellaneous Payables (-)		-	-
E- Insurance technical reserves		1,380,000,617	1,045,092,227
1- Provisions for Unearned Premiums - Net	17	541,898,235	423,168,415
2- Provision for Unexpired Risks - Net	17	21,480,657	29,740,730
3- Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims and Compensations - Net	17,42	816,621,725	592,183,082
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Financial Investments with Risks on Saving Life Policyholders - Net		-	-
7- Other Technical Provisions (net)		-	-
F- Reserves for Taxes Payable and Other Fiscal Liabilities		32,745,256	38,058,613
1. Taxes and Dues Payable	23	31,920,999	37,394,922
2. Social Security Withholdings Payable	23	824,257	663,691
3- Overdue, Postponed or Re-structured Taxes and Fiscal Liabilities		-	-
4- Other Taxes and Liabilities Payable		-	-
5- Provision for tax and other legal liabilities on profit	23	31,266,587	38,524,331
6- Prepaid Taxes and Other Legal Liabilities on Profit (-)	23	(31,266,587)	(38,524,331)
7- Provision for Other Taxes and Liabilities Payable		-	-
G- Provisions for Others Risks		8,381,666	5,626,909
1- Provisions for termination indemnities	23	855,779	602,633
2- Provision For Social Support Fund Deficits		-	-
3- Provision For Cost Expenses	23	7,525,887	5,024,276
H- Deferred Income and Expense Accruals For Future Months		59,669,277	61,389,095
1- Deferred Commission Incomes	19,17	59,669,277	61,389,095
2. Expense Accruals		-	-
3- Deferred Income and Expense Accruals For Future Months		-	-
I- Other Short Term Liabilities		76,759,806	71,550,663
1- Deferred Tax Obligation		-	-
2- Inventory and Delivery Surplus		-	-
3- Other Miscellaneous Short Term Liabilities	17, 10	76,759,806	71,550,663
III- Total of Short Term Liabilities		1,714,869,701	1,372,080,560

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

d. Financial statements as of 31 December 2020 solo balance sheet (All figures are expressed in Turkish Lira "TL")

LIABILITIES			
IV- Long Term Liabilities	Footnote	Independent The items has been subjected to the audit 31 December 2020	Independent The items has been subjected to the audit 31 December 2019
A-Financial Payables		1,035,398	2,400,782
1-Payables To Credit Agencies		-	-
2- Payables from Financial Leasing Transactions	20	1,158,775	2,674,304
3- Deferred Financial Lease Borrowing Expenses (-)	20	(123,377)	(273,522)
4- Bonds issued		-	-
5-Other Issued Miscellaneous Financial Assets		-	-
6- Premiums On Other Miscellaneous Financial Assets (-)		-	-
7- Other Financial Liabilities (Liabilities)		-	-
B- Real Operating Liabilities		-	-
1- Payables from Insurance Operations		-	-
2- Receivables from Reinsurance Transactions		-	-
3- Deposits On Behalf Of Insurance and Reinsurance Companies		-	-
4- Receivables For Pension (Retirement) Transactions		-	-
5- Other Real Operating Liabilities		-	-
6- Rediscount On Other Notes Payable From Real Operating Income (-)		-	-
C- Liabilities Due To Related Parties		9,927	9,927
1. Due To Shareholders	45	9,927	9,927
2-Payables to associates		-	-
3- Payables to subsidiaries		-	-
4- Receivables from Group Companies		-	-
5. Due To Personnel		-	-
6- Receivables from Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits And Guarantees Received		-	-
2- SSI Debts Related to Treatment Expenses		-	-
3-Other Miscellaneous Payables		-	-
4- Rediscount On Other Miscellaneous Payables		-	-
E- Insurance Technical Reserves		7,591,929	4,215,092
1- Provisions for Unearned Premiums - Net		-	-
2- Provision for Unexpired Risks - Net		-	-
3- Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims and Compensations - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Financial Investments with Risks on Saving Life Policyholders - Net		-	-
7- Other Technical Provisions (net)	17	7,591,929	4,215,092
F- Other liabilities and Provisions		-	-
1-Other liabilities payable		-	-
2- Overdue, Postponed or Re-structured Taxes and Fiscal Liabilities		-	-
3- Provisions for other payables and expenses		-	-
G- Provisions for Others Risks		2,031,874	1,466,367
1- Provisions for termination indemnities	23	2,031,874	1,466,367
2- Provision For Social Support Fund Deficits		-	-
F- Deferred Income and Expense Accruals Pertaining To Future Years		-	-
1- Deferred Commission Incomes		-	-
2. Expense Accruals		-	-
3- Deferred Income and Expense Accruals For Future Years		-	-
I- Other Long Term Liabilities		132,867	131,726
1- Deferred Tax Obligation		-	-
2- Other Long Term Liabilities		132,867	131,726
IV- Total of Long Term Liabilities		10,801,995	8,223,894

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

e. Financial statements as of 31 December 2020 solo balance sheet (All figures are expressed in Turkish Lira "TL")

EQUITY CAPITAL			
V- Equity Capital	Footnote	Independent The items has been subjected to the audit 31 December 2020	Independent The items has been subjected to the audit 31 December 2019
A- Paid in capital		220,000,000	220,000,000
1- Nominal Capital	2, 15	220,000,000	220,000,000
2) Unpaid Share Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Distinction From Share Capital Adjustment (-)		-	-
B. Capital Reserves		-	-
1- Equity Share Premiums		-	-
2- Gains on sale of cancelled share certificates		-	-
3- Capitalized Surplus		-	-
4- Foreign Currency Conversion Adjustments		-	-
5- Other Capital Reserves	15	-	-
C-Profit reserves		22,584,855	18,277,968
1-Legal Reserves	15	8,708,515	4,253,382
2- Statutory reserves		-	-
3-Extraordinary Reserves	15	6,780,498	6,780,498
4- Special funds (Reserves)	15	7,384,087	7,384,087
5- Valuation of Financial Assets		-	-
6- Other profit reserves	15-21	(288,245)	(139,999)
D. Previous Years' Profits		58,667,259	1,106,940
1- Previous Years' Profits		58,667,259	1,106,940
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit for the Period		90,415,758	89,102,662
1- Net Profit for the Period		90,415,758	89,102,662
2- Net Loss For The Period (-)			
Total Shareholders' Equity		391,667,872	328,487,570
Total Sum of Liabilities (III + IV + V)		2,117,339,569	1,708,792,022

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

f. Accounting period ending on 31 December 2020 solo income statement (All figures are expressed in Turkish Lira "TL")

I- TECHNICAL DEPARTMENT	Footnote	Independent subjected to the audit 1 January - 31 December 2020	Independent subjected to the audit 1 January - 31 December 2019
A- Non-Life Technical Income		1,161,613,064	903,366,372
1- Earned Premiums (Net of Reinsurance Share)		900,564,308	766,599,861
1.1- Written Premiums (Net of Reinsurance Share)	17	1,011,034,054	815,482,389
1.1.1- Gross Written Premiums (+)		1,781,055,358	1,533,598,888
1.1.2- Ceded Premiums to Reinsurers (-)	17	(677,370,462)	(631,003,489)
1.1.3- Premiums Transferred to SSI	17	(92,650,842)	(87,113,011)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(118,729,819)	(28,204,439)
1.2.1- Provisions for Unearned Premiums (-)		(129,392,513)	75,190,117
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17	6,884,590	(93,273,117)
1.2.3- SSI of Unearned Premiums Reserve		3,778,103	(10,121,439)
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	8,260,073	(20,678,089)
1.3.1- Provision for Unexpired Risks (-)		(4,603,100)	(28,670,752)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)		12,863,173	7,992,663
2- Investment Incomes Transferred From Non-Technical Department	4,2	243,862,835	99,502,888
3- Other Technical Incomes (net of reinsurance share)		2,237,562	47,822
3.1- Other Gross Technical Incomes (+)		2,237,562	47,822
3.2- Reinsurance Share In Other Gross Technical Incomes (-)		-	-
4- Accrued Salvage and Subrogation Revenues		14,948,359	37,215,801
A- Non-Life Technical Expenditure (-)		(1,055,818,843)	(883,432,200)
1- Realized Claims (Net of Reinsurance Share)		(749,336,540)	(642,932,625)
1.1- Claims Paid (Net of Reinsurance Share)	29	(524,897,897)	(481,584,998)
1.1.1- Gross Claims Paid (-)		(965,218,270)	(1,012,562,689)
1.1.2- Reinsurance share of claims paid (+)	17	440,320,373	530,977,691
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(224,438,643)	(161,347,627)
1.2.1- Outstanding Claims Reserve (-)		(370,493,191)	(212,216,960)
1.2.1- Reinsurance Share of Outstanding Claims Reserve (+)	17	146,054,547	50,869,333
2- Change in Provision for Bonus and Discounts (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
2.1- Provision for Bonus and Discounts (-)		-	-
2.2- Reinsurance Share of Provision for Bonus and Discounts (+)		-	-
3- Change in Other Technical Provisions (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(3,376,837)	(1,954,678)
4- Operating Expenses (-)	32	(269,772,093)	(207,192,921)
5- Other Technical Provisions		(33,333,373)	(31,351,976)
C- Technical Department Balance- Non-Life (A - B)		105,794,221	19,934,172
D- Life - Technical Income		-	-
1- Earned Premiums (Net of Reinsurance Share)		-	-
1.1- Written Premiums (Net of Reinsurance Share)		-	-
1.1.1- Gross Written Premiums (+)		-	-
1.1.2- Ceded Premiums to Reinsurers (-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
1.2.1- Provisions for Unearned Premiums (-)		-	-
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)		-	-
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
1.3.1- Provision for Unexpired Risks (-)		-	-
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income of Life Branch		-	-
3- Unrealized Investment Gains		-	-
4- Other Technical Incomes (net of reinsurance share)		-	-

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

I- TECHNICAL DEPARTMENT	Footnote	Independent subjected to the audit 1 January - 31 December 2020	Independent subjected to the audit 1 January - 31 December 2019
E- Life - Technical Expenditure		-	-
1- Realized Claims (Net of Reinsurance Share)		-	-
1.1-Indemnities Paid (Net of Reinsurance Share)		-	-
1.1.1- Gross Indemnities Paid (-)		-	-
1.1.2- Reinsurance share of paid indemnities (+)		-	-
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
1.2.1- Gross Outstanding Claims Reserve (-)		-	-
1.2.1- Reinsurance Share of Outstanding Claims Reserve (+)		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
2.1- Provision for Bonus and Discounts (-)		-	-
2.2- Reinsurance Share of Provision for Bonus and Discounts (+)		-	-
3- Change in Mathematical Life Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
3.1 Mathematical Life Provision (-)		-	-
3.2 Reinsurance Share of Mathematical Life Provision (+)		-	-
4- Change in Provision for Financial Investments with Risks on Saving Life Policyholders (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
4.1- Provision for Financial Investments with Risks on Saving Life Policyholders (-)		-	-
4.2- Reinsurance Share of Provision for Financial Investments with Risks on Saving Life Policyholders (+)		-	-
5- Change in Other Technical Provisions (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
6- Operating Expenses (-)		-	-
7- Investment Expenses (-)		-	-
8- Unrealized Investment Losses (-)		-	-
9- Investment Incomes Transferred To Non-Technical Department (-)		-	-
F- Technical Department Balance- Life (D – E)			-
G- Pension Related Technical Income			-
1- Fund Management Revenues		-	-
2- Administrative Expenses Fee		-	-
3- Admission Fee Revenues		-	-
4- Administrative Expenses Fee In Case Of Recess		-	-
5- Private Services Expenses Fee		-	-
6- Prepaid Capital Allotment's Increment Value Income		-	-
7- Other Technical Incomes		-	-
H- Pension Related Technical Expenditure			-
1- Fund Management Expenditure (-)		-	-
2- Prepaid Capital Allotment's Impairment Charges (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Provisions (-)		-	-
I- Technical Department Balance- Pension (G – H)			-

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

g. Accounting period ending on 31 December 2020 solo income statement (All figures are expressed in Turkish Lira "TL")

I- NON-TECHNICAL DEPARTMENT	Footnotes	Independent The items has been subjected to the audit 1 January - 31 December 2020	Independent The items has been subjected to the audit 1 January - 31 December 2019
C- Technical Department Balance- Non-Life (A – B)		105,794,221	19,934,172
F- Technical Department Balance- Life (D – E)		-	-
I- Technical Department Balance- Pension (G – H)		-	-
J- General Technical Department Balance (C+F+I)		105,794,221	19,934,172
K- Investment Incomes		352,597,005	271,853,724
1- Yield From Financial Investments	4.2.	92,710,982	99,502,888
2- Yield From Liquidation Of Financial Investments		-	-
3- Valuation Of Financial Investments	4.2.	9,442,832	-
4- Foreign Exchange Profits	4.2, 36	157,139,084	80,558,626
5- Dividend Incomes from Associates	4.2.	200,214	-
6- Incomes Subject to Subsidiaries and Group Companies		-	-
7- Incomes From Landed Property, Parcel of Land and Buildings		-	-
8- Incomes From Derivatives		-	-
9- Other Investments	4.2	93,103,894	91,792,209
10- Transferred Investment Income From Technical Life Department		-	-
L- Investment Expenses (-)		(328,369,010)	(145,646,488)
1- Investment Administration Expenses – Interest Is Included (-)	4.2.	(791,031)	(1,046,784)
2- Impairment Charges Of Investments (-)		-	-
3- The Arising Losses From Liquidation of Investments (-)	4.2.	(7,506,742)	-
4- Transferred Investment Income To Non-Technical Life Department (-)	4.2.	(243,862,835)	(99,502,888)
5- Losses Arising From Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	4.2 , 36	(67,623,595)	(38,486,632)
7- Depreciation Expenses (-)	4.2 , 6	(8,584,807)	(6,610,183)
8- Other Investment Expenses (-)		-	-
M- Income and Profit, Expenditure and Loss Pertaining To Other Operations and Extra Ordinary Operations (+/-)		(8,339,871)	(18,514,415)
1- Reserves Account (+/-)	47	(10,478,125)	(39,163,374)
2- Rediscount Account (+/-)	47	(4,594,158)	14,304,469
3- Qualifying Insurance Account (+/-)			
4- Inflation Adjustment Losses (+/-)		-	-
5- Deferred Tax Assets Account (+/-)	35	1,850,545	6,228,469
6- Deferred Tax Obligation Expenditure (-)		-	-
7- Other Income and Profits		5,366,836	227,138
8- Other Ordinary Expenses and Losses (-)		(460,192)	(25,642)
9- Previous Period's Income and Profits		-	-
10- Previous Period's expenses and losses (-)		(24,777)	(85,475)
N- Net Profit / Loss for the Period		90,415,758	89,102,662
1- Profit and Loss for the Period	37	121,682,345	127,626,993
2- Provision for tax and other legal liabilities on profit (-)	35	(31,266,587)	(38,524,331)
3- Net Profit or Loss For The Period	37	90,415,758	89,102,662
4- Inflation Adjustment Account		-	-

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

h. Accounting period ending on 31 December 2020 solo cash flow statement (All figures are expressed in Turkish Lira "TL".)

A. CASH FLOWS ARISING FROM REAL OPERATION	Footnotes	Independent The items has been subjected to the audit 1 January - 31 December 2020	Independent The items has been subjected to the audit 1 January - 31 December 2019
1. Cash flows derived from insurance operations		1,124,302,526	887,685,188
2. Cash flows derived from reinsurance operations		-	-
3. Cash flows derived from pension and retirement operations		-	-
4. Cash outflow derived from insurance operations (-)		(975,967,583)	(772,540,574)
5. Cash outflow derived from reinsurance operations (-)		-	-
6. Cash outflow derived from pension and retirement operations (-)		-	-
7. Cash derived from real operations (A1+A2+A3-A4-A5-A6)		148,334,943	115,144,614
8. Interest incomes (-)		-	-
9. Income tax payments (-)		(38,860,591)	(35,351,097)
10. Other cash inflows		6,690,054	8,082,687
11. Other cash outflows (-)		(12,663,914)	(8,089,522)
12. CASH FLOWS ARISING FROM REAL OPERATIONS		103,500,492	79,786,682
B. CASH FLOWS ARISING FROM INVESTMENT OPERATIONS			
1. E- Intangible Fixed Assets	6	933,856	-
2. E- Intangible Fixed Assets	6	(9,921,474)	(16,770,398)
3. Acquisition of financial assets (-)	11	(3,260,393,016)	(6,166,331,815)
4. Sales of financial assets	11	3,108,761,729	5,876,714,488
5. Interests received		84,093,985	99,088,074
6. Dividends received		-	-
7. Other cash inflows		254,889,901	169,536,250
8. Other cash outflows (-)		(58,094,629)	(37,555,116)
9. Cash flows arising from investment operations		120,270,352	(75,318,517)
C. CASH FLOWS ARISING FROM FINANCE OPERATIONS			
1. Sales of share certificates	15	-	-
2. Cash inflow with respect to loans		-	-
3. Financial Lease Debts Payments (-)		-	-
4. Dividends paid (-)		(27,087,209)	(6,086,160)
5. Other cash inflows	15	(1,164,540)	4,892,237
6. Other cash outflows (-)		(791,031)	(1,046,784)
7. Cash flows arising from investment operations		(29,042,780)	(2,240,707)
D. EFFECT OF CASH DIFFERENCES TO CASH AND CASH EQUIVALENTS		(10,060,817)	2,075,261
Net increase in cash and cash equivalents (A12+B9+C7+D)		184,667,247	4,302,719
F. Cash and Cash Equivalents availability in the beginning of the period	14	1,014,115,294	1,009,812,575
G. Cash and Cash Equivalents availability at the end of the period (E+F)	14	1,198,782,541	1,014,115,294

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- i. Accounting period ending on 31 December 2020 solo table of changes in equity (All figures are expressed in Turkish Lira "TL")

	Capital	Stock certificates of the incorporation (-)	Revaluation Increase in Assets	Inflation Adjustment Differences of Capital	Foreign Currency Exchange Differences	Other Capital Reserves	Legal Reserves
II - Outstanding balance at the end of the period (31.12.2018)	70,000,000		--	--	--	87,551,992	1,050,140
I - Outstanding Balance at the End of the Period (31.12.2018)	70,000,000	--	--	--	--	87,551,992	1,050,140
II - Amendments Pursuant to the Errors	--	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2019)	70,000,000		--	--	--	87,551,992	1,050,140
A- Capital increase	150,000,000	--	--	--	--	--	--
1- Cash	--	--	--	--	--	--	--
2- From internal resources	150,000,000	--	--	--	--	--	--
B- Purchase of own stock certificates	--	--	--	--	--	--	--
C- Earnings and losses not included in the Income Statement	--	--	--	--	--	--	--
D- Valuation of Financial Assets	--	--	--	--	--	--	--
E- Foreign currency exchange differences	--	--	--	--	--	--	--
F- Other earnings and losses	--	--	--	--	--	--	--
G- Inflation Adjustment differences	--	--	--	--	--	--	--
H- Net Profit for the Period	--	--	--	--	--	--	--
I- Distributed Dividend	--	--	--	--	--	--	--
J- Transfer (*)	--	--	--	--	--	(87,551,992)	3,203,242
II - Outstanding balance at the end of the period (31.12.2019)	220,000,000		--	--	--	--	4,253,382
Statement of Changes in Equity Subjected to Independent Audit - 31 December 2020	Capital	Stock certificates of the incorporation (-)	Revaluation Increase in Assets	Inflation Adjustment Differences of Capital	Foreign Currency Exchange Differences	Other Capital Reserves	Legal Reserves
II - Outstanding balance at the end of the period (31.12.2019)	220,000,000		--	--	--	--	4,253,382
I - Outstanding Balance at the End of the Period (31.12.2019)	220,000,000	--	--	--	--	--	4,253,382
II - Amendments Pursuant to the Errors	--	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2020)	220,000,000		--	--	--	--	4,253,382
A- Capital increase	--	--	--	--	--	--	--
1- Cash	--	--	--	--	--	--	--
2- From internal resources	--	--	--	--	--	--	--
B- Purchase of own stock certificates	--	--	--	--	--	--	--
C- Earnings and losses not included in the Income Statement	--	--	--	--	--	--	--
D- Valuation of Financial Assets	--	--	--	--	--	--	--
E- Foreign currency exchange differences	--	--	--	--	--	--	--
F- Other earnings and losses	--	--	--	--	--	--	--
G- Inflation Adjustment differences	--	--	--	--	--	--	--
H- Net Profit for the Period	--	--	--	--	--	--	--
I- Distributed Dividend	--	--	--	--	--	--	--
J- Transfer (*)	--	--	--	--	--	--	4,455,133
II - Outstanding balance at the end of the period (31.12.2020)	220,000,000		--	--	--	--	8,708,515

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- j. Accounting period ending on 31 December 2020 solo table of changes in equity (All figures are expressed in Turkish Lira "TL")

	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period (or loss)	Previous Years' Profits	Previous Years' Losses (-)	Total
II - Outstanding balance at the end of the period (31.12.2018)	7,384,087	6,702,916	64,064,838	8,779,510	--	245,533,483
I - Outstanding Balance at the End of the Period (31.12.2018)	7,384,087	6,702,916	64,064,838	8,779,510	--	245,533,483
II - Amendments Pursuant to the Errors	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2019)	7,384,087	6,702,916	64,064,838	8,779,510	--	245,533,483
A- Capital increase	--	--	--	--	--	150,000,000
1- Cash	--	--	--	--	--	--
2- From internal resources	--	--	--	--	--	150,000,000
B- Purchase of own stock certificates	--	--	--	--	--	--
C- Earnings and losses not included in the Income Statement	--	(62,417)	--	--	--	(62,417)
D- Valuation of Financial Assets	--	--	--	--	--	--
E- Foreign currency exchange differences	--	--	--	--	--	--
F- Other earnings and losses	--	--	--	--	--	--
G- Inflation Adjustment differences	--	--	--	--	--	--
H- Net Profit for the Period	--	--	89,102,662	--	--	89,102,662
I- Distributed Dividend	--	--	(6,086,160)	--	--	(6,086,160)
J- Transfer (*)	--	--	(57,978,678)	(7,672,570)	--	(150,000,000)
II - Outstanding balance at the end of the period (31.12.2019)	7,384,087	6,640,499	89,102,662	1,106,940	--	328,487,570
Statement of Changes in Equity Subjected to Independent Audit - 31 December 2020	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period (or loss)	Previous Years' Profits	Previous Years' Losses (-)	Total
II - Outstanding balance at the end of the period (31.12.2019)	7,384,087	6,640,499	89,102,662	1,106,940	--	328,487,570
I - Outstanding Balance at the End of the Period (31.12.2019)	7,384,087	6,640,499	89,102,662	1,106,940	--	328,487,570
II - Amendments Pursuant to the Errors	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2020)	7,384,087	6,640,499	89,102,662	1,106,940	--	328,487,570
A- Capital increase	--	--	--	--	--	--
1- Cash	--	--	--	--	--	--
2- From internal resources	--	--	--	--	--	--
B- Purchase of own stock certificates	--	--	--	--	--	--
C- Earnings and losses not included in the Income Statement	--	(148,246)	--	--	--	(148,246)
D- Valuation of Financial Assets	--	--	--	--	--	--
E- Foreign currency exchange differences	--	--	--	--	--	--
F- Other earnings and losses	--	--	--	--	--	--
G- Inflation Adjustment differences	--	--	--	--	--	--
H- Net Profit for the Period	--	--	90,415,758	--	--	90,415,758
I- Distributed Dividend	--	--	(27,087,209)	--	--	(27,087,209)
J- Transfer (*)	--	--	(62,015,452)	57,560,319	--	--
II - Outstanding balance at the end of the period (31.12.2020)	7,384,087	6,492,253	90,415,758	58,667,259	--	391,667,872

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

k. Accounting period ending on 31 December 2020 profit distribution rate statement (All figures are expressed in Turkish Lira "TL")

	Footnote	Current Period 31 December 2020	Previous Period 31 December 2019
I. DISTRIBUTION OF THE PROFIT OF THE PERIOD			
1.1. PROFIT FOR THE PERIOD		121,682,345	127,626,993
1.2. TAXES PAYABLE AND OTHER FISCAL LIABILITIES		(31,266,587)	(38,524,331)
1.2.1. Corporate Tax (Income Tax)		(31,266,587)	(38,524,331)
1.2.2. Income Tax Deduction		-	-
1.2.3. Others Tax and Legal Liabilities		-	-
A Net Profit for the Period (1.1 - 1.2)		90,415,758	89,102,662
1.3. PREVIOUS YEARS' LOSS (-)		-	-
1.4. PRIMARY RESERVE		4,520,788	4,455,133
1.5. STATUTORY SAVING FUNDS (-)		-	-
B DISTRIBUTABLE NET PROFIT OF THE PERIOD[(A - (1.3 + 1.4 + 1.5)]		85,894,970	84,647,530
1.6. FIRST DIVIDENDS TO THE SHAREHOLDERS (-)		-	-
1.6.1. To the owners of the share certificates		-	-
1.6.2. Holders of preferred capital stock		-	-
1.6.3. Holders of Redeemed Shares		-	-
1.6.4. Holders of Participation Bond		-	-
1.6.5. Holders of Profit and Loss Sharing Certificate		-	-
1.7. DIVIDEND TO EMPLOYEES (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDENDS TO THE SHAREHOLDERS (-)		-	-
1.10.1. To the owners of the share certificates		-	-
1.10.2. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
1.10.3. Holders of Redeemed Shares		-	-
1.10.4. Holders of Participation Bond		-	-
1.10.5. Holders of Profit and Loss Sharing Certificate		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES(-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. Special funds		-	-
II. DISTRIBUTION FROM RESERVES		-	-
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. To the owners of the share certificates		-	-
2.3.2. Holders Of Preferred Capital Stock		-	-
2.3.3. Holders of Redeemed Shares		-	-
2.3.4. Holders of Participation Bond		-	-
2.3.5. Holders of Profit and Loss Sharing Certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
3.1. TO THE OWNERS OF THE SHARE CERTIFICATES		-	-
3.2. TO THE OWNERS OF THE SHARE CERTIFICATES (%)		-	-
3.3. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
3.4. HOLDERS OF PREFERRED CAPITAL STOCK (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. . TO THE OWNERS OF THE SHARE CERTIFICATES		-	-
4.2. . TO THE OWNERS OF THE SHARE CERTIFICATES (8%)		-	-
4.3. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
4.4. HOLDERS OF PREFERRED CAPITAL STOCK (%)		-	-

Footnotes offer supplementary information about the financial statement.

1. GENERAL INFORMATION

1.1 The parent company’s name and the last owner of the group

Doğa Sigorta Anonim Şirketi (“Company”) is not controlled by any other Company or group.

1.2 Domicile 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)

Doğa Sigorta Corporation is a Joint Stock Company established pursuant to Turkish Commercial Code (“TCC”) which operates at Büyükdere Caddesi Spine Tower No: 243 Maslak, Sarıyer, İstanbul.

1.3 The Company’s main operations

The Company conducts its operations in accordance with the Insurance Law No. 5684 and other related communiquéés and regulations. The Company mainly produces contracts for Accidents, land vehicles liability, transport, fire and natural disasters, land vehicles, general liability, Illness / Health, Legal Protection, bailment, credits, general damages, watercraft, watercraft liability, aircraft, aircraft liability, Railway Vehicles, Financial Losses I-V-VIII insurances.

As of 31 December 2020, the Company has 1.885 sales channels. (31 December 2019: 1.765)

	31 December 2020	31 December 2019
Authorized Agency	1.804	1.684
Broker	78	78
Bank	3	3
Total	1.885	1.765

1.4 Description of the start-up activities and main operations of the Company

The company conducts insurance activities in compliance with the Law no. 5684 on Insurance and other regulations and directives published by R.T. Ministry of Treasury and Finance based on the said law.

1. GENERAL INFORMATION (Continued)

1.5 The number of the personnel during the period in consideration of their categories

	31 December 2020	31 December 2019
Senior Manager (*)	10	8
Officer	260	261
Total:	270	269

(*)The Company’s general manager, assistant general managers and group managers are included.

1.6 Total salaries and Benefits paid to the Executive Management

In the accounting period ending on 31 December 2020, the sum of wages and similar benefits provided to the Board of Directors and Senior Executives is TL 7.095.779 (December 31, 2019: 8.919.788 TL).

1.7 Criteria set for the allocation of investment income and operating expenses (personnel, administration, research and development, marketing and sales, outsourced benefits and services and other operating expenses) in the financial statements

The Company makes the distribution of investment expenses and operational expenses in accordance with the “Circular on the Principles and Procedures for Keys Used in Financial Statements Drawn Up within the Framework of Uniform Chart of Accounts in Insurance” published on 4 January 2008 and enacted on 1 January 2008 by the Undersecretariat of Treasury (2008-1) and Circular on the Amendment of the General Regarding the Procedures and Principles of the Keys Used in the Financial Tables Prepared in the Frame of the Insurance Uniform Chart of Accounts dated 9 August 2010 and 2010/9 issued by the Undersecretariat of Treasury.

1.8 Issue whether only a firm or group of firms are included in financial statements

Financial statements include financial information for only Doğa Sigorta Anonim Şirketi. As it is explained in detail in *Note 2.2*, no consolidated financial statements were prepared as of 31 December 2020.

1. GENERAL INFORMATION (Continued)

1.9 Name or other identifying information of the reporting enterprise and changes in such information since the previous balance sheet date

Name / Commercial Title	Doga Sigorta Anonim Şirketi
Headquarters Address	Büyükdere Cad: Spine Tower No: 243 Maslak - ISTANBUL
Telephone	+90(212) 212 36 42
Fax	+90(212) 212 36 44
Website	www.dogasigorta.com
E-mail Address	info@dogasigorta.com

There has been no change in the Company’s name and other company information as at the prior balance sheet date.

1.10 Events After The Balance Sheet Date

Events after the balance sheet date are events in favor of or to the detriment of the Company which occur between the balance sheet date and the date of authorization for the issuance of the balance sheet.

Subsequent events that provide additional information about the Company’s position at the reporting dates (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

There has been no change in the Company’s operations, documentation and records of these operations, and Company policies after the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Preparation Principles

2.1.1 Principles used in preparation of the financial statements and information regarding the special accounting policies being implemented

The Company prepares its financial statements in accordance with the Insurance Law numbered 5684 and the principles stipulated for insurance and reinsurance companies by the R.T. 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 Ministry of Treasury and Finance regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette dated 30 December 2004 and No. 25686 (Insurance Accounting System Communiqué No.1) and the “Notice Regarding the Presentation of the New Account Codes and Financial Statements” dated 27 December 2011 and No. 2011/14.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Preparation Principles (Continued)

2.1.1 Principles used in preparation of the financial statements and information regarding the special accounting policies being implemented (Continued)

The 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 June 2008, and the “Notice Regarding the Presentation of the New Account Codes and Financial Statements” dated 31 May 2012 and No. 2012/7.

The company accounts for its activities according to the “Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies” issued on 14 July 2007 and effective from 1 January 2008, Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) issued by the Accounting and Auditing Standards Authority (“POA”) and other regulations, communiqués and explanations issued by Treasury on accounting and financial reporting. With reference to the notice of Treasury No. 9 dated 18 February 2008, “TAS 1- Financial Statements and Presentation”, “TAS 27- Consolidated and Non-consolidated Financial Statements”, “TFRS 1 - Transition to TFRS” and “TFRS 4- Insurance Contracts” were kept out of the scope this application in 2008. On the other hand, insurance companies are obliged to prepare consolidated financial statements with “the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies” with respect to the published official gazette dated 31 December 2008 and numbered 27097. The company has no subsidiaries which it needs to consolidate in this regard.

As of December 31, 2020, the Company calculates and recognizes its insurance technical reserves in its financial statements 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”), which is published in Official Gazette dated 28 July 2010 and numbered 27655 and changes on this regulation numbered 5684 were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies (See Note 2.20.2).

2.1.2 Other Accounting Policies Appropriate for the Understanding of the Financial Statements

Accounting in hyperinflationary countries

Financial statements of the Turkish corporations in business have been restated for the changes in the general purchasing power of the Turkish Lira based on “TAS 29 - Financial Reporting in Hyperinflationary Economies” as of 31 December 2004. TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous years be restated in the same terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Preparation Principles (Continued)

2.1.2 Other Accounting Policies Appropriate for the Understanding of the Financial Statements (Continued)

Other accounting policies

Based on the declaration of the Turkish Treasury dated 4 April 2005 with No. 19387, the adjustment of the financial statements according to the inflation was invalidated as of the beginning of 2005. The company was established on 02 April 2013. Therefore, its assets and liabilities were not subjected to inflation accounting.

Information regarding other accounting policies is disclosed above in *2.1.1-Information about the principles and the specific accounting policies used in the preparation of the financial statements* and each under its own caption in the following sections of this report.

2.1.3 Current and reporting currency

The Company's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The amounts in the financial statements and the notes are expressed in Turkish Liras ("TL").

2.1.4 Rounding scale of the amounts presented in the financial statements

Financial information presented in TL, has been rounded to the nearest TL values.

2.1.5 Basis of measurement(s) used in the preparation of the financial statements

The accounting policies used in preparing the financial statements and the used revaluation principles are explained in Notes 2.3 and 2.27 below.

2.1.6 Accounting policies, changes in accounting estimates and errors

Critical accounting changes in the accounting policies are applied retroactively, and the financial statements of previous periods are restated.

In preparing the financial statements according to TAS, the Company management is obligated to make assumptions and estimations which could affect the asset and liability amounts, probable liabilities and commitments as of the date of the balance sheet, and the revenue and expense amounts as of the reporting period. Concurrently, the realized results may be different from the estimations. Estimations and forecasts are regularly reviewed, necessary revisions are made and reported in the statement of income issued pursuant to the period they had been realized. The used estimates concern the impairment of the assets, the useful lives of tangible and intangible assets, and provisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Preparation Principles (Continued)

2.1.7 Comparative Information and Restatement of the Prior Periods' Consolidated Financial Statements

Accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated. If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods.

No amendment or error was present in the accounting policies of the Current Period.

The Company's consolidated financial statements are prepared comparatively with the prior period in order to provide information on the financial position and performance of the Company. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

Within this framework, the Company's financial position statement (balance sheet) dated December 31, 2020, financial statement dated December 31, 2019, the statement of income, equity changes statement, and cash flow statement dated 31 December 2020, the statement of income, equity changes statement, and cash flow statement dated 31 December 2019, were presented in comparison.

2.2 Consolidation

The "Consolidation Communiqué" no. 27097 dated December 31, 2008, published by the Undersecretariat of Treasury requires insurance, reinsurance and pension companies to announce consolidated financial statements in addition to unconsolidated financial statements from March 31, 2009. In this sense, EDK Sigorta A.Ş., a subsidiary of the Company, which was founded on 11 April 2018 but has not engaged in any insurance activity, is classified as a Financial Asset in this financial statement since it does not have a material effect.

2.3 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to assess its performance, and for which discrete financial information is available. Reports based on geographical regions were not submitted since the main geography where the Company operates is Turkey. Reports based on activity areas were not submitted since the Company operates only in the non-life insurance segment, which is tracked as a single reportable segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign Currency Reserves

Transactions are recorded in TL, which is the Company’s functional currency. Transactions in foreign currencies are recorded at the rates prevalent at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been booked at the rate of exchange prevalent at the reporting date in TL and all exchange differences are offset and are recognized as foreign exchange gains or losses.

2.5 Tangible Fixed Assets

Purchased tangible assets are included in the records at their cost values. Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets 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.

There are no pledges, mortgages and other encumbrances on tangible assets.

There are no changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

Depreciation for tangible assets is calculated on a straight-line basis over their estimated useful lives based on their recorded values.

Depreciation rates and estimated useful lives in calculating the depreciation of tangible assets are as follows:

Tangible Fixed Assets	Estimated Useful Lives (Years)	Depreciation Rate (%)
Fixtures and Installations	3 -15	6,67 – 33,33
Motor Vehicles	5	20,00
Rights	3-5	20,00 – 33,33
Special Costs	5	20,00

2.6 Investment Property

Investment properties are held either to earn rentals and/or for capital appreciation or for both.

Investment properties are measured initially at cost values including transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Investment Property (Continued)

Subsequent to initial recognition, the Company measured all investment property based on the cost model in accordance with the cost model for property and equipment (i.e. at cost less accumulated depreciation and less impairment losses if any). Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

As of 31 December 2020, the Company does not own any Investment Properties. (31 December 2019: N/A)

2.7 Intangible Fixed Assets

Intangible assets are non-monetary assets which are without physical substance and identifiable.

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. During its initial recognition, an intangible asset shall be measured at cost.

An entity shall choose either the cost model or the revaluation model as its accounting policy in relation to intangible assets. If an intangible asset is accounted for using the revaluation model, all the other assets in its class shall also be accounted for using the same model, unless there is no active market for those assets.

The Company has chosen cost model in relation to intangible assets.

Acquired intangible assets, particularly the computer software licenses, are capitalized on a straight-line method of depreciation over their five-year long useful lives. Under IAS 38, expenditure on research shall be recognized as an expense when it is incurred.

Development costs for future products and other internally generated intangible assets are capitalized at cost, provided manufacture of the products is likely to bring the Company an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred. Cost includes all costs directly attributable to the development process as well as appropriate portions of development-related overheads. The costs are amortized in ten years using the straight-line method of depreciation from the start of production over the expected life cycle of the models or developed components of units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets

Classification and measurement

Financial assets are comprised of cash, contractual rights to obtain cash or another financial asset from or to exchange financial instruments with the counterparty, or the capital instrument transactions of the counterparty.

The financial assets are classified into four groups as “Financial Assets at Fair Value through Profit And Loss”, “Financial Assets Available for Sale”, “Held to Maturity Investments” and “Loans and Receivables”.

- *Financial assets at fair value through profit or loss* are presented as financial assets held for trading in the accompanying financial statements. Financial assets at fair value through profit or loss are measured at their fair values, and the gain/loss arising due to changes in the fair values of the related financial assets are recorded in the statement of income. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. As of the date of this report, the Company does have any financial assets held for trading. (31 December 2019: Footnote;11)
- *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 in the Company’s financial statements which 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.
- *Financial assets to be held to maturity* are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity including funding ability yet excluding loans and receivables. Subsequent to initial recognition, financial assets and loans to be held until maturity are measured at amortized cost using effective interest rate method deducting provision for losses, if any. As of the date of this report, the Company has no financial assets that are classified as financial assets to be held until maturity. (31 December 2019: N/A Footnote;11)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets (Continued)

- *Available-for-sale financial assets* are the financial assets other than assets held for trading purposes, held-to-maturity financial assets and loans and receivables.

Available-for-sale financial assets are initially recorded based on cost value and the related financial assets are measured based on their fair values in the subsequent periods. Unrecognized gains or losses derived from the difference between the fair value of available-for-sale financial assets and amortized cost values calculated per effective interest rate method are recorded in “Revaluation of Financial Assets” under shareholders’ equity. Upon disposal of available-for-sale financial assets the realized gain or losses created as a result of the fair value accounting approach are directly recognized in the statement of income.

The determination of fair values of financial instruments not traded in an active market is determined by using valuation methods. Observable market prices of the quoted financial instruments which are similar in terms of interest, maturity and other conditions are used in determining the fair value.

The financial instruments categorized as available-for-sale financial assets traded in an active market (exchange) are recorded in the statement of income based on their fair value by considering the registered prices in the said market (exchange). The financial instruments apart from stock exchange securities in an active market (exchange) are monitored based on their acquisition costs, and these assets are recognized in the financial statements after their impairments are deducted, if any.

Purchase and sale transactions of securities are put to accounting process at the date of delivery. The Company does not have any available-for-sale financial assets as at the date of the report. (Footnote:11) . (31 December 2019: N/A)

Derecognition

Financial assets are derecognized when the control over the contractual rights that comprise the assets is lost. Such a case occurs when the rights are realized, maturity date is due or provided that the rights are reinstated.

2.9 Impairment of financial assets

Financial assets or group of financial assets are reviewed during each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the Group estimates the amount of impairment. Impairment loss incurs if, and only if, 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 incur due to future events are not recognized even if the probability of loss is high.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Receivables are presented with net amounts after deducting specific provisions against non-collection risk. 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 decrease these loans and receivables to the level of 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 by means of 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, available-for-sale financial assets, and debt securities which are categorized as financial assets held for trading, the reversal is recognized in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal of provision for losses is recognized directly based on the equity.

During each reporting period, the Company evaluates whether there is an indication of impairment of fixed assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the "TAS 36 - Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Rediscount and provision expenses of the year are filed in detail in *Note 47.4*.

2.10 Derivative Financial Instruments

These derivative instruments are classified as: Transactions held for trading financial assets in compliance with the standard TAS 39 - Financial Instruments.

Derivative financial instruments are initially recognized based on their fair value.

The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts based on the contract amounts.

Derivative financial instruments are subsequently remeasured at fair value and positive fair value differences are presented either as "financial assets held for trading" and negative fair value differences are presented as "other financial liabilities" in the accompanying financial statements. The consequence of the measurement is reflected in the income statement on the basis of the changes in the fair values of the related derivative financial instruments.

As of the reporting period, the Company does not have derivative financial instruments.
(31 December 2019: N/A)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Entering Items of Financial Assets In An Account (Offsetting)

Financial assets and liabilities are off-set and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to set off 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 Reporting Standards, or for gains and losses arising from a group of transactions resulting from the Company’s similar activities like trading transactions.

2.12 Cash and Cash Equivalents

“Cash and cash equivalents”, which is the basis for the preparation of the statement of cash flows includes cash on hand, checks received, other cash and cash equivalents, demand deposits and time deposits at banks having an original maturity less than 3 months which are ready to be used by the Company or not blocked for any other purpose.

2.13. Capital

As of 31 December 2020, and 31 December 2019, capital and shareholding structure are analyzed as follows:

Name, Last Name and Title of the Partner	31 December 2020		31 December 2019	
	Amount of Share (TL)	Share Portion (%)	Amount of Share (TL)	Share Portion (%)
Nihat KIRMIZI	99.000.000	45,00	99.000.000	45,00
Nabi KIRMIZI	74.800.000	34,00	74.800.000	34,00
KIRMIZI Holding A.Ş.*	46.200.000	21,00	46.200.000	21,00
Paid-up Capital	220.000.000	100	220.000.000	100

As of 31 December 2020, the Company’s share capital is TL 220.000.000 consists of 220.000.000 shares each having a nominal value of TL 1. As of 31.12.2020 the company has no unpaid capital.

*The title of “Doğa Akademi Sağlık Güvenlik Birimi ve Danışmanlık Anonim Şirket” was changed to “KIRMIZI Holding A.Ş.” as it was published in the trade registry dated 04.09.2020 and No. 10153.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13.1. Information on shareholders owning 10% or more of the equity

As of 31 December 2020, there are 3 shareholders of the Company. There are 3 shareholders owning more than 10% of the equity. (31 December 2019: There are 3 shareholders owning more than 10% of the equity.)

2.13.2. Privileges on common shares representing share capital

There are no preference stocks of the company.

2.13.3. Registered capital system in the Company

The company is not subject to the registered capital system.

2.14 Insurance and investment contracts - classification

Insurance Contracts:

An insurance contract is a contract under which one party (the insurer) 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. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) in order to cover the damages for which claims are set forth which may arise from one or more contracts. The insurance contracts and the reinsurance contracts hold by the Company are also included in the classification of insurance contracts.

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

Investment contracts:

Investment contracts do not transfer a significant insurance risk but they transfer financial risk. The Company does not have any investment contracts. (31 December 2019: N/A)

2.15 Insurance and Investment Contracts With Discretionary Participation Features

Discretionary participation feature within insurance contracts and investment contracts is the contractual right to have following benefits in addition to the guaranteed benefits.

- (i) that 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; and
- (iii) that are contractually based on:
 - (1) the performance of a specified pool of contracts or a specified type of contract;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.15 Insurance and Investment Contracts With Discretionary Participation Features (Continued)**

- (2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or
- (3) the profit or loss of the Company, Fund or other entity that issues the contract.

By the end of the reporting period, the Company does not have any insurance or investment contracts that contain a discretionary participation feature. (31 December 2019: N/A)

2.16 Investment Contracts without Discretionary Participation Feature

By the end of the reporting period, the Company does not have any investment contracts that do not contain a discretionary participation feature (31 December 2019: N/A)

2.17 Liabilities

Commercial liabilities of the Company are measured at their discounted values by using the effective interest rate method. Short term commercial liabilities which do not have a specified interest rate are measured based on the invoice amount if the interest accrual effect is insignificant. Notes and post-dated checks are measured at amortized cost using the effective interest rate method by subjecting to rediscount.

2.18 Taxes*Corporate Tax*

Statutory income is subject to corporate tax at 22% in Turkey. (The 20-percent corporate tax rate will be taken 22 percent for the company's profit for the tax periods 2018, 2019 and 2020 (and accounting periods that start within the year for the organizations which are assigned a special accounting period) as per the Provisional Article 10 added to the Corporate Tax Law.) This rate is applied to accounting income 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.

Dividends paid to the resident institutions in Turkey and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. The withholding tax rate applied on the dividend payments other than the ones specified above is 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 the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. Advance taxes paid during the year may be deducted from the corporate tax calculated on the annual corporate tax return.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.18 Taxes (Continued)**

In accordance with the applicable tax legislation in Turkey, tax losses may be deducted from the future taxable income on condition that it does not exceed 5 years. However, financial losses cannot be set off against retained earnings. In Turkey, there is no procedure with respect to reconciliation between the taxing authority pursuant to tax assessments. Companies file their tax returns with their tax offices by the end of 30th day of the fourth month following the closing 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 tax

In accordance with “TAS 12 - Turkish Accounting Standards as to Income Taxes”, deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base. The differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit are excluded.

The deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to set off 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.

In case the gains/losses resulting from the subsequent measurement of the assets are recognized in the statement of income, then the related current and/or deferred tax effects are also recognized in the statement of income. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

Due to the fact that the Corporate Tax rate effective from 1 January 2021 is 20%, this tax rate is used for differences which are expected to occur/close after 2020.

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee Benefits

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in an implicit manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Provisions for termination indemnities:

In accordance with the applicable Turkish Labour Law, the Company is required to pay for termination indemnities provisions 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 and for the drafter and deceased employee. The indemnity to be paid is one month's salary for each service year, and the applicable maximum amount as of 31 December 2020 is TL 7.117,17. (31 December 2019: TL 6.379,86)

According to the TAS 19 ("TAS 19") which was enacted via the "Communiqué on Turkish Accounting Standards Concerning Employee Benefits" published in the Official Gazette dated 12 March 2013 with No. 28585, and which affects the accounting periods starting after 31 December 2012, the actuarial losses and gains resulting from the re-measurement of the defined net benefit liability must be accounted under the other comprehensive revenues category under equity, and this effect must be applied retroactively. Since the previous years' actuarial gains and losses were below the materiality level, the Company started to account the actuarial gains and losses in other profit reserves account in the equity from 2016. As of 31 December 2020, the Company has TL 2.031.874 benefit obligation. (31 December 2019: TL 1.466.367)

"TAS 19 - Communiqué on Turkish Accounting Standards Concerning Employee Benefits" requires that actuarial methods be used in accounting for the employee severance indemnities.

The major actuarial assumptions used in the calculation of the total liability as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Discount Rate	5,98%	4,90%
Expected rate of salary/limit increase	6,14%	6,48%
Estimated employee Leaving Possibility	-	-

The above expected rate of salary/limit increase is determined according to the long term inflation expectations of the TR Central Bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.19 Employee benefits (Continued)***Other benefits provided for the employees:*

The Group has provided for undiscounted short-term employee benefits earned during the year as per services rendered in compliance with *TAS 19* in the accompanying financial statements. As of 31 December 2020, the Company has TL 855.779 liabilities on account of the unused vacations. (31 December 2019: 602.633 TL)

2.20 Provisions**2.20.1 Provisions, contingent assets and liabilities within the scope of TAS 37**

A provision is made 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 in consideration 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 the effect is of crucial importance, 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 statements.

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.

2.20.2 Technical Provisions

Unearned premiums reserves and outstanding claims reserves, which are included in technical insurance accounts in financial statements, and the reinsurer shares of these reserves are recognized according to the principles stated below in line with the Insurance Law enacted on 14 June 2007 and the “Regulation on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” issued on 7 August 2007 (“Regulation on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” published in the Official Gazette dated 18.10.2007 with No. 26664; and the Regulation on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” published in the Official Gazette dated 28.07.2010 with No. 27655).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

Provisions for Unearned Premiums

In accordance with the “Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” (“Communiqué on Technical Reserves”) which was issued in 26606 numbered and 7 August 2007 dated Official Gazette and put into effect starting from 1 January 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies.

For commodity transportation policies with indefinite expiration dates, the estimated expiration dates must be determined based on statistical data, and provision for unearned premiums must be set aside accordingly. If such calculation is not made, 50% of the remaining portion of the premiums accrued in the last three months is also provided as unearned premium reserves.

Reserve for unearned premiums is calculated for all insurance contracts except for the contracts for which the mathematical reserve is provided. Unearned premium reserves are also calculated for premiums corresponding to annual insurance coverage of long-term insurance contracts for one year, which includes insurance contracts renewed at short intervals based on either one year terms or less than a year term.

Reserve for unearned premiums is calculated as a half day as per the “Sector Announcement on the Application of the Legislation on Technical Reserves” dated 27 March 2009 and No. 2009/9 and issued by the Undersecretariat of Treasury considering the fact that all policies start at 12.00 PM at noon and end at 12.00 PM.

Pursuant to the Technical Reserves Regulation, during the accounting of the reserve for unearned premiums insurance agreements indexed to foreign exchange, the currency rates announced by the Turkish Central Bank in the Official Gazette on the date the relevant premium accrues if no currency is specified in the insurance agreement. (It does not have foreign exchange indexed insurance contract.)

The commissions paid to intermediaries on condition that accrual occurs based on production, commissions received for the premiums assigned to reinsurers, amounts paid for non-proportional reinsurance agreements, and all production expenses incurred for the preparation and sale of insurance agreements, the part of the payments related to support services which will be made in following period or periods are recognized under deferred incomes and deferred expenses accounts and other relevant accounts.

The terms of the reinsurance agreements in force or related reinsurance agreements are taken into account in the calculation of the reinsurer share amount for the provision of unearned premiums. In the calculation of net premiums, fees paid which subjected to regarding period for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

As of the end of the reporting period, the reserves for unearned premiums set aside by the Company is **919.838.615** as gross; reinsurer share of reserves for unearned premiums is **TL 271.542.975**; and the Social Insurance Institution's share for of reserves for unearned premiums is **TL 49.969.712**; Pool Share of Unearned Premiums Reserve is **TL 56.427.693** and the Net Reserves for Unearned Premiums is **TL 541.898.235**. (31 December 2019: The reserves for unearned premiums set aside by the Company is **TL 790.446.103**; reinsurer share of reserves for unearned premiums is **TL 246.419.844**; and the Social Insurance Institution's share for of reserves for unearned premiums is **TL 46.191.609**; Pool Share of Unearned Premiums Reserve is **TL 74.666.234** and the Net Reserves for Unearned Premiums is **TL 423.168.415**.) (See Note -17)

Provision for Unexpired Risks

In accordance with the Communiqué on Technical Reserves, in each accounting period, the companies while providing reserve for Unexpired Risks and unearned premiums should perform adequacy test covering the preceding 12 months in regard with the probability of future compensations of the outstanding policies will arise in excess of the reserve for unearned premiums already provided.

In performing this test, it is required to multiply the reserve for unearned premiums in net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (provision for outstanding claims, net at the end of the period + claims paid, net - provision for outstanding claims, net at the beginning of the period) to earned premiums (written premiums, net + reserve for unearned premiums, net at the beginning of the period - reserve for unearned premiums, net at the end of the period). If the loss ratio calculated for a branch, which are determined by the Undersecretariat, is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between the gross amount and the net amount is considered as the reinsurer share. The corresponding portion of the amounts paid for non-proportional reinsurance agreements are considered premiums transferred in the net premium account.

The provision for outstanding claims which is used in calculating the reserve for unexpired risks provision must include provisions for outstanding claims accrued and identified, accrued and expense portions and outstanding claims adequacy difference.

In accordance with the legislation in force, the Company calculated a gross **TL 50.757.148** net total of **TL 21.480.657** on-going Risks Reserves in Boat Marine Vehicles, Land Vehicles, Land Vehicles Liability and General Liability as of **31 December 2020**. (**31.12.2019**: Total gross **46.154.048 TL** net **29.740.730 TL**)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

Gross outstanding claims reserve

In accordance with the 7th Clause of the Regulation on the Technical Provisions of Insurance, Reassurance and Retirement Companies and the Assets for Depositing These Provisions, Companies reserve provisions for outstanding compensation for accrued and fixed, however unpaid in specie in previous accounting periods or current accounts period, or if this sum is not calculated, for the compensation amounts that are realized in estimate but are not reported. During the calculation of the outstanding claim provision that is accrued and calculated, all expenditure shares required for the remuneration of compensation files, including estimated or estimated expert, consultant, litigation and communication expenses, are taken into consideration.

Pursuant to the “Communiqué on Amendment of the Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves”, which was issued in the Official Gazette numbered 27655 and dated 28 July 2010 dated, incurred but not reported claim amounts are calculated by using the actuarial methods whose application principles are determined by the Undersecretariat of Treasury starting from 30 September 2010.

The incurred but not reported claim amounts are calculated based on gross amounts, and the net amounts are reached based on the Company’s current or relevant reinsurance agreements.

The Circular on Outstanding Claims Reserves numbered 2014/16 states, “The company actuary calculates incurred but not reported (“IBNR”) outstanding claim amount. The selection of data to be used, correction operations, selection of the most appropriate method and growth factors and interference to growth factors is made by the Company’s actuaries by using actuarial methods on the basis of branches. This matter is detailed in the actuarial report that is sent to Turkish Treasury according to Article 11 of Actuaries Regulation.”

However, according to the current legislation, in calculations concerning new branches, the adequacy difference between the IBNR outstanding claims reserves and the outstanding claims reserves according to the calculations made by the company actuary for five years since the beginning of the operations. In branches where the actuary eliminates the big claims since it is decided that the number of claims files is insufficient, adequacy difference will be calculated for the eliminated big claims.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

There has been an amendment in Clause 5.A of the Circular About Amendment in the 2016/11 Circular on the Outstanding Claims Reserve (2014/16), and in accordance with this, starting from the first quarter of 2016, provided that the gap (a-b) not being lower than the undermentioned quarterly rates, IBNR calculation can be made

- by adding 2,5%, 5%, 10% for 2015,
- by adding 7,5%, 7,5% %10%, 10% for 2016,
- by adding 12,5% 12,5% 15% 15% for 2017
- by adding 20% 20% 25% 25% for 2018
- and by adding 40% 60% 80% 100% for 2019

to (b). Explanations concerning the IBNR calculation and the applied rates of increase must be included in the notes for the relevant financial statements by branch, and in the actuary reports in detail. The period profit resulting from the application mentioned in this article must be left within the company structure”.

Pursuant to “Circular on Outstanding Claims Reserves Arising from Discounting of the Net Cash Flow” No. 2016/22, the Companies may estimate the net cash flows originating from the outstanding compensations reserves, which it calculated and set aside according to the insurance legislation, based on the main branches stated in the Table 57 – ACLM file. The net cash flows can be estimated for a period of ten years at maximum by considering the insurance’s legal guarantee periods. However, the net cash flows period must not exceed the term which is covered by the IBNR calculation. As of the financial reporting period date, the net cash flows are discounted to the cash value by using the last legal interest rate published in the Official Gazette. The company Actuary has used the rates specified in Table 57-AZMM within the framework of the Circular on Outstanding Claims Reserves Arising from Discounting of the Net Cash Flow.

The discount transaction is performed after all the incurred but not reported amounts, including the adequacy difference, are determined and gradual transition, which will be applied according to Article 5/A of the Circular on Outstanding Claims Reserves (2014/16) when necessary, is carried out. Accordingly, IBNR comparison is performed based on the values which are not discounted for the gradual transition.

Discounted amounts are monitored in the discount accounts in the statement of income.

All assumptions and methods used in the discount calculation are detailed in the notes and actuary report.

The profit which arises as long as the gradual transition is applied and which is generated due to the first transition to the discount method is not distributed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

Risky insurance pool was created as per the Regulation No. 30121 on Amending the Regulation on Principles of Applying Tariff in Compulsory Automobile Liability Insurance which was published on 11.07.2017 to be effective from 12.04.2017. Within the framework of the principles set out in working principles, premiums and claims concerning Traffic Insurance policies are divided among companies by the Turkey Motor Insurance Bureau. The companies arrange their records according to the receipts they receive on a monthly basis. As of the account date, the estimated pool will reflect Incurred But Not Reported (IBNR) values to financials.

As of 31 December 2020, the Company calculated **TL 1.642.222.580** for Gross Provision for Outstanding Claims (31 December 2019: TL **1.271.729.389**), TL **825.600.854** for Reinsurer Share of Provision for Outstanding Claims (31 December 2019: TL **679.546.307 TL**) and TL **816.621.725** for Net Provision for Outstanding Claims (31 December 2019: TL **592.183.082**).

The Company's claims data and IBNR calculations were made by considering the provisions of the communiqué on Outstanding Claims Reserve No. 2014/16, and the Standard method was used for all branches. In the Compulsory Traffic branch, which constitutes the most significant portion of the total IBNR, tangible and bodily claims were not modeled separately but together. Major Claim Exclusion was applied in tangible claims.

The company had implemented a gradual transition of 80% in the 2017Q2 period whereas the gradual transition implemented in the periods 2017Q4, 2018Q2 and 2018Q4 was 100%. The 100% gradual transition practice continued in the period 2019Q4. According to the statement made by the company, since it is compulsory to make discounts on the General Liability and Land Vehicles Liability branches pursuant to the Circular on Amendment of the Circular no. 2016/22 on Discounting the Net Cash Flows Arising from the Provisions for Outstanding Claims no. 2017/7 dated 15 September 2017, all branches were discounted as per the resolution of the Company Management and the Authorized Actuary.

As of 31 December 2020, the gross discount amount was **TL 282.356.905** and Discount Reinsurance portion (including the Risky Insurance Pool discount portion) was **TL 136.065.578**. The calculation method in the Table 57 was used in calculating the discounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

Starting from 12 April 2017, the Company notified the premium and claims information in accordance with the Regulation No. 30121 on Amending the Regulation on Principles of Applying Tariff in Compulsory Automobile Liability Insurance which was published on 11 July 2017, and with working principles and recorded the information it received accordingly. As of 31.12.2020, the Company Actuary calculated the pool IBNR and reflected it in financial statements. TL 205.573.684 paid to, and TL 246.414.962 received from, the Compulsory Traffic Insurance Pool was taken into account. The final H/P used in the pool IBNR account was determined as below by quarters according to the Company Actuary.

UW Quarter	Inowa Expectation
2017Q3	133%
2017Q4	119%
2018Q1	126%
2018Q2	123%
2018Q3	118%
2018Q4	113%
2019Q1	111%
2019Q2	107%
2019Q3	130%
2019Q4	111%
2020Q1	88%
2020Q2	58%
2020Q3	89%
2020Q4	88%

The company applied deductions to outstanding claims reserves for the first time based on the ratio of the lawsuits won in 2019Q2. It is stated in Circular No. 2011/23 that it is possible to apply deduction to the outstanding claims reserves for files in the process of a lawsuit based on the ratio of lawsuits won. The total amount to be deducted from the outstanding claims reserves cannot in any case exceed 25% of the total amount of the outstanding claims reserve set aside for the files in the process of a lawsuit. As it is stated in article one the circular, the companies in the relevant sub-branch for which five year data does not exist can calculate a winning ratio based on the number years it has been active and apply a deduction accordingly, provided that this ratio does not exceed 15%. In the calculations made for determining the IBNR amounts, the files in the process of a lawsuit will be considered without applying any deduction. As of 31 December 2020, the Company applied a deduction of gross TL 99.027.826 and TL 61.182.606 as the Reinsurer's share from the outstanding claims reserves.

Due to the fact that the Company calculated IBNR based on data outside the pool, total IBNR amount is calculated by adding the IBNR amounts taken from and given to the pool.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

The incurred but not reported claim amounts are calculated based on gross amounts, and the net amounts are reached based on the Company's current or relevant reinsurance agreements.

According to this information, the gross IBNR amount calculated by the Company as of 31 December 2020 is **TL 1.100.200.029**, IBNR Reinsurer Share **TL 521.046.546** and net IBNR amount is **TL 579.153.483**.

As of 31 December 2020, there is a sum of **816.621.725 TL** (31 December 2019: **592.183.083 TL**) Outstanding Claims Reserve of the Company, consisting of **237.468.242 TL** for net File Outstanding Claims Reserve (31 December 2019: **153.594.763 TL**), and **579.153.483 TL** of this being Unreported Provision for Outstanding Claims – IBNR (31 December 2019: **438.588.320 TL**) and **0 TL** net of Outstanding Claim Sufficiency Difference (31 December 2019: **0 TL**) . (See Note – 17.19 and 42).

Reserve for Balancing

In accordance with the Communiqué on Technical Reserves put into effect starting from 1 January 2008, the companies should provide equalization provision in credit insurance and earthquake branches including additional guarantees to equalize the fluctuations in future possible claims and for catastrophic risks.

Equalization provision is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. In un-proportional reinsurance agreements which contain multiple branches, the portion of the transferred premium amounts corresponding to earthquake and credit branches will be determined by considering the weight of these branches in total premium amount if no other calculation method has been foreseen by the company.

The equalization provision for reinsurance undertakings in which the reinsurance companies accept split and non-split transactions is calculated as 12% of net premiums written in credit insurance and earthquake branches. The earthquake and credit premium portions in those obtained from works considered in the un-proportional basis by reinsurance companies are calculated in proportion to the earthquake and credit premium portion in the works considered proportional.

The companies provide equalization provision until reaching 150% of the highest premium amount written in a year within the last five years. After five financial years, in case that provision amount is less than previous year amount depending on written premiums, the difference is recognized in other profit reserves under equity. This amount recorded in equity can either be kept under reserves or can also be used in capital increase or paying claims.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.20 Reserves (Continued)****2.20.2 Technical Provisions (Continued)**

In life insurances where death coverage is provided, the companies shall use their own statistical data in calculating the equalization provision. The companies which do not have the data set to enable the necessary calculation shall consider 11% of net death premium as premium written for earthquake coverage and allocate 12% of those amounts as equalization provision.

In case of an earthquake, or the credit branch registers a technical loss in the relevant accounting year, the provision allocated for credit and earthquake coverage may be used for claims payments. In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization provisions.

As of 31 December 2020, the Company has gross **TL 10.746.847** equalization provision (Reinsurer's share **TL 7.370.010**, net **TL 3.376.837**). As of 31 December 2020, the Company has **TL 7.591.929** equalization provision. (31 December 2019: **TL 4.215.092**)

Deferred Incomes and Deferred Expenses Reserves

In accordance with paragraph 6 of Article 5 of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested", the part corresponding to the future period or periods, of the commissions paid to the intermediaries on condition that accrual is made as based on the production, the commissions taken due to the premiums transferred to the reinsurer, production expense shares and the sums paid for non-proportional reinsurance contracts and the variable production expenses for the preparation and sale of the tariffs and insurance contracts and the payments for support services, were recognized by the Company under deferred income and deferred expenses accounts. As of 31 December 2020, deferred commission expense amount was **TL 113.665.997** and the deferred commission income (including Risky Insurances Pool) was **TL 59.669.277**.

As of 31 December 2020, the Company has **TL 76.759.806** equalization provision. There is 25% temporary commission which started in 2017 within the scope of the treaty that started in 2017, and which is calculated at the end of 24 months based on reinsurer. Commission ratios are determined in the treaty as steps according to the claims premium ratio.

In case the Claim/Premium ratio realizes above 95%, the temporary commission may be repaid to the reinsurer companies. Due to the fact that it is highly probable that the claim/premium ratio realizes above 95% in relevant branches, reserves were set aside.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition

Written premiums

Written premiums represent premiums on policies written during the period net of taxes, premiums of the cancelled policies which were produced in prior periods and premium ceded to reinsurance companies.

Premiums ceded to reinsurance companies are accounted as “written premiums, ceded” in the profit or loss statement.

Claims Paid

Claims are recognized as expense as they are paid. Outstanding claims provision is provided for both reported unpaid claims and incurred but not reported claims within the reporting period. Reinsurer shares of claims paid and outstanding claims provisions are off-set against these reserves.

Subrogation, Salvage and Similar Incomes

Accrued or collected subrogation, salvage and similar income items are not subject to any deductions in accrued and calculated outstanding claims reserve calculations. However, accrued subrogation, salvage and similar income items are recognized under the related receivable account and statement of income in the assets of balance sheet, as detailed below.

For subrogation and salvage receivable or income accrual, subrogation rights should be obtained, exact amounts should be calculated and they should not be collected as at period-end. Pursuant to Turkish Commercial Code, the claims must be paid in order to be entitled to subrogation.

According to the “Circular on Subrogation and Salvage Income” numbered 2010/13 and dated 20 September 2010; Irrespective of obtaining certificate of release from insurance companies, insurance companies should obtain certificate of release (a bank receipt evidencing the payment) from policyholders following the settlement of the claim payment and subrogation receivables can be accrued up to the amount of the debtor insurance company’s coverage limit upon the notification to the other insurance company or third parties. If the amount cannot be collected from the counterparty insurance company, the Company provides provision for uncollected amounts due for six months. If the counter party is not an insurance Company, the provision is provided after four months.

If, however, a protocol is signed within the six and four-month periods described above respectively with the indebted insurance company or third party, which stipulates the payment of subrogation receivables within a payment plan that will not be longer than twelve months in total, or if a check, promissory note or similar instrument is received for such payment, then it will not be required to make a provision for those installments of these receivables that are in the process of acceptance and collection, which have a maturity exceeding six months for insurance companies and exceeding four months for third parties.

As at 31 December 2020, net **TL 27.602.035** subrogation receivable was recognized in the receivables from main operations account according to the said Circular. (Note 12) (31 December 2019: **TL 17.625.251**) The Company allocated 12.448.335 TL provision for the recourse

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

receivables that could not be collected within the periods specified in the circular. (*Note 12*) (31 December 2019: TL **10.419.672**)

If the protocol made, or the instrument received, involves a payment plan, or a maturity, that exceeds twelve months in total, a provision is required to be made for the amount of receivable that corresponds to the maturity date or dates that exceeds 12 months on the date the protocol is signed or the instrument is received. Furthermore, a provision must be made for the entire existing or remaining installment/receivable amounts for which a provision is not made earlier, in the event of non-payment of any installment that has become due, or non-payment of the entire receivable amount in the case of a single maturity, within 12 months from the date of claim payment for which a payment plan is stipulated, regardless of the payment dates stated in the protocol or in the instrument received.

If a lawsuit/enforcement proceeding is initiated for the subrogation demand, then the accrual will be made as of the date of initiation of these proceedings and a provision for bad debt will be set aside for the amount in question on the same date.

The Company recognized net subrogation receivable in the amount of TL **51.898.806** in the Doubtful Receivables from Main Operations account by making a doubtful receivable reserve for the amount it retained for the subrogation transactions via lawsuits and enforcement proceedings (31 December 2019: TL **44.555.639**)

In order to accrue salvage income, if the sum insured for the partially damaged goods is compensated in full and the ownership or derivative possession (salvage) of these goods pass to the insurance company, then the income derived on their disposal need to be accrued in the related periods, just like subrogation receivables. In such a case, salvage income needs to be accrued and must not be discounted from the claims paid or from outstanding claims in the event that the goods under the derivative possession of the Company are disposed of via a third party (real/legal person) or is surrendered to the insured or is sold directly by the Company.

As of the period ended 31 December 2020, net salvage and subrogation income collected are TL **40.223.159** in total. (31 December 2019: **45.286.431 TL**.)

Received and Paid Commissions

As further disclosed in Footnote 2.20, commissions paid to the agencies related to the production of the insurance policies and the commissions received from 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 for the policies produced before 1 January 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after 1 January 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

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. 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.

Trading Income / Expense

Trading income/expense includes gains and losses arising from disposals of financial assets held for trading purpose and available-for-sale financial assets. Trading income and trading expenses are recognized as “Income from disposal of financial assets” and “Loss from disposal of financial assets” in the accompanying unconsolidated financial statements.

Dividend

Dividend income is recognized when the Company’s right to receive payment is ascertained.

2.22 Leasing Operations

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Set out below are the new accounting policies of the Company upon adoption of TFRS 16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Leasing Operations (Continued)

Right of Use Assets

The company recognizes its right of use assets on the date at the inception of the lease (e.g. on the date when the relevant asset is available for use). Right of use assets are calculated by deducting the accumulated depreciations and impairment losses from the cost value. If the lease payables re-appreciate, this figure is also readjusted.

The cost of the right of use asset include the following:

- (a) The first measurement amount of the lease liability,
- (b) The amount calculated by deducting all lease incentives receives from all the lease payments made on or before the date when the lease actually started, and
- (c) All initial direct costs borne by the company.

Unless the transfer of the ownership of the underlying asset to the Company by the end of the lease term is not finalized reasonably, the Company subjects the right of use asset to depreciation from the date the lease actually started through the end of the useful life of the underlying asset. The right of use assets are subject to the impairment evaluation.

Lease Liabilities

The company measures its lease liability based on the current value of the rents not paid on the date the lease started actually.

The lease payments included in the measurement of the lease liability on the date the lease started actually, consist of the following payments which will be made for the right of use during the lease term of the underlying asset and which have not been paid when the lease started actually:

- (a) Fixed payments,
- (b) The variable lease payments whose measurement was made by using an index or ratio on the date the lease started actually, and which are dependent upon an index or a ratio,
- (c) If the company is reasonably sure that it will use the purchase option, the price of using the option, and
- (d) If the lease term indicates that the Company/Group will use it as an option to terminate the lease, the penalty payments concerning the termination of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Leasing Operations (Continued)

The variable lease payments which are not dependent on an index or ratio are recorded as expense in the period when the event or condition that triggered the payment.

In the event the implicit interest rate for the lease can be easily determined, the company determines the revised discount ratio for the remaining period of the lease as this ratio; if it cannot be determined easily, it determines it to be the Company’s alternative debt interest rate on the date of the re-evaluation.

The company measures its lease liability as follows after the date the lease starts actually:

- (a) It increases the book value so as to reflect the lease liability interest, and
- (b) It decreases the book value so as to reflect the lease payments made.

Additionally, in case the lease term, or the fixed lease payments, or the evaluation regarding the purchase option related to the underlying asset is changed, the value of the lease liabilities are measured again.

The right of use which is calculated on leasing agreements is accounted under “Property, Plant and Equipment” account.

The interest expense on the lease obligation is accounted under “Investment Management Expense - Including Interest”, and the depreciation expense of the usage right asset is accounted under “Depreciation and Amortization Expenses ”

Information on the duration of the operating leases and discount rates applied are as follows:

Assets subject to operational leasing	During the term of the contract	Discount Rate (TL)
Building	3-5 Years	11,45% -19%
Passenger Car	3 Years	19%

2.23 Distribution of dividend shares

Dividend payables are reflected to the financial statements as liability in the period in which they are declared as an element of profit distribution. As of the date of the report, there are not any dividends available to be distributed. (31 December 2019: TL 6.086.160 was distributed to the shareholders as cash dividend on 14-24 May 2019 and 28 November 2019.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Distribution of dividend shares (Continued)

The proposal for distributing dividend from the profit of 2019, which was prepared within the framework of the Company's Profit Distribution Policy and which was voted at the Ordinary General Assembly on 18 March 2020 was unanimously accepted.

In accordance with this decision, TL 27.087.209 of the TL 84.647.528 net distributable profit remaining after deducting TL 4.455.133 Legal Reserves was distributed to the shareholders as cash dividend on 31 March 2020.

2.24 Related Parties

For the purposes of these financial statements, parties are considered related to the Company if;

(a) directly, or indirectly through one or more intermediaries, the party:

- Is in charge of controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
- Has an interest in the Company that gives it significant influence over the Company; or
- Has joint control over the Company;

(b) the party is an associate of the Company;

(c) the party is a joint venture in which the Company is a venture;

(d) the party is member of the key management personnel of the Company and its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e)

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Earnings / (Losses) Per Share

Earnings per share presented in the income statement are calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year. Companies in Turkey can increase their capital by distributing “bonus shares” to shareholders from the prior years’ profit. Such “bonus share” distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

2.26 Newly Issued Standards and Comments

The accounting policies adopted in preparation of the non consolidated financial statements of the accounting period ending on 31 December 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2020 which are summarized below. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective dating from 1 January 2020

Definition of a Business (TFRS 3 Amendments)

In May 2019, POA issued amendments regarding the definition of businesses in TFRS 3 “Business Combinations”. The purpose of this amendment is to help companies eliminate questions as to the definition of a business.

The amendments are as follows:

- Clarification of minimum requirements for a business.
Elimination of the evaluation regarding the completion of missing elements by market participants
;
- Adding practice guides to help businesses assess whether a process is important or not
;
- To narrow the definition of a business and its outputs; and
- To issue a voluntary fair value test (concentration test).

These amendments are to be applied for annual periods beginning on or after 1 January 2020. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)-

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after 1 January 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based or the benchmark on which the cash flows of the hedging instrument are based, are not altered in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 are aimed to be disclosed in financial statements based on the amendments made in TFRS 7. The amendment did not have significant impact on the financial position or performance of the Company.

Definition of Materiality (TAS 1 and TAS 8 Amendments)

In June 2019, the POA made amendments to the standards of “Presentation of TAS 1 Financial Statements” and “TAS Accounting policies, changes in accounting estimates and errors”. The purpose of these changes is to align the definition of ‘materiality’ across the standards and to clarify certain aspects of the definition. The new definition states that Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The businesses are obligated to evaluate the materiality of the effect of information on financial statements when used alone or together with other information.

These amendments are to be applied for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendment did not have significant impact on the financial position or performance of the Company.

Amendments to TFRS 16-Covid-19 Rent Related Concessions

In 5 June, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change,

Any reduction in lease payments affects only payments originally due on or before 30 June 2021 and

There is no substantive change to other terms and conditions of the lease

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application is permitted. The amendment did not have significant impact on the financial position or performance of the Company.

b) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective on the part of the Company up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The POA has deferred the effective date of the amendments made in TFRS 10 and TAS 28 in December 2017 for an indefinite period of time to be amended in accordance with the ongoing research project deliverables on the equity method. Early application of the amendments is still permitted. The company will evaluate the effects of the said amendments after the said amendments are finalized.

TFRS 17 – New Insurance Contracts Standard

In February 2019, POA issued TFRS, 17 which is a new and comprehensive accounting standard that covers accounting, measurement, presentation of and explanations regarding insurance contracts. TFRS 17 introduces a model in which the liabilities arising from insurance contracts are measured with their current balance sheet values, and which enables the recognition of the profit over the period services are provided; Current measurement of the future cash flows and certain amendments in risk adjustments are also recognized over the period services are provided. The companies may choose to recognize the effects of the changes in discount ratios under profit or loss or other comprehensive incomes. The standard contains a special instruction for the measurement and presentation of insurance contracts with participation features. TFRS 17 will become effective in annual reporting periods beginning on or after 1 January 2021 with earlier application permitted as long as TFRS 9 Financial Instruments and TFRS 15 Revenue From Contracts with Customers are also applied. The effects of the mentioned standard on the financial status and performance of the Company are evaluated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

(Amendments to TAS 1) Classification of Liabilities as Current and Non-Current Liabilities

On 12 March, 2020, the POA issued amendments to “TAS 1 Presentation of Financial Statements”. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Early application is permitted. The impact of amendment on the financial position and performance of the Company is evaluated.

Amendments to TFRS 3-Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments are to be applied for annual periods beginning on or after 1 January 2022. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

The impact of amendment on the financial position and performance of the Company is evaluated.

Amendments to TAS 16-Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. These amendments are to be applied for annual periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no exemption for those who will apply TFRS for the first time. The effects of the aforementioned changes on the financial status and performance of the Company are evaluated.

Amendments to TAS 37-Onerous contracts-Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to “TAS 37 Provisions, Contingent Liabilities and Contingent Assets”. The amendment in TAS 37, which will be applied for the annual accounting periods starting from 1 January 2022 and after, has been made to determine the costs to be taken into consideration when evaluating whether a contract is economically "disadvantaged" or "losing"

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

and includes the implementation of the approach of including 'directly related costs'. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The impact of amendment on the financial position and performance of the Company is evaluated.

Interest Rate Benchmark Reform - Phase 2-Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform-Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed. Early application is permitted. The amendments include the following:

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows. The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements-2018–2020 Period

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards-Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

- TFRS 9 Financial Instruments-Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

- TAS 41 Agriculture-Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41 of companies.

These amendments are to be applied for annual periods beginning on or after 1 January 2022. Early application is permitted.

The impacts of amendment on the financial position and performance of the Company are evaluated.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND REQUIREMENTS

The notes in this section are provided in addition to the explanations made in relation to the management of insurance risk (*Note 4.1*) and financial risk (*Note 4.2*)

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of the reported assets and liabilities, revenues and expenses, and the application of the accounting principles. Such estimates might differ from actual consequences.

Estimates and the assumptions on which these estimates are based are constantly reviewed. Updates in accounting estimations are recorded in the period when these estimates are updated and the in the following periods which are affected by these updates.

In particular, the information concerning the uncertainties in the significant estimates which have the greatest effect on the amounts presented in the accompanying financial statements, and the critical interpretations are explained in the notes below:

Note 4.1 – Insurance risk management

Note 4.2 – Financial risk management

Note 10 – Reinsurance assets and liabilities

Note 11 – Financial assets

Note 12 – Loan and receivables

Note 17 – Insurance liabilities and reinsurance assets

Note 17 - Deferred Reinsurance Commissions

Note 19 - Commercial and other payables, deferred incomes

Note 21- Deferred taxes

Note 23 - Provisions for other liabilities and expenditure

3 SIGNIFICANT ACCOUNTING ESTIMATES AND REQUIREMENTS (Continued)

Evaluation of the effects of Covid-19 virus on the Company Operations

Covid-19 affected life both around the world and in Turkey very adversely. The pandemic not only created a serious health threat but also financial fluctuations which were felt globally. With the detection of the virus in Turkey in March,

many measures were introduced both in social life and in economy. In addition to measures which organized the social life according to the pandemic, various packages were announced to support the sector which were negatively affected by it; however, the increase in the foreign exchange rate also increased the inflation and the interest rates were increased again.

When we examine the subject matter from the point of view of our sector, we see that the policy holders avoided going out in the street and going to health institutions. Therefore, we are watching the claims payments which were made within the scope of health insurance, land vehicles and land vehicle liability insurances, and the level of income from securities closely.

As of 31 December 2020, we can say that the pandemic has not affected our Company's first financial performance adversely. In non-life insurance sector, premium production has increased by 17,8% in comparison to the same period in 2019. Our company has increased its premium production by 16,1%.

In the Health Branch, premium production decreased in travel and foreign health branches both in the sector and in our Company due to the cancellation of international flights and restriction in 2020. However, premium production increased in the Health Branch by 20.8% from the same period last year, and our Company achieved 33.4% increase in this field from last year.

In order to minimize the macro-economic effects to be caused by the Covid-19 pandemic on the financial structure of our Company, and to reduce the risks which might occur in relation to our financial structure due to the increase in the costs of material damages caused by foreign exchange rate, the foreign currency in our calculated by considering the share of the material damage payments in the total claims payments was kept in our portfolio and a hedge was created, and the financial structure of our company was protected against any foreign exchange fluctuations. Since we work with credit cards in relation to premium production, we did not experience serious problems with regards to collection. In situations where we work with running accounts, we followed our companies and our agencies closely, and acted flexibly to both our agencies and our policyholders when necessary in order to prevent potential difficulties, and we have not experienced any serious collection problems to date.

On the other hand, when we examine the situation in terms of operational change, we see that Covid-19 pandemic changed the way people work all around the world. Like many companies around the world, we transitioned to working from home model in order to protect the health of our employees.

Since our company had already completed its adaptation to digital life, all operations such as production, claims, call-center, sale support services etc. continued at the same performance level during the working from home stage. There are not any operations that were negatively affected.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT

4.1 Insurance Risk

4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks:

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and cannot be anticipated.

Insurance risk is the probability that the received premium do not cover the paid indemnities. The main activity of the Company is to underwrite the existing risks at best prices and to transfer the risks it covered to other companies through insurance agreements. In performing the said activities, the Company evaluates the results at every stage, revises its underwriting policies based on these evaluations, and transfers the underwritten premiums and the taken risks to reinsurance companies through reinsurance agreements pursuant to the relevant laws.

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance);

4.1.2.1 Sensitivity to insurance risk

Insurance risk is defined as coverage for exposures that exhibit a possibility of financial loss due to applying inappropriate and insufficient insurance techniques. Main reasons of insurance risk exposure result from the risk selection and inaccurate calculation of insurance coverage, policy terms and fee or inaccurate calculation of coverage portion kept within the company and coverage portion transfers to policyholders and transfer conditions.

The main objective of the Risk Management Activities is to determine the risk measurement, assessment, and control procedures and maintain consistency between the Company's asset quality and limitations allowed by the insurance standards together with the Company's risk tolerance of the accepted risk level assumed in return for a specific consideration. In this respect, instruments that are related to risk transfer, such as; insurance risk selection, risk quality follow-up by providing accurate and complete information are used in achieving the related objective risk quality follow-up by providing accurate and complete information, effective monitoring of level of claims by using risk portfolio claim frequency, treaties, facultative reinsurance contracts and coinsurance agreements, and risk management instruments, such as; risk limitations, are used in achieving the related objective.

Risk acceptance is based on technical income expectations under the precautionary principle. In determining insurance coverage, policy terms and fee, these expectations are based accordingly.

It is essential that all the authorized personnel in charge of executing policy issuance transactions, which is the initial phase of insurance process, should ensure to gather or provide all the accurate and complete information to issue policies in order to obtain evidence on the acceptable risks that the Company can tolerate from the related insurance transactions. On the

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.1 Sensitivity to insurance risk (Continued)

other hand, decision to be made on risk acceptance will be possible by transferring the coverage to the reinsurers and/or co-insurers and considering the terms of the insurance policy.

In order to avoid destructive losses over company's financial structure, company transfers the exceeding portion of risks assumed over the Company's risk tolerance and equity resources through treaties, facultative reinsurance contracts and coinsurance agreements to reinsurance and coinsurance companies. Insurance coverage and policy terms of reinsurance are determined by assessing the nature of each insurance branch.

Insurance guarantees given by branches are shown in *Note 17 -Insurance liabilities and reinsurance assets* as in detailed.

The Company conducts its risk analyses by evaluating the cumulative risk probabilities of the insured risk, and the consequences of the damage, and by considering the type, nature and geographical position of the current risks, and law of great numbers by the risk groups to achieve the optimum claims results.

Generally, the Company's insurance contracts include Fire and Natural Disasters (Natural Disasters Insurance Authority), accident, land vehicles, general losses (TARSİM - Agricultural Insurance Pool), land vehicles liability, general liability, Disease / Health branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency):

31 December 2020			
Total Claim Liabilities	Gross Total Claims Liability	Total Claim Liabilities Reinsurer Share	Net Total Claims Liability
Accident	20.694.198	18.573.569	2.120.628
Land Vehicles (Own Damage)	192.639.541	73.305.769	119.333.772
Fire and Natural Disasters	89.713.162	70.742.702	18.970.460
Cargo	82.704.880	81.456.543	1.248.337
General Damages	27.419.740	19.987.933	7.431.807
Land Vehicles Liability (Traffic)	2.143.889.980	985.381.880	1.158.508.100
General Liability	26.392.824	13.863.667	12.529.157
Legal Protection	108.262	76.079	32.183
Health/Illness	20.148.328	77.674	20.226.002
Indemnity	208.478	145.934	62.543
Aircrafts	278	-	278
Financial Losses	3.481.663	2.437.164	1.044.499
Watercrafts	39.516	27.661	11.855
Total	2.607.440.849	1.265.921.228	1.341.519.622

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued):

31 December 2019			
Total Claim Liabilities	Gross Total Claims Liability	Total Claim Liabilities Reinsurer Share	Net Total Claims Liability
Accident	33.972.083	30.766.999	3.205.084
Land Vehicles (Own Damage)	162.711.387	79.341.688	83.369.699
Fire and Natural Disasters	30.735.717	20.311.179	10.424.538
Cargo	38.033.591	37.605.284	428.307
General Damages	12.605.861	8.866.017	3.739.844
Land Vehicles Liability (Traffic)	1.982.075.493	1.030.234.532	951.840.961
General Liability	9.346.423	3.621.386	5.725.037
Legal Protection	63.617	44.593	19.024
Health/Illness	14.680.394	(314.938)	14.995.332
Indemnity	-	-	-
Aircrafts	-	-	-
Aircrafts Responsibility	-	-	-
Watercrafts	6.688	4.681	2.006
Breach of Trust	60.823	42.576	18.247
Total	2.284.292.077	1.210.523.997	1.073.768.080

The Company issues insurance contracts mainly in Turkey. Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) issued in Turkey based on geographical regions are summarized as below.

31 December 2020			
Total Claim Liabilities	Gross Total Claim Liabilities	Total Claim Liabilities Reinsurer Share	Net Total Claim Liabilities
Marmara Region (*)	(2.607.440.849)	1.265.921.228	(1.341.519.622)
Total	(2.607.440.849)	1.265.921.228	(1.341.519.622)

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued):

31 December 2019			
Total Claim Liabilities	Gross Total Claim Liabilities	Total Claim Liabilities Reinsurer Share	Net Total Claim Liabilities
Marmara Region (*)	(2.284.292.077)	1.210.523.997	(1.073.768.080)
Total	(2.284.292.077)	1.210.523.997	(1.073.768.080)

(*) Due to the fact that the Company does not have details by regions, all balances are stated in the Marmara Region.

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) issued in Turkey based on currency type are summarized as below:

31 December 2020			
Total Claim Liabilities	Gross Total Claim Liabilities	Total Claim Liabilities Reinsurer Share	Net Total Claim Liabilities
Turkish Liras	(2.607.440.849)	1.265.921.228	(1.341.519.622)
US dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
Total	(2.607.440.849)	1.265.921.228	(1.341.519.622)

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued):

31 December 2019			
Total Claim Liabilities	Gross Total Claim Liabilities	Total Claim Liabilities Reinsurer Share	Net Total Claim Liabilities
Turkish Liras	(2.284.292.077)	1.210.523.997	(1.073.768.080)
US dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
Total	(2.284.292.077)	1.210.523.997	(1.073.768.080)

4.1.2.3 Incurred claim development table

Realistic prices must be determined to prevent the negative impact of possible claims on the Company's financial structure. To this end, the Company uses both its past statistical data, and the industry data, and considers the current market conditions. In addition, the reinsurance policies are re-evaluated at the end of every activity period in line with this objective.

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

The company provides technical reserves according to the laws due to the risks assumed.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 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.

The Company's risk management policies have been formulated to identify and analyze risks encountered by the Company, to define risk limits and controls, and to monitor the risks and compliance with set limits. Risk management policies and systems are periodically reviewed in a way that reflects changes in market conditions as well as product and service offerings. The Company is developing a disciplined and constructive supervision framework with relevant training and management standards and procedures so that all employees understand their own duties and responsibilities.

Credit risk

Credit risk is defined as the possibility that counterparties might not be able to fulfill their obligations in accordance with the terms of contract that have been mutually agreed upon. Major balance sheet items where the Company is exposed to credit risk include the following:

- Banks
- Other cash and cash equivalents (excluding cash)
- Financial assets held for trading
- Available-for-Sale Financial Assets
- Financial Assets To Be Held Until Maturity
- Premium receivables from the insured
- Receivables from agencies
- Receivables from reinsurers related to commissions and paid-up claims
- Reinsurer shares arising from insurance liabilities
- Other receivables

The Company's financial assets subject to credit risk are mainly time and demand deposits held in banks located in Turkey, and the agency and credit card receivables. However, these receivables are not considered to pose high credit risk.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. The Company considers the reinsurer's creditworthiness by examining the financial status of the company in question before entering into the annual agreement.

Net carrying value of the assets that is exposed to credit risk is shown in the table below:

	31 December 2020	31 December 2019
Cash and cash equivalents (<i>Note 14</i>)	1.201.042.046	1.080.271.661
Financial assets	449.801.840	288.727.720
Receivables From Real Operating Income (<i>Note 12.1</i>)	286.957.190	179.123.538
Reinsurer share of outstanding claims reserve, at the end of the period (<i>Note 10</i>), (<i>Note 17.19</i>)	825.600.855	679.546.307
Deposits and guarantees given	3.582.656	953.206
Advances to Personnel	126.959	4.799
Advance payments	535.060	428.271
Receivables from Associates	-	66.791
Other Miscellaneous Receivables	9.982.976	6.225.805
Total	2.777.629.582	2.235.348.098

As at 31 December 2020 and 31 December 2019, the aging of accounts receivables from main operations is as follows:

	31 December 2020		31 December 2019	
	Gross amount	Reserve Allocated	Gross amount	Reserve Allocated
Undue receivables	218.733.902	-	123.366.820	-
Past due 0-30 days	53.069.588	-	48.551.139	-
Past due 31-60 days	-	-	-	-
Past due 61-180 days	-	-	-	-
Past due 181-365 days	-	-	-	-
Past due more than 1 year	-	-	-	-
Total	271.803.490	-	171.917.959	-
Amounts to be collected through subrogation and salvage	27.602.035	(12.448.335)	17.625.251	(10.419.672)
Doubtful receivables from main operations – subrogation receivables	51.898.806	(51.898.806)	44.555.639	(44.555.630)
Total	351.304.331	(64.347.141)	234.098.849	(54.975.311)

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Liquidity risk

Liquidity risk is the risk that the Company might have difficulty in fulfilling its financial liabilities.

Management of liquidity risk

As a method of protection against liquidity risk, the Company maintains a maturity match between assets and liabilities; liquid assets are kept ready for complete fulfillment of potential liquidity requirements if necessary.

The remaining maturity distribution of monetary assets and liabilities:

31 December 2020	Book Value	up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	longer than 1 year
ASSETS						
Cash and cash equivalents	1.201.042.046	318.848.537	882.193.510	-	-	-
Financial assets	449.801.840	-	259.937.868	-	-	189.863.972
Receivables From Real Operating Income	286.957.190	65.544.023	54.028.099	144.195.697	23.189.370	-
Deposits and guarantees given	3.582.656	-	-	-	159.800	3.422.856
Advances to Personnel	126.959	126.959	-	-	-	-
Advance payments	535.060	535.060	-	-	-	-
Receivables from associates	-	-	-	-	-	-
Other Miscellaneous receivables	9.982.976	9.982.976	-	-	-	-
Total monetary assets	1.952.028.727	395.037.555	1.196.159.477	144.195.697	23.349.170	193.286.828
Liabilities						
Real Operating Liabilities	108.998.346	43.336.990	1.138.231	64.523.125	-	-
Liabilities due to related parties	14.354	4.426	-	-	-	9.928
Other payables	45.618.007	16.517.716	14.632.099	2.471.815	11.996.377	-
Insurance technical reserves (*)	1.387.592.546	206.950.381	970.867.107	112.996.930	88.437.507	8.340.620
Reserves for taxes and other similar obligations	32.745.256	14.994.047	11.339.602	6.207.854	203.752	-
Provisions for Others Risks	10.413.540	-	-	-	855.779	9.557.761
Other Long Term Liabilities	132.867	-	-	-	-	132.867
Total monetary liabilities	1.585.514.916	281.803.560	997.977.039	186.199.725	101.493.416	18.041.176

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Liquidity risk (Continued)

31 December 2019	Book Value	up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	longer than 1 year
ASSETS						
Cash and cash equivalents	1.080.271.661	163.336.043	916.935.618	-	-	-
Financial assets	288.727.720	288.725.641	-	2.079	-	-
Receivables From Real Operating Income	179.123.538	67.207.827	11.837.468	87.887.824	12.190.419	-
Deposits and guarantees given	953.206	-	-	-	159.800	793.406
Advances to Personnel	4.799	4.799	-	-	-	-
Advance payments	428.271	428.271	-	-	-	-
Receivables from associates	66.791	-	-	-	66.791	-
Other Miscellaneous receivables	6.225.805	6.225.805	-	-	-	-
Total monetary assets	1.555.801.791	525.928.385	928.773.086	87.889.903	12.417.010	793.406
Liabilities						
Real Operating Liabilities	104.702.514	36.606.227	-	61.184.050	6.912.237	-
Liabilities due to related parties	175.151	165.224	-	-	-	9.928
Other payables	43.003.860	16.848.751	14.995.878	2.247.573	8.911.658	-
Insurance technical reserves (*)	1.049.307.319	91.031.965	726.015.811	96.478.176	129.644.482	6.136.885
Reserves for taxes and other similar obligations	38.058.613	13.136.815	10.940.964	13.777.082	203.752	-
Provisions for Others Risks	7.093.276	-	-	-	602.633	6.490.643
Other Long Term Liabilities	131.726	-	-	-	-	131.726
Total monetary liabilities	1.242.472.459	157.788.982	751.952.653	173.686.881	146.274.763	12.769.182

(*) Insurance technical reserves, outstanding claims reserves and unearned premium reserves are presented within the short term liabilities in the accompanying financial statements. All of outstanding claims reserves were calculated as 1-3 month maturity, and the unearned premium reserves maturity were calculated based on the policy maturities.

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.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Currency risk

The Company is exposed to currency risk through its insurance and reinsurance transactions denominated in foreign currencies. Foreign exchange gains and losses due to foreign currency denominated transactions are recognized in the period of the transaction. At the end of the reporting 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 operations.

The Company's exposure to foreign currency risk is as follows:

31 December 2020	USD	Euro	GBP	Total
<i>Assets:</i>				
Cash and cash equivalents	69.830.322	85.050.967	-	154.881.290
Financial assets	90.855.013	99.008.958	-	189.863.972
Total foreign currency assets	160.685.336	184.059.926	-	344.745.261
<i>Liabilities:</i>				
Real Operating Liabilities	(7.278.635)	(2.449.521)		(9.728.156)
Total foreign currency liabilities	(7.278.635)	(2.449.521)		(9.728.156)
Balance sheet position	153.406.700	181.610.405	-	335.017.105

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

31 December 2019	USD	Euro	GBP	Total
<i>Assets:</i>				
Cash and cash equivalents	110.558.777	96.995.965	-	207.554.742
Total foreign currency assets	110.558.777	96.995.965	-	207.554.742
<i>Liabilities:</i>				
Real Operating Liabilities	(5.033.897)	(1.719.012)	(-)	(6.752.909)
Total foreign currency liabilities	(5.033.897)	(1.719.012)	(-)	(6.752.909)
Balance sheet position	105.524.880	95.276.954	-	200.801.834

TL equivalents of the related monetary amounts denominated in foreign currencies are presented in the table above.

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as of 31 December 2020 and 31 December 2019 are as follows:

	USD	EURO	GBP
31 December 2020	7,3405	9,0079	9,9438
31 December 2019	5,9402	6.6506	7,7765

Exposure to foreign currency risk

A 10 percent depreciation of the TL against the following currencies as of 31 December 2020 and 31 December 2019 would have increased or decreased 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. In case of a 10 percent appreciation of the TL against the following currencies, the effect will be in the reversed direction and equal to the corresponding sum.

	31 December 2020		31 December 2019	
	INCOME STATEMENT	Shareholders' equities (*)	INCOME STATEMENT	Shareholders' equities (*)
USD	15.340.670	15.340.670	10.552.488	10.552.488
EURO	18.161.040	18.161.040	9.527.695	9.527.695
GBP	-	-	-	-
Total, net	33.501.710	33.501.710	20.080.183	20.080.183

(*) Equity effect also includes profit or loss effect of 10% depreciation of TL against related currencies.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

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 repricing bands.

As at 31 December 2020 and 31 December 2019; the interest rate profile of the Company’s interest earning financial assets and interest-bearing financial liabilities are detailed as below:

	31 December 2020	31 December 2019
<i>Financial assets and liabilities with fixed interest rates:</i>		
Interbank Deposits (Note 14)	884,452,990	782,639,603
Financial Assets Held for Trading (Note 11)	340	288,727,720
Available-for-Sale Financial Assets (Note: 11)	259,937,528	-
Financial Assets to Be Held to Maturity (Note: 11)	189,863,972	-

Interest rate sensitivity of the financial instruments

Due to the fact that the Company’s financial assets consist of time deposits with fixed interest rates, changes in interest rates do not affect the final accounts.

Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying values.

Classification relevant to fair value information

“IFRS 7 – Financial instruments: Disclosures” requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs). Classification requires using observable market data if available.

In this context, the fair value classification of financial assets and liabilities measured at fair value in this framework is as follows.

	31 December 2020			Total
	1. Rank	2. Rank	3. Rank	
<i>Financial assets:</i>	-	-	-	-
<i>Financial Assets Held for Trading</i>	-	340	-	-
<i>Available-for-Sale Financial Assets</i>		259.937.528		
<i>Financial Assets To Be Held Until Maturity</i>		189.863.972		
Total financial assets	-	449.801.840	-	

	31 December 2019			Total
	1. Rank	2. Rank	3. Rank	
<i>Financial assets:</i>	-	-	-	-
<i>Financial Assets Held for Trading</i>	-	288.727.720	-	-
Total financial assets	-	288.727.720	-	-

Capital Risk Management

The principal capital management policies of the Company are as follows:

- Complying with the capital adequacy requirements as stipulated by the Under secretariat of Treasury
- Ensuring the Company’s continuity and securing sustained gains for shareholders and stakeholders
- Securing a sufficient level of return for shareholders by setting insurance policy prices proportionate to the insurance risk assumed.

As of 31 December 2020 and 31 December 2019, the Company’s capital adequacy is as follows:

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

	31 December 2020	31 December 2019
1st METHOD		
Equity Capital Required for Non-Life Branches	155.010.407	120.259.591
Equity Capital Required for Life Branch		
Equity Capital Required for Pension Branch		
Total Required Equity Capital	155.010.407	120.259.591
2nd METHOD		
Equity Capital Required for Active Risk	86.143.033	78.363.566
Equity Capital Required for Reinsurance Risk	47.577.948	34.350.496
Equity Capital Required for Excessive Premium Increase	-	-
Equity Capital Required for Outstanding Claims Reserve	71.873.757	52.533.333
Equity Capital Required for Underwriting Risk	125.889.265	100.089.596
Equity Capital Required for Interest Rate and Exchange Risk	6.656.137	7.695.157
Total Required Equity Capital	338.140.140	273.032.148
Shareholders' equities	391.667.872	328.487.569
Reserve for Balancing	7.591.929	4.215.092
Subsidiary Deducted from the Equity Capital	(180.000)	(180.000)
Total Required Equity Capital To Be Considered For Capital Adequacy	399.079.802	332.522.661
Capital Adequacy Result	60.939.662	59.490.513

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

In the capital adequacy table dated 31 December 2020, the Company's Capital Adequacy was accounted as TL 60.939.662. (31 December 2019: Capital Adequacy TL 59.490.513)

Gains and losses from financial instruments

	31 December 2020	31 December 2019
<i>Financial gains and losses recognized in the statement of income:</i>		
Interest incomes	92.710.982	99.502.888
Valuation of Financial Investments	9.442.832	-
Foreign Exchange Profits	157.139.084	80.558.626
Dividend Incomes from Associates	200.214	-
Other Investments	93.103.894	91.792.209
Investment Incomes	352.597.005	271.853.724
Depreciation Expenses*	-	(6.610.184)
Foreign Exchange Loss	(67.623.595)	(38.486.632)
The Arising Losses from Liquidation of Investments	(7.506.742)	-
Investment Administration Expenses (Interest Is Included)	(791.031)	(1.046.784)
Investment Expenses	(75.921.368)	(46.143.600)
Investment revenues originating from financial assets, net	276.675.637	225.710.124

* In the current period, amortization costs in the amount of TL 8.584.807 are explained in Footnote 6.2, and the said amount was not included in the income and losses resulting from financial assets in the current period.

5 SEGMENT REPORTING

5.1 Activity Segmentation

The Company operates only in the elementary branch. Technical revenues/expenses in the financial statements mainly originate from elementary branches.

5.2 Geographical segment reporting

The Company is operating in Turkey.

6 TANGIBLE FIXED ASSETS

6.1 Tangible assets' cost, accumulated depreciation and net book value:

Movement in tangible assets in the period from 1 January to 31 December 2020 is presented below:

	January 2020	Inputs	Outputs	December 2020
Cost Value				
Fixtures and furniture	6.137.286	1.607.159	(196.637)	7.547.808
Motor Vehicles	4.756.598	2.707.500	(490.000)	6.974.098
Special Costs	9.878.601	1.478.299	-	11.356.900
Acquired Assets by Leasing	6.900.439	1.595.398	(923.945)	7.571.892
Total	27.672.924	7.388.356	(1.610.582)	33.450.698
Accu. Depreciation				
Fixtures and furniture	(2.856.713)	(1.289.667)	196.120	(3.950.261)
Motor Vehicles	(1.115.869)	(1.118.095)	392.000	(1.841.964)
Special Costs	(4.051.305)	(2.125.813)	-	(6.177.118)
Acquired Assets by Leasing	(2.388.380)	(2.657.858)	800.875	(4.245.363)
Total	(10.412.266)	(7.191.434)	1.388.995	(16.214.705)
Net Book Value	17.260.658		(221.587)	17.235.993

Movement in tangible assets in the period from 1 January to 31 December 2019 is presented below:

	January 2019	Inputs	Correction	December 2019
Cost Value				
Fixtures and furnitures	4.641.115	1.496.171	-	6.137.286
Motor Vehicles	780.644	3.975.954	-	4.756.598
Special Costs	7.914.298	1.964.303	-	9.878.601
Acquired Assets By Leasing	-	6.900.439	-	6.900.439
Total	13.336.057	14.336.867	-	27.672.924
Accu. Depreciation				
Fixtures and furnitures	(1.864.371)	(992.342)	-	(2.856.713)
Motor Vehicles	(282.186)	(833.683)	-	(1.115.869)
Special Costs	(2.348.616)	(1.702.689)	-	(4.051.305)
Acquired Assets By Leasing	(-)	(2.388.380)	-	(2.388.380)
Total	(4.495.173)	(5.917.094)	-	(10.412.266)
Net Book Value	8.840.884			17.260.658

6.2 All depreciation, amortization and depletion expenses of current year:

	1 January – 31 December 2020	1 January – 31 December 2019
Depreciation expenses	(7.191.434)	(5.917.094)
Amortization and depletion expenses	(1.393.373)	(693.091)
Total	(8.584.807)	(6.610.185)

6 TANGIBLE ASSETS (Continued)

6.3 Depreciation calculation methods, and resulting increases (+) or decreases (-) in the depreciation expenses of the current year due to changes applied to such methods.

N/A (31 December 2019: N/A)

6.4 Movement in tangible assets in the current period:

	31 December 2020	31 December 2019
a) Cost of the tangible fixed assets purchased, produced, or constructed:	7.388.356	14.336.867
b) Cost of sold or scrapped tangible fixed assets:	(1.610.582)	-
c) Amount of Revaluation Increase in Current Period:	-	-
- In cost of assets (+):	-	-
- In accumulated depreciations (-):	-	-
d) Characteristics, total amount, start and end date and progress of ongoing investments:	-	-

6.5 Total insurance amount for tangible assets:

Type	31 December 2020	31 December 2019
Fixtures and furnitures	12.727.076	11.241.124
Total	12.727.076	11.241.124

7 INVESTMENT PROPERTY

As of 31 December 2020, the Company does not own any Investment Properties.
(31 December 2019: N/A)

8 INTANGIBLE FIXED ASSETS

8.1 Cost of intangible assets, their accumulated depreciation and net book value:

Movement in intangible assets in the period from 1 January to 31 December 2020 is presented below:

	1 January 2020	Inputs	Outputs	31 December 2020	
Cost Value					8
Software	4.930.459	2.533.118	-	7.463.577	
Total	4.930.459	2.533.118	-	7.463.577	
Accu. Depreciation					
Software	(2.445.243)	(1.393.373)	-	(3.838.616)	
Total	(2.445.243)	(1.393.373)	-	(3.838.616)	
Net Book Value	2.485.216	1.139.745	-	3.624.961	

8 INTANGIBLE FIXED ASSETS (Continued)

8.1 Cost of intangible assets, their accumulated depreciation and net book value: (Continued)

Movement in intangible assets in the period from 1 January to 31 December 2019 is presented below:

	1 January 2019	Inputs	Outputs	31 December 2019
Cost Value				
Software	2.496.928	2.433.531	-	4.930.459
Total	2.496.928	2.433.531	-	4.930.459
Accu. Depreciation				
Software	(1.752.152)	(693.091)	-	(2.445.243)
Total	(1.752.152)	(693.091)	-	(2.445.243)
Net Book Value	744.776	1.740.440	-	2.485.216

8.2 Business Combinations:

N/A (31 December 2019: N/A)

9 INVESTMENTS IN AFFILIATES

	31 December 2020		31 December 2019	
	Book Value	Share Value %	Book Value	Share Value %
Tarım Sigortaları Havuz İşletmesi A.Ş. (*)	684.773	4,71	430.032	4,71
Long term securities	684.773	4,71	430.032	4,71
EDK Sigorta A.Ş.	300.000	60	300.000	60
Subsidiary Companies Net	300.000	60	300.000	60
Total Financial Asset	984.773	60	730.032	60

(*) Due to the fact that the said financial assets do not have a market value determined in an active market, and that no valuation was conducted for the said company, this is carried from the cost value.

10 REINSURANCE ASSETS

Outstanding reinsurance assets and liabilities of the Company, as a ceding company in accordance with the existing reinsurance contracts are as follows:

Reinsurance assets	31 December 2020	31 December 2019
Reinsurer share of unearned premiums reserve (Note – 17.16)	271.542.975	246.419.844
Reinsurer share of outstanding claims reserve, at the end of the period (Note 17.16)	825.600.855	679.546.307
Receivables from reinsurers related to commissions and paid-up claims (Note 12)	83.174.277	29.575.145
Reinsurer Share of Unexpired Risks Reserve (Note – 17.16).	29.276.491	16.413.318
Reinsurer Share of Equalization Reserve (Note 17.16)	16.638.145	9.268.135
Total	1.226.232.743	981.222.749

There is not any impairment losses recognized for reinsurance assets.

Reinsurance liabilities	31 December 2020	31 December 2019
Payables to the reinsurers related to ceded premiums (Note 19)	69.818.722	71.476.845
Deferred Commission Incomes (Note 19)	59.669.277	61.389.095
Reinsurance commission provisions	76.759.806	71.550.663
<i>Deposits From Reinsurance Companies (Note 19)</i>	-	-
Total	206.247.805	204.416.603

10 REINSURANCE ASSETS (Continued)

Gains and losses recognized in the statement of income in accordance with existing reinsurance contracts are as follows:

	31 December 2020	31 December 2019
Ceded premiums to reinsurers during the period <i>(Note 17)</i>	(569.566.338)	(487.847.685)
Reinsurer share of unearned premiums reserve, at the beginning of the period <i>(Note 17)</i>	(246.419.844)	(314.673.326)
Reinsurer share of unearned premiums reserve, at the end of the period <i>(Note 17)</i>	271.542.975	246.419.844
Reinsurer share of earned premiums <i>(Note 17)</i>	(544.443.207)	(556.101.167)
Reinsurer share of claims paid, during the period <i>(Note 17)</i>	440.320.373	530.977.691
Reinsurer share of outstanding claims reserve, at the beginning of the period(*)	(679.546.307)	(628.676.974)
Reinsurer share of outstanding claims reserve, at the end of the period <i>(Note 17)</i>	825.600.854	679.546.307
Reinsurer share of claims paid, during the period <i>(Note 17)</i>	586.374.921	581.847.024
Commission income accrued from reinsurers during the period	34.210.231	84.746.066
Deferred Commission Incomes in the beginning of the period <i>(Note 17)</i>	61.389.095	83.989.701
Deferred Commission Incomes at the end of the period <i>(Note 17)</i>	(59.669.277)	(61.389.095)
Reinsurance commission provisions	71.550.663	47.688.111
Reinsurance commission provisions at the end of the period	(76.759.806)	(71.550.663)
Commission income earned from reinsurers <i>(Note 32)</i>	30.720.906	83.484.120
Reinsurer share of unexpired risks reserves	12.863.173	7.992.663
Reinsurer Share of Equalization Reserve <i>(Note 17.19)</i>	16.638.145	9.268.135
Total, net	102.153.937	126.490.775

The Company's balance of reinsurance assets is presented in Note 17.16.

11 FINANCIAL ASSETS

11.1 Classification of the Financial Assets

	31 December 2020	31 December 2019
Financial Assets Held for Trading	340	288.727.720
Available-for-Sale Financial Assets	259.937.528	-
Financial Assets to Be Held Until Maturity	189.863.972	
	449.801.840	288.727.720

11 11 FINANCIAL ASSETS (Continued)

11.1 Sub-Classification of the Financial Assets (Continued)

31.12.2020	Nominal Value	Cost Accounting	Fair Value Measurement	Book Value
Borrowing Instruments				
Private sector Bonds and Securities	-	340	340	340
Financial assets held for trading		340	340	340
Private Sector Bonds Risk - TL	161.000.000	149.900.390	157.541.124	157.541.124
Private Sector Lease Certificate – TL	103.289.264	102.037.626	102.396.404	102.396.404
Available-for-Sale Financial Assets	264.289.264	251.938.016	259.937.528	259.937.528
Government Bonds – Euro*	99.086.900	98.427.110	99.008.958	99.008.958
Private Sector Bonds – USD	90.288.150	94.506.440	90.855.014	90.855.014
Financial Assets to Be Held Until Maturity	189.375.050	192.933.550	189.863.972	189.863.972

* Blocked amounts. Due to the Company's insurance activities, EUR 11.000.000 are reserved for the Republic of Turkey Insurance and Private Pension Regulation and Supervision Agency.

31.12.2019	Nominal Value	Cost Accounting	Fair Value Measurement	Book Value
Borrowing Instruments				
Reverse Repurchase Transactions Receivables	-	288.310.807	288.725.641	288.725.641
Private sector Bonds and Securities	-	2.079	2.079	2.079
Financial assets held for trading	-	288.312.886	288.727.720	288.727.720

11.2 Marketable securities issued during the year other than share certificates:

N/A (31 December 2019: N/A)

11.3 Securities representing redeemable debt during the year

N/A (31 December 2019: N/A)

11.4 Information on the cost values of securities and financial fixed assets that are stated at fair value in the balance sheet according to the market values of the marketable securities and financial fixed assets shown on the market value basis:

See Note 11.1

11 FINANCIAL ASSETS (Continued)

11.5 Total amount of securities issued by the partners, participations and affiliated partners of the Company and included within the group of securities and engaged securities, and respective issuing companies:

N/A (31 December 2019: N/A)

11.6 Value increase on financial assets in the last three years

N/A (31 December 2019: N/A)

11.7 Financial Instruments

The Company does not use hedging against financial risks accounting instruments.

11.8 Effects of Exchange Rate Differences

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

12 LIABILITIES AND RECEIVABLES

12.1 Receivables:

The details of the short-term trade receivables are as follows:

Short-term	31 December 2020	31 December 2019
Receivables from insurance operations (*)	286.957.190	179.123.538
Total	286.957.190	179.123.538

(*) The details of the Company's receivables from insurance operations as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Receivables from agencies, brokers and intermediaries	105.125.636	74.288.395
Receivables from Reinsurance Transactions	83.174.277	29.575.145
Bank Guaranteed Credit Card Receivables	83.503.578	68.054.420
Salvage and subrogation receivables	27.602.035	17.625.251
Total receivables from insurance operations, net	299.405.526	189.543.211
Doubtful Receivables Arising from Real Operations	51.898.806	44.555.639
Provisions for Doubtful Receivables Arising from Real Operations	(51.898.806)	(44.555.639)
Provisions of salvage and subrogation receivables	(12.448.335)	(10.419.672)
Receivables from Real Operating Income	286.957.190	179.123.538

12 LIABILITIES AND RECEIVABLES (Continued)

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

See Note 45 for the Company's receivable-payable relationship with shareholders, affiliates and subsidiaries.

12.3 Total amount of the mortgages and other securities received against receivables

Type of pledge and/or guarantee	31 December 2020	31 December 2019
Letter of guarantee	140.097.984	88.076.084
Total	140.097.984	88.076.084

The checks received from agencies and the policy holders are not recorded until the day they are collected, and these checks are recognized under the off-balance sheet accounts. The total amount of undue checks recorded in this manner is TL 14.962.288 as of 31 December 2020. (31 December 2019: TL 11.763.478)

12.4 The receivables and payables denominated in foreign currencies and which do not have currency guarantee, and the detailed analyses of foreign currency balances and foreign currency rates used for the translation:

For the Company's receivables and payables denominated in foreign currencies as at 31 December 2020, see Note 4.2 Exposure to foreign currency risk

13 DERIVATIVE FINANCIAL INSTRUMENTS

N/A (31 December 2019: N/A)

14 CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash	739	18.885
Banks	910.567.469	789.714.380
Bank Guaranteed Credit Card Receivables with maturities less than 3 months	290.473.838	290.538.396
Total	1.201.042.046	1.080.271.661
Blocked Amounts	(-)	(65.007.117)
Interbank Deposits Interest Rediscounting	(2.259.505)	(1.149.250)
Cash and Cash Equivalents in the Cash Flow Table	1.198.782.541	1.014.115.294

14 CASH AND CASH EQUIVALENTS (Continued)

As of 31 December 2020 and 31 December 2019, bank deposits respectively are further analyzed as follows:

	31 December 2020	31 December 2019
TL interbank deposits		
- having a fixed term	884.452.990	782.639.603
- on demand	26.114.479	7.074.777
Total	910.567.469	789.714.380

Amounts of blocked deposits with the banks:

The Company's bank deposits are not blocked. (31 December 2019: The Company has TL 65.007.117 blocked in deposits and TL 30.000.000 blocked in Bank Guaranteed Credit Card Receivables.) (31 December 2019: The total amount of TL 95.007.117 is a blockage for the Undersecretariat of Treasury for necessity of insurance activities.)

Time deposits consist of TL, Euro and USD bank placements; the maturity range is between 4 January 2021 and 29 March 2021. The applied interest rate is between 16,10%- 19,00% for TL time deposits The interest rate is between 0,60% and 2,50% for Euro deposits. Maturity is between 15 February 2021 and 24 March 2021 for Euro time deposits. Interest rate for USD deposits is between 0,25% - 3,55%. And the maturity is between 04 January 2021 and 15 February 2021.

15 CAPITAL

15.1 Amounts of the transactions of the shareholders of the company with the shareholders in their own discretion, separately showing the distributions made to the shareholders

As of 31 December 2020, the Company has 3 shareholders. The Company's share capital is TL 220.000.000 divided into 220.000.000 shares each having a nominal value of TL 1. The entire subscribed capital was paid.

Name, Last Name and Title of the Partner	31 December 2020		31 December 2019	
	Amount of Share (TL)	Share Portion (%)	Amount of Share (TL)	Share Portion (%)
Nihat Kırmızı	99.000.000	45,00	99.000.000	45,00
Nabi Kırmızı	74.800.000	34,00	74.800.000	34,00
Kırmızı Holding A.Ş.*	46.200.000	21,00	46.200.000	21,00
Paid-up Capital	220.000.000	100	220.000.000	100

* Doğa Akademi Sağlık Güvenlik Birimi ve Danışmanlık Anonim Şirketi changed its name to Kırmızı Holding A.Ş. as it was published in the trade registry dated 04.09.2020 and No. 10153.

15 CAPITAL (Continued)

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

	31 December 2020	31 December 2019
Capital Amount at the Beginning of the Period	220.000.000	70.000.000
Disposals during the period	-	-
Capital Increase Within the Period	-	150.000.000
Capital Payment Within the Period	-	-
Non-paid Capital	-	-
Period End Paid-up Capital	220.000.000	220.000.000

As of 31 December 2020, the Company's share capital is TL 220.000.000 divided into 220.000.000 shares each having a nominal value of TL 1. As of 31.12.2019 the company has no unpaid capital.

15.3 For each class of share capital;

15.3.1 The explanation about the number of capital shares

N/A (31 December 2019: N/A)

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

The Company does not have any issued shares. (31 December 2019: N/A)

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

The Company's share capital is TL 220.000.000 divided into 220.000.000 shares each having a nominal value of TL 1. The company has no unpaid capital. (31 December 2019: The Company's share capital is TL 220.000.000 divided into 220.000.000 shares each having a nominal value of TL 1. The company has no unpaid capital)

15 CAPITAL (Continued)

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

	31 December 2020	31 December 2019
Number of Shares per each Period	220.000.000	70.000.000
Capital Payment Within the Period	-	-
Increase / Decrease within the Period	-	150.000.000
Number of Shares at the End of the Period	220.000.000	220.000.000

As of 31 December 2020, the Company's share capital is TL 220.000.000 consists of 220.000.000 shares each having a nominal value of TL 1. As of 31.12.2019 the company has no unpaid capital.

15.3.5 Disclosure of rights, privileges and restrictions (restrictions) on such capital class, including the distribution of dividends and the restrictions on repayment of capital.

N/A (31 December 2019: N/A)

15.3.6 Explanations regarding the equity shares held by the Company, its affiliates or its subsidiaries

N/A (31 December 2019: N/A)

15.3.7 Explanations on stocks, securities and amounts held as equity shares for future sale for forward transactions and contracts.

N/A (31 December 2019: N/A)

15.3.8 Other Capital Reserves

N/A (31 December 2019: None)

15 CAPITAL (Continued)

15.4 Other profit reserves

15.4.1 Legal Reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

The movement of the legal reserves is as follows:

	31 December 2020	31 December 2019
Legal Reserves at the Beginning of the Period	4.253.382	1.050.140
Transfer from profit	4.455.133	3.203.242
Period End Legal Reserves	8.708.515	4.253.382

15.4.2 Extraordinary Reserves

The movement of extraordinary reserves is as follows:

	31 December 2020	31 December 2019
Extraordinary Reserves at the Beginning of the Period	6.780.498	6.780.498
Transfer from profit	-	-
Extraordinary Reserves at the End of the Period	6.780.498	6.780.498

15.4.3 Special funds

Within the scope of the participation insurance, as a result of the participation insurance product which was introduced to the market on a volunteer basis, a **TL 7.384.087** was created. This fund amount was reported in the equity.

15.4.4 Re-measurement gains /losses under defined benefit plans

As at 31 December 2020, other profit reserves consist of a total net of TL 288.245 which is the actuarial loss and gain amount found by re-measuring the net benefit liability defined according to TAS 19. (31.12.2019: TL 139.999)

15 CAPITAL (Continued)

15.4.5 Previous Years Profits /(Losses)

	31 December 2020	31 December 2019
Previous year profits / losses	1.106.940	8.779.510
Amount Transferred from the Net Profit of the Period	89.102.661	64.064.838
Capital increase covered from previous year profits	(-)	(62.448.006)
Legal reserves	(4.455.133)	(3.203.242)
Distributed Dividend	(27.087.209)	(6.086.160)
Total	58.667.259	1.106.940

15.5 Share based payments:

N/A (31 December 2019: N/A)

15.6 Matters pertaining to the Events after the Balance Sheet Date

N/A (31 December 2019: N/A)

16 OTHER RESERVES AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION

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

N/A (31 December 2019: N/A)

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

N/A (31 December 2019: N/A)

16.3 Hedging for forecasted transactions and net investment hedging

N/A (31 December 2019: N/A)

16.4 Hedging against financial risks

N/A (31 December 2019: N/A)

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

N/A (31 December 2019: N/A)

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

16 OTHER RESERVES AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION (Continued)

16.6 Revaluation increase in tangible fixed assets

N/A (31 December 2019: N/A)

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

17.1 Details of the Company's technical reserves as of 31 December 2020 and 31 December 2019 are below:

	31 December 2020	31 December 2019
Gross unearned premiums reserve	919.838.615	790.446.103
Reinsurer share of unearned premiums reserve (<i>Note 10</i>)	(271.542.975)	(246.419.844)
SSI of Unearned Premiums Reserve	(49.969.712)	(46.191.609)
Pool Unearned Premiums Reserve	(56.427.693)	(74.666.234)
Provisions for Unearned Premiums - Net	541.898.235	423.168.415
Provisions for gross suspending indemnities	1.642.222.580	1.271.729.389
Reinsurer share of outstanding claims reserve (<i>Note 10</i>)	(825.600.854)	(679.546.307)
Gross Outstanding Claims Reserve, net	816.621.725	592.183.082
Gross Unexpired Risks Reserve	50.757.148	46.154.048
Reinsurer Share of Unexpired Risks Reserve (<i>Note 10</i>)	(29.276.491)	(16.413.318)
Provision for Unexpired Risks - Net	21.480.657	29.740.730
Reserve for Balancing, net	7.591.929	4.215.092
Mathematical Life Provision, net	-	-
Total technical reserves, net	1.387.592.546	1.049.307.319
Short-term loans	1.380.000.617	1.045.092.227
Medium- and Long-term	7.591.929	4.215.092
Total technical reserves, net	1.387.592.546	1.049.307.319

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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

N/A (31 December 2019: N/A)

17.3 Insurance guarantees given to non-life insurances based on insurance branches

Branch	31 December 2020	31 December 2019
Land Vehicles Liability	7.049.688.631.000	5.661.040.716.000
Accident	59.660.543.651	52.428.492.745
Land Vehicles (Insurance)	68.796.616.696	27.101.825.863
Fire and Natural Disasters	143.114.100.638	92.079.720.984
Cargo	12.005.829.703	8.978.743.728
General Damages	51.961.726.211	36.849.119.901
General Liability	25.719.873.108	20.025.558.711
Legal Protection	2.290.974.482	2.411.465.391
Health Illness	193.255.031.690	218.559.148.629
Indemnity	593.285.301	553.924.889
Aircrafts	15.485	4.985
Aircrafts Responsibility	493.218	482.718
Watercrafts	5.164.500	4.883.000
Total	7.607.092.285.683	6.120.034.087.544

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

N/A (31 December 2019: N/A)

17.5 Number and amount of participation certificates in portfolio and circulation

N/A (31 December 2019: N/A)

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

N/A (31 December 2019: N/A)

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

N/A (31 December 2019: N/A)

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

N/A (31 December 2019: N/A)

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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

N/A (31 December 2019: N/A)

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

N/A (31 December 2019: N/A)

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

N/A (31 December 2019: N/A)

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

N/A (31 December 2019: N/A)

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves for the life policyholders who leave the portfolio during the period

N/A (31 December 2019: N/A)

17.14 Profit share distribution rate of life insurees in the current period

N/A (31 December 2019: N/A)

17.15 Explanation of information that describes amounts arising from insurance agreements

N/A (31 December 2019: N/A)

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

	31 December 2020	31 December 2019
Liabilities due to Reinsurance Companies	69.818.722	71.476.845
Deposits From Reinsurance Companies	-	-
Net Receivables/(Debt)	69.818.722	71.476.845

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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

	1 January - 31 December 2020	1 January - 31 December 2019
Ceded Premiums to Reinsurers	(569.566.338)	(487.847.685)
Premiums Transferred to the Pool	(107.804.124)	(143.155.804)
Reinsurer Share of Unearned Premiums Reserve	271.542.975	246.419.844
Pool Share of Unearned Premiums Reserve	56.427.693	74.666.234
Reinsurer Share of Unexpired Risks Reserve	29.276.491	16.413.318
Reinsurer Share of Claims Paid	440.320.373	530.977.691
Provision for Outstanding Claims and Compensations	825.600.854	679.546.307
Reinsurer Share of Equalization Reserve	16.638.145	9.268.135
Net Income/(Expenditure)	962.436.069	926.288.040

17.17 Comparison of incurred claims with past estimations

Development table for incurred claims is disclosed in Note 4.

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

Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately are disclosed in Note 4.

17.19 Other required explanations regarding liabilities originating from insurance contracts:

As of 31 December 2020, and 31 December 2019, the movement table of insurance liabilities and reinsurance assets is as follows:

Provisions for Unearned Premiums	31 December 2020				
	Gross	Reinsurer Share	SSI Share	Pool Share	Net
Unearned Premiums Reserve at the beginning of the period	790.446.103	(246.419.844)	(46.191.609)	(74.666.234)	423.168.415
Premiums written during the period	1.781.055.358	(569.566.338)	(92.650.842)	(107.804.124)	1.011.034.054
Premiums earned during the period	(1.651.662.845)	544.443.207	88.872.739	126.042.665	(892.304.235)
Unearned Premiums Reserve at the beginning of the period	919.838.615	(271.542.975)	(49.969.712)	(56.427.693)	541.898.235

17 INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

17.19 Other required explanations regarding liabilities originating from insurance contracts:
(Continued)

Provisions for Unearned Premiums	31 December 2019				
	Gross	Reinsurer Share	SSI Share	Pool Share	Net
Unearned Premiums Reserve at the	865.636.220	(314.673.326)	(56.313.048)	(99.685.869)	394.963.976
Premiums written during the period	1.533.598.888	(487.847.685)	(87.113.011)	(143.155.804)	815.482.389
Premiums earned during the period	(1.608.789.005)	556.101.167	97.234.450	168.175.439	(787.277.950)
Unearned Premiums Reserve at the beginning of the period	790.446.103	(246.419.844)	(46.191.609)	(74.666.234)	423.168.415

	1 January 2020 – 31 December 2020		
	Gross	Reinsurer share	Net
Outstanding Claims Reserve:			
Beginning of the Period	1.271.729.390	(679.546.307)	592.183.083
Claims Paid	(965.218.270)	440.320.373	(524.897.897)
- Current period outstanding claims	1.507.240.820	(744.874.681)	762.366.139
- Previous years' outstanding claims	(1.271.729.390)	679.546.307	(592.183.083)
Outstanding claims at the end of the period	542.022.550	(304.554.308)	237.468.242
Incurring but not reported claims	1.100.200.029	(521.046.546)	579.153.483
Adequacy Difference in Outstanding Claims Provisions			
Total	1.642.222.579	(825.600.855)	816.621.725

	1 January 2019 – 31 December 2019		
	Gross	Reinsurer share	Net
Outstanding Claims Reserve:			
Beginning of the Period	1.059.512.428	(628.676.974)	430.835.454
Claims Paid	(1.012.562.689)	530.977.691	(481.584.998)
- Current period outstanding claims	1.386.362.476	(751.182.715)	635.179.761
- Previous years' outstanding claims	(1.059.512.428)	628.676.974	(430.835.454)
Outstanding claims at the end of the period	373.799.787	(220.205.024)	153.594.763
Incurring but not reported claims	897.929.603	(459.341.283)	438.588.320
Adequacy Difference in Outstanding Claims Provisions	-	-	-
Total	1.271.729.390	(679.546.307)	592.183.083

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

17.19 Other required explanations regarding liabilities originating from insurance contracts:
(Continued)

1 January 2020 – 31 December 2020			
	Gross	Reinsurer share	Net
Provision for Unexpired Risks:			
Beginning of the Period	46.154.048	(16.413.318)	29.740.730
Change in the Provision Added within the Period	4.603.100	(12.863.173)	(8.260.073)
Provision for Unexpired Risks in the End of the Period	50.757.148	(29.276.491)	21.480.657

1 January 2019 – 31 December 2019			
	Gross	Reinsurer share	Net
Provision for Unexpired Risks:			
Beginning of the Period	17.483.296	(8.420.655)	9.062.641
Change in the Provision Added within the Period	28.670.752	(7.992.663)	20.678.089
Provision for Unexpired Risks in the End of the Period	46.154.048	(16.413.318)	29.740.730

	31 December 2020	31 December 2019
Reserve for Balancing:		
Beginning of the Period	4.215.092	2.260.414
Provision Added within the Period	3.376.837	1.954.678
End of the Period Reserve for Balancing	7.591.929	4.215.092

The portions of the commissions paid to the intermediaries for the production of the policies deferred to the next periods are recognized under “Prepaid Expenses” accounts. As of 31 December 2020, the details of the prepaid expenses in the amount of TL 131.346.739 recorded in the current assets are as follows (31 December 2019: TL 122.283.557) prepaid expenses pertaining to future months; are consisting of deferred production commissions amount of TL 113.665.997 (December 31, 2019; TL 99.617.571) and prepaid other expenses amount of TL 17.680.742 (December 31, 2019; TL 22.665.986).

	31 December 2020	31 December 2019
Deferred Reinsurance Commissions		
Deferred production commissions at the beginning of the period	99.617.571	101.400.435
Commissions to intermediaries accrued during the period	224.987.254	193.274.720
Commissions expensed during the period (Note 32)	(210.938.828)	(195.057.584)
Year-end	113.665.997	99.617.571

	31 December 2020	31 December 2019
Deferred Assistance Premium Expenditures		
	13.307.540	10.317.773
Year-end	13.307.540	10.317.773

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

17.19 Other required explanations regarding liabilities originating from insurance contracts:
(Continued)

	31 December 2020	31 December 2019
Prepaid expenses pertaining to future months		
Prepaid Banking Commission Expenses	148.142	5.879.215
Prepaid Advertising, Promotion, Organization Expenses	2.931.349	3.143.852
Prepaid Newspaper, Magazine Subscription Expenses	83.333	96.633
Advance Contribution to Expenditures Share	882.876	-
Printed Document Expenses Paid in Advance	-	137.864
Prepaid Sponsorship Expenses	24.583	2.674.417
Other Prepaid Expenses	302.919	416.232
Year-end	4.373.202	12.348.213

	31 December 2020	31 December 2019
Deferred Reinsurance Commissions:		
Reinsurance commissions deferred at the beginning of the period	(61.389.095)	(83.989.701)
Reinsurance commissions accrued during the period	(34.210.231)	(84.746.066)
Commissions recognized during the period (Note 32)	35.930.049	107.346.671
Reinsurance commission provision at the beginning of the period	(71.550.663)	(47.688.111)
Reinsurance commission provision within the period	(5.209.143)	(35.845.619)
Reinsurance Reserve During the Period current transfer	-	(12.944.973)
Year-end	(136.429.083)	(132.939.759)

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

Branch	31 December 2020		31 December 2019	
	The amount guarantee required	The amount of guarantee provided	The amount guarantee required	The amount of guarantee provided
Life	-	-	-	-
Non-Life	-	99.086.900	-	95.007.117
Total	-	99.086.900	-	95.007.117

18 INVESTMENT CONTRACT LIABILITIES

N/A (31 December 2019: N/A)

19 COMMERCIAL AND OTHER PAYABLES, DEFERRED INCOMES

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

Payables from Insurance Operations:

	31 December 2020	31 December 2019
Payables from Insurance Operations	39.179.624	33.225.669
Liabilities due to Reinsurance Companies	69.818.722	71.476.845
Deposits from Reinsurance Companies (Note 19)	-	-
Total	108.998.346	104.702.514

Other payables

	31 December 2020	31 December 2019
Payables to SSI (Short term)	22.283.844	22.340.792
Payables to Suppliers	11.337.786	11.751.410
Deposits and Guarantees Received	11.996.377	8.911.658
Total	45.618.007	43.003.860

Deferred Incomes

	31 December 2020	31 December 2019
Deferred Commission Incomes	59.669.277	61.389.095
Total	59.669.277	61.389.095

20 FINANCIAL LIABILITIES

The Company's total lease liability and the movement of lease liabilities recognized within the scope of transition to TFRS 16 – Leases standard as of 31 December 2020 and 31 January 2019 are presented below:

	31 December 2020	31 December 2019
Short term lease liabilities	3.133.182	3.203.053
Long term lease liabilities	1.158.775	2.674.304
Discount ratio with alternative debt ratio	(564.260)	(985.120)
Total lease liabilities	3.727.697	4.892.237

21 DEFERRED INCOME TAX

As of 31 December 2020 and 31 December 2019, the items resulting in deferred tax assets and liabilities are as follows:

	31 December 2020	31 December 2019
	Deferred taxes assets / (Liabilities)	Deferred taxes assets / (Liabilities)
Provisions for termination indemnities	406.375	293.273
Unused Vacation Reserves	171.156	132.579
Discounted Cost of Receivables (120)	(98.473)	(313.222)
POS KK Discounted Cost	(78.586)	(308.181)
Personnel Lawsuits Reserve	1.505.177	1.096.541
Reserve for Balancing	488.399	309.806
Provision for Unexpired Risks	4.296.131	6.542.960
Provisions for Subrogation Receivables	2.489.667	2.292.328
Depreciation TAS Correction Difference	(588.232)	(540.969)
Discounted Cost of Debts (320 HS)	28.558	688.950
Time deposit Tax Procedure Law – IFRS Rediscount Difference	7.250	(51.771)
Tfrs 16 Rental Agreements	78.036	84.831
Allowance for Doubtful Accounts Receivable	2.999.337	-
Securities Tax Procedure Law – IFRS Rediscount Difference	409.937	-
Deferred taxes assets, net	12.114.732	10.227.126

As of 31 December 2020, the movement table of deferred Tax Assets is as follows.

	31 December 2020	31 December 2019
As of 1 January,	10.227.126	3.983.053
Deferred tax revenues / (expenses)	1.850.545	6.228.469
Deferred tax revenues / (Expenses) recognized in equity	37.061	15.604
Deferred Tax Assets	12.114.732	10.227.126

22 RETIREMENT AND WELFARE LIABILITIES

(See Note 33)

23 PROVISIONS FOR OTHER LIABILITIES AND EXPENDITURE

	1 December 2020	31 December 2019
Taxes and Dues Payable	31.920.999	37.394.922
Social Security Withholding Payable	824.257	663.691
Provision for Taxes and Other Legal Liabilities for the Period	31.266.587	38.524.331
Prepaid Taxes and Other Legal Liabilities on Period Profit (-)	(31.266.587)	(38.524.331)
Provisions for Others Risks	10.413.540	7.093.276
- Provisions for termination indemnities	2.031.874	1.466.367
- Holiday Pay Reserves	855.779	602.633
- Reserve for Lawsuits	7.525.887	5.024.276
Total	43.158.796	45.151.889

The movement table of Reserve for Employee Termination Benefits during the period is as follows:

	1 December 2020	31 December 2019
Beginning of the Period	1.466.367	574.971
Cost of Services	563.352	958.423
Interest cost	71.886	50.195
Indemnities paid	(255.038)	(195.243)
Actuarial loss	185.307	78.021
Year-end	2.031.874	1.466.367

The movement table of holiday pay reserves during the period calculated for the holiday pays resulting from the holidays not used by the Company personnel in previous years is as follows.

	1 December 2020	31 December 2019
Beginning of the Period	602.633	400.500
Increase/Decrease within the Period (Note - 47.4)	253.146	202.133
Year-end	855.779	602.633

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

24 NET INSURANCE PREMIUM REVENUE

The amounts calculated by deducting the reinsurer shares from gross premiums in the 1 January – 31 December 2020 and 1 January – 31 December 2019 periods are presented below.

Non-Life Branches	1 January - 31 December 2020	1 January - 31 December 2019
Accident	30.295.471	32.937.811
Land Vehicles (Own Damage)	132.043.492	108.056.740
Fire and Natural Disasters	73.697.741	58.378.187
Land Vehicles Liability	675.429.168	541.863.005
General Liability	2.476.088	2.319.509
General Damages	4.931.963	2.995.163
Cargo	523.706	417.388
Legal Protection	1.194.886	1.629.836
Health Illness	88.500.069	66.307.471
Financial Risk	325.193	214.229
Aircrafts	1.999	499
Watercrafts	519	3.685
Aircrafts Responsibility	249	249
Indemnity	1.613.510	-
Breach of Trust	-	358.617
Total	1.011.034.055	815.482.389

25 FEE INCOMES

N/A (31 December 2019: N/A)

26 INVESTMENT INCOMES

Presented in the “Financial Risk Management” Note above (Note 4.2).

27 NET REALIZED GAINS ON FINANCIAL ASSETS

Presented in the “Financial Risk Management” Note above (Note 4.2).

28 NET FAIR VALUE GAINS ON ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net fair value gains on assets at fair value through profit or loss:

Presented in the “Financial Risk Management” Note above (Note 4.2).

(31 December 2019: N/A)

Investment Property:

N/A (31 December 2019: N/A)

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

29 INSURANCE RIGHTS AND CLAIMS

	31 December 2020	31 December 2019
Claims paid, net of reinsurer share	(524.897.897)	(481.584.998)
Change in Outstanding Compensations Reserve, Net of Reinsurer Share	(224.438.643)	(161.347.627)
Change in Unearned Premiums, Net of Reinsurer Share	(118.729.819)	(28.204.439)
Changes in Unexpired Risks Reserve, Net of Reinsurer Share	8.260.073	(20.678.089)
Changes in equalization reserve, net of reinsurer share	(3.376.837)	(1.954.678)
Total	(863.183.123)	(693.769.831)

30 INVESTMENT CONTRACT RIGHTS

N/A (31 December 2019: N/A)

31 MANDATORY OTHER EXPENSES

The allocation of the expenses with respect to their nature or function is presented in Note 32 below.

32 TYPES OF EXPENSE

	1 January - 31 December 2020	1 January - 31 December 2019
Commission expenses (Note 17.19)	(210.938.828)	(195.057.584)
Commission income earned from reinsurers (Note 10 and 17.19)	30.720.906	83.484.119
Staff Expenses	(36.998.854)	(31.039.018)
Assistance Expenses	(21.579.563)	(18.719.364)
Banking and Commission Expenses	(6.573.731)	(15.063.022)
Registration and Announcement Expenses	(409.010)	(597.652)
Information technologies expenses	(4.592.430)	(4.597.714)
Representation, entertainment expenses	(979.232)	(2.316.509)
Office Rental Expenses	(445.279)	(415.618)
Office Expenses	(658.452)	(1.556.600)
Advisor and Consultancy services	(4.550.327)	(3.229.028)
Car Rental Expenses	(4.829)	(175.856)
Taxes, Duties and Fees	(4.266.453)	(5.751.016)
Transport Vehicles Expenses	(854.807)	(1.158.588)
Communication Expenses	(560.891)	(478.590)
Establishment and organization expenses	(237.967)	(194.132)
Fee Expenses	(728.419)	(614.614)
Advertising and Promotion expenses	(23.203.761)	(24.135.202)
Marketing Expenses	(1.426.134)	(1.345.234)
On the	(3.063.592)	(2.951.065)
Total	(291.351.655)	(225.912.285)

33 EMPLOYEE BENEFIT EXPENSES

Details of the benefits provided to employees in the periods ending on 31 December 2020 and 31 December 2019 are presented below.

	31 December 2020	31 December 2019
Salary and wages	(28.881.070)	(23.323.957)
Employer's share in social security premiums	(4.231.335)	(3.024.723)
Pension fund benefits	(2.313.351)	(2.170.464)
Other benefits	(1.573.098)	(2.519.874)
Total	(36.998.854)	(31.039.018)

34 FINANCIAL COSTS

34.1 Financial expenses of current period

N/A (31 December 2019: N/A)

There are not any finance costs classified either on production costs or tangible assets.

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

N/A (31 December 2019: N/A)

35 INCOME TAX

Revenue tax expenses in the financial statements are presented below:

Reserve for Corporate Tax Expense	31 December 2020	31 December 2019
Corporate Tax Reserve	(31.266.587)	(38.524.331)
Deferred tax revenues / (expenses)		
Tax Revenue / (Expense) Originating from Deductible / Taxable Temporary Differences	1.850.545	6.228.469
Total Tax Income/ (Expense)	(29.416.042)	(32.295.862)

As of 31 December 2020, the Company's TL 10.264.911 withholding tax amount from its time deposit has been set off against the advance tax payments for 2020 and transferred to relevant accounts. (31 December 2019: TL 15.338.947)

36 NET FOREIGN EXCHANGE GAINS

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange profits	157.139.084	80.558.626
Foreign exchange loss (-)	(67.623.595)	(38.486.632)
Net foreign exchange change	89.515.489	42.071.994

37 PROFIT/LOSS PER SHARE

Earnings per share is calculated by dividing the portion of the net period profit or loss per shareholders by the number of shares at the end of the period.

	1 January - 31 December 2020	1 January - 31 December 2019
Net loss for the period	90.415.758	89.102.662
Number of shares	220.000.000	220.000.000
Profit/Loss per Share	0,41	0,41

38 DIVIDENDS PER SHARE

38.1 Amount of dividend accrued during the period to be distributed and dividend amount per share:

N/A (31 December 2019: N/A)

38.2 Amount of dividends and the dividend per share which are suggested or announced before the financial statements are approved for publication but which will not be distributed to the shareholders during the period:

N/A (31 December 2019: N/A)

39 CASH GENERATED FROM THE OPERATIONS

See Cash Flow Table

40 EQUITY SHARE CONVERTIBLE BONDS

N/A (31 December 2019: N/A)

41 CASH CONVERTIBLE PRIVILEGED EQUITY SHARES

N/A (31 December 2019: N/A)

42 RISKS

Reserves, Contingent Assets and Liabilities:

- Information about the Company's legal situation is presented below.

Total value of the lawsuits filed against the Company is TL 537.789.770 and TL 328.260.801 of this amount is the reinsurer share. (31 December 2019: Total value of the lawsuits filed against the Company is TL 352.748.779 and TL 225.941.836 of this amount is the reinsurer share.) The total amount of the Company's pending personnel, Agency and other lawsuits is TL 7.525.887. (31 December 2019: The total amount of the Company's pending personnel, Agency and other lawsuits is TL 5.024.276.

The Company's Salvage and Subrogation Income Obtained in Relation to Outstanding Claims, IBNR and Pending Lawsuits are presented below.

	31 December	
Contingent liabilities	2020	31 December 2019
Outstanding Claims	237.468.242	153.594.763
IBNR	579.153.483	438.588.320
Total	816.621.725	592.183.083

43 COMMITMENTS

43.1 Total amount of mortgages or restrictions on active assets:

Guarantees Given	31 December 2020	31 December 2019
Letter of Guarantee	102.982.329	56.443.591
Total	102.982.329	56.443.591

43.2. Total amount of commitments not included in liabilities:

Commitments not included in liabilities	31 December 2020	31 December 2019
Insurance Coverage Undertaken by the Company	7.607.092.285.683	6.120.034.087.544
Total	7.607.092.285.683	6.120.034.087.544

43.3 The amount of contractual commitments for the acquisition of property:

N/A (31 December 2019: N/A)

43 COMMITMENTS (Continued)

43.4 Contractual commitments to acquire intangible assets:

N/A (31 December 2019: N/A)

43.5 Contractual commitments from Operating leases:

N/A (31 December 2019: N/A)

44 BUSINESS COMBINATIONS

N/A (31 December 2019: N/A)

45 STATEMENTS FROM 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

As of 31 December 2020 and 31 December 2019, the related parties' balances are as follows.

	31 December 2020	31 December 2019
Other Short-Term Receivables Due to Related Parties	-	66.791
Receivables from Subsidiaries	-	66.791
Other short-term liabilities due to related parties	4.427	165.224
Payables to employees	4.427	165.224
Other Long-term liabilities due to related parties	9.927	9.927
Payables to shareholders (*)	9.927	9.927

(*) The amount of TL 9.927 consists of the amount of interest calculated in the account of Payables to shareholders in previous years.

Details of the payables due to shareholder are presented below.

	1 January - 31 December 2020	1 January - 31 December 2019
Nihat Kırmızı	9.927	9.927
Total	9.927	9.927

45 STATEMENTS FROM RELATED PARTIES (Continued)

45.1 The amount of doubtful receivables and payables from shareholders, subsidiaries and joint ventures:

N/A (31 December 2019: N/A)

45.2 Breakdown of associates and subsidiaries having an indirect shareholding and management relationship with the Company; names, participation rates and amounts of associates and subsidiaries; profit/loss and net profit/loss in the latest financial statements, the period of these financial statements, whether these financial statements are prepared in accordance with the accounting principles and standards as set out in the insurance legislation, whether they are independently audited and the opinion type of the independent audit report:

N/A (31 December 2019: N/A)

45.3 Amount of gratis share certificates acquired as a result of capital increases realized by participations and affiliated companies through utilization of their internal resources:

N/A (31 December 2019: N/A)

45.4 Real rights on immovable and their values:

N/A (31 December 2019: N/A)

45.5 Amount of obligations such as guarantees, commitments, collaterals, sureties, advances, endorsements, etc. given in favor of partners, participations and affiliated companies:

N/A (31 December 2019: N/A)

46 MATTERS PERTAINING TO THE EVENTS AFTER THE BALANCE SHEET DATE

N/A

47 OTHERS

47.1 Description and amounts of the items which are higher than 5% of the total assets in the balance sheet or higher than 20% of the total amount of the group including the items phrased with “other” in the accompanying financial statements:

	31 December 2020	31 December 2019
Balance sheet / Other Payables	9.982.976	6.225.805
Other Miscellaneous Receivables	9.982.976	6.225.805
Balance sheet / Other Miscellaneous Payables	11.337.786	11.751.410
Payables to Suppliers	11.337.786	11.751.410
Balance Sheet / Other short term liabilities	76.759.806	71.550.663
Other Miscellaneous Short Term Liabilities	76.759.806	71.550.663
Balance Sheet/Other Long Term Liabilities	132.867	131.726
Other Long Term Liabilities	132.867	131.726
Balance Sheet/Other Long Term Liabilities	7.591.929	4.215.092
Other Technical Provisions - Net	7.591.929	4.215.092

Information in Income Statement about Other Technical Provisions

Of the TL 33.333.373 in the other technical provisions account in the income statement (31 December 2019: TL 31.351.976) TL 21.579.563 TL consists of assistance services (31 December 2019: TL 18.719.362), and TL 11.753.810 consists of the technical expenses related to this service (31 December 2019 : TL 12.632.614)

47.2 “Payables to employees and receivables from employees presented under accounts, “other receivables” and “other short or long term payables”, and which have balance more than one percent of the total assets:

N/A (31 December 2019: N/A)

47.3 Subrogation recorded in the off-balance sheet accounts:

N/A (31 December 2019: N/A)

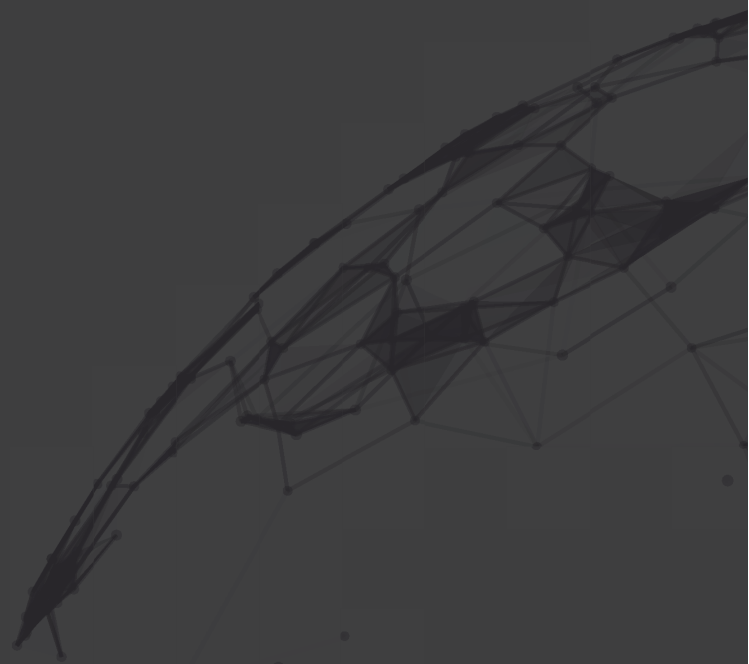
47.4 Explanatory note for the amounts and nature of previous years’ income and losses:

As of the years ended on 31 December 2020 and 31 December 2019, details of discount and reserve expenses are as follows:

47 OTHERS (Continued)

47.4 Explanatory note for the amounts and nature of previous years' income and losses: (Continued)

	31 December 2020	31 December 2019
Provisions for doubtful receivables (expenditure)/revenue	(6.323.012)	(35.880.814)
Provisions for termination indemnities expenses - net	(380.200)	(813.374)
Reserve for Lawsuits filed by the Personnel	(209.809)	171.866
Reserve for unused vacation	(253.146)	(202.133)
Other provision expenses	(3.311.957)	(2.438.919)
Provisions Account	(10.478.125)	(39.163.374)
	31 December 2020	31 December 2019
Rediscount interest (expenses)/incomes	(4.594.158)	14.304.469
Rediscount account	(4.594.158)	14.304.469





**Trust,
in its
Nature**

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