



2017

The Annual Report

DOĞA sigorta



"Nature (Doğa)! ... She is the only artist; working-up the most uniform material into utter opposites; arriving, without a trace of effort, at perfection, at the most exact precision, though always veiled under a certain softness."

(Goethe)

**We Protect
Your
Endeavours**

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1.1 Company Information

Our company headquarter is located in Istanbul. As of 31 December 2017, the number of our employees has reached 225. As of 31 December 2017, we have 58 brokers and as of 1354 dealer channel 1413 intermediaries, including a bank. In 2017, our company continued its operations within the scope of rendering of services throughout Turkey via 7 regions and a regional representative.

	31.Dec.17	31.Dec.16
Authorized Agency	1354	1032
Broker	58	48
Bank	1	1
Total	1413	1081

1.2 The Number of our Employees and Regional Representatives

As of 31 December 2017, the total number of our employees is 225 – 140 working at the General Directorate, 49 at the Regions, and 36 at the Customer Relations Center.

Headquarters

Spine Tower No:243 Büyükdere Cad. 34398 Maslak - İSTANBUL
Tel : (0212) 212 36 42 Faks : (0212) 212 36 44

Anatolia/Europe/Key Accounts ve Corporate (Marmara) Region

Spine Tower No:243 Büyükdere Cad. 34398 Maslak - İSTANBUL
Tel : (0212) 212 36 42 Faks : (0212) 212 36 44

East and Southeast Anatolia (Adana) Region

Reşatbey Mh. Atatürk Cad.No:22 Gen İş Merkezi K:7 D:19 Seyhan - ADANA
Tel : (0322) 458 36 42 Faks : (0322) 458 36 41

Central Anatolia (Ankara) Region

Ceyhun Atuf Kansu Cad. Bayraktar İş Merkezi N: 114 E Blok D: 1 Çankaya – ANKARA
Tel : (0312) 287 31 41 Faks : (0312) 287 31 43

Aegean (İzmir) Region

Manas Bulvarı Adalet Mh. Folkart Towers A Kule K:23/2 Bayraklı - İZMİR
Tel : (0232) 484 08 85 Faks : (0232) 484 08 86

Mediterranean (Antalya) Region

Zerdalilik Mh. Burhanettin Onat Cad. Seyitoğlu Vakfı Apt. No: 98 D:1-2 Muratpaşa - ANTALYA
Tel : (0242) 311 36 32 Faks : (0242) 311 36 33

Black Sea (Samsun) Regional Representative

Kale Mh. İstiklal Cad. Kaptanağa Sk. Ali Çepni İş Merkezi No: 17/4 İlkadım - SAMSUN
Tel : (0362) 435 01 20 - 21

1.3 Historical Development

Doğa Sigorta is an insurance company established on 3 June 2007 pursuant to 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.

Within the year 2015 Doğa Sigorta 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 2016.

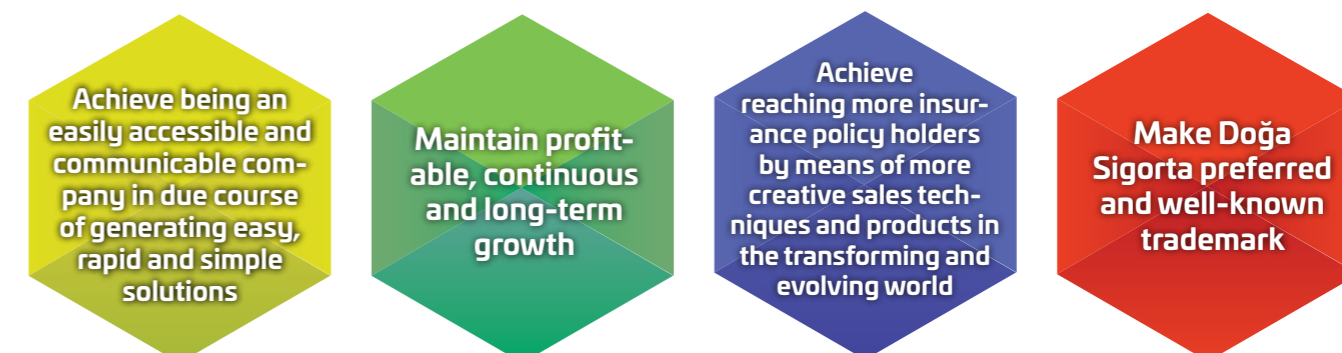
Having completed all necessary procedures, Doğa Sigorta started to issue policies in all branches as an open cooperative starting from 1 June 2016 without making any partnership membership transaction. With the advent of this new era in the cooperative insurance sector, the weight of non-motor products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

Doğa Sigorta continued to grow steadily in 2017 thanks to its increased production and recognizability. It refreshed itself as a result of the innovations brought out by this growth, and modified its structure. As it entered the final quarter of the year, it started to continue its path in the sector as a joint stock company starting from September.

Our company produced premium valued at TL 799.901.976 within 2016 and TL 1.498.476.692 in 2017, achieving an increase of 87% and ranked 9th place in the industry in terms of total production in 2017.

1.4 Vision, Mission, Values

1.4.1 Our Vision



1.4.2 Our Mission

Become a company that increases the insurance awareness in the society, cares about the needs that give importance to the customers, 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 with these conditions..

1.4.3 Our Values:



1.5 Amendments to the Articles of Association

The company structure was changed into joint stock company on 6 September 2017 in accordance with the decision rendered at the General Assembly held on 25 August 2017. You can access the details of the Articles of Association which was enacted on this date on www.dogasigorta.com.

1.6 Chairman's Message

Dear Policyholders and Esteemed Colleagues,

As we left 2017 behind, we strongly felt the effects of political and economic developments occurring both around the world and in Turkey.

Various global developments, e.g. determination of FED's future, draft works concerning tax deductions, economic growth in the Euro zone, 8.8% unemployment rate, lowest since January 2009, the strongest performance of the regional economy in the last decade; and China's economic indicators which were below expectations, political chaos in Saudi Arabia, were followed by the entire world very carefully.

Turkey, on the other hand, managed to achieve the expected growth rates in 2017 despite fluctuations in financial markets caused by non-economic uncertainties. Turkey maintained its economic stability despite various incidents such as the tensions with the USA and EU, the visa crisis with the USA, and the Constitutional Amendment referendum. Euro and US dollar finished the year above expectations. As 2017 came to an end, the inflation realized above the targeted level; however, Turkey managed to finish 2017 with a strong economic growth despite all the above-mentioned dynamics.

The insurance sector weathered many storms in 2017. The claims that arose as a result of the hurricanes in the USA (USD 100 million due to hurricane Harvey, USD 120 million due to hurricanes Maria and Irma in Caribbean Islands), the damages caused by the forest fires in the USA (the total damage resulting from 3 great fires in California was USD 7,3 billion), the earthquake in Mexico (more than USD 2 billion insured damage occurred), and countless similar events exhibited the importance of insurance in people's lives once more.

Although not as severe as the rest of the world, 2017 was a year where many natural disasters struck Turkey. The forest fires in the Aegean and Mediterranean region, and the hailstorms and floods in the Marmara Region were the calamities which led to insured claims in 2017. It is a known fact that about 150.000 vehicles were damaged during the hailstorm in 2017, and the total loss reached TL 700 million in the Marmara Region, and in İstanbul in particular, including the claims to be paid for these vehicles.

Despite the millions of TL paid in claims as a result of the natural disasters that struck the world in general and Turkey in particular, we can see that the insurance sector grew stronger. The figures clearly indicate a growth trend in Turkey. The sector's growth rate during the January-December 2017 period was 15%, and the premium generation realized above TL 46,5 billion. These figures indicate that the insurance sector grew stronger. Feeling the responsibility of being a company operates with domestic capital in an industry which has achieved such a great volume, our company made investments in both infrastructure and in human resources, and maintained its growth trend in line with its production and profitability targets.

Doğa Sigorta reached its growth targets and proved that it was an important actor in the sector in 2017. Our premium generation, which exceeded TL 1,4 billion in the January-December 2017 period, increased 78% in comparison to the same period in 2016. The number of coverages reached about 3,7 million. These figures led to sound profitability ratios.

This growth trend resulted in an increase in employment. Our company has been accomplished to make a contribution to national economy in terms of employment by increasing the number of personnel by 40% and increased its number of personnel to 225 (2016 number is 166) with respect to the previous year with its due diligence professional human resources team policy. In order to be able to follow our employment investments with respect to our production and profitability targets, we focused on personnel training throughout the company, and implemented the quantifiable performance system in all of our units.

We have managed to maintain our tech-savvy and implementer company profile by means of our investments oriented at IT department, and made the production and damage processes more auditable.

By means of the innovations we introduced during our journey we embarked on in 2014, we achieved many successes for both

the industry and our company. Our company, which has licenses in all branches exclusive of for life, diversified its production distribution and managed to have a sound and sustainable portfolio.

In summary, the actions we took on all efficiently managed pre- and post-sale processes proved to be unerring, and thanks to the dedicated efforts of our managers and employees, Doğa Sigorta left behind a successful year. Doğa Sigorta will continue introducing groundbreaking applications developed day by day which updates the industry dynamics in 2018 too.

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 policy holders and agencies for putting their trust in us.

Nihat Kırmızı
Chairman of the Board



1.7 General Manager's Message

2017 was a very active year for Doğa Sigorta: it successfully adapted to sectoral practices such as the premium ceiling system in the traffic policies which was introduced in April, and the pool premium system which was introduced in August; it also changed its company structure by abandoning its cooperative company structure and becoming a joint stock company in September. Managing to overcome these turbulences thanks to its strong infrastructure and staff and to continue its growth trend, Doğa Sigorta family ended 2017 with TL 1,5 billion premium production and by obtaining a market share of 4%.

We managed to overcome the effects of the sector through cooperation with our agencies whom we see as our important companions, and completed the adaptation period easily. At this point, we expanded our agency network with the new agencies joining us, and started to offer our services with 1354 agencies and 58 brokers. The effect of increased sales channels was also reflected in production and in 2017, in premium production was ranked 9 in the top 10 in the sector.



Drawing our strength from our past, we made re-insurance agreements which would allow us to support our both individual and corporate clients in the future. Thanks to these agreements, we incorporated great works with great potential that brought prestige to our company. We had a year where we solidified our position in the sector with every step we took, and which is indicative of our future successes.

Continuing its growth trend, our company achieved the automation of processes with two key projects (AYNA and ISYS), and made various breakthroughs in information technologies. We completed our hardware and security activities, contributing to an effective working environment.

An organization which expands and grows stronger, Doğa Sigorta has a human resource which we prize and which is very experienced. We continue to grow stronger with the effort of employees who are successful in their respective areas. Today, we continue to offer our services with 140 employees working at the General Directorate, 49 employees in the Regions who are located all around Turkey, and 36 employees at the Customer Relations Center where we directly contact our customers.

In 2017, Doğa Sigorta achieved its targets regarding the system infrastructure, the claims-CT synchronization in payment systems, and the growth in sales channels; with the power and self-confidence based on this success, it aimed at continuing its balanced and sustainable growth in 2018 by prioritizing profitability. We generated TL 1,5 billion in premiums in 2017 by balancing our motor and non-motor branches, and we aim at generating TL 1,7 billion in premiums by the end of 2018.

We enjoy the self-confidence and the pride of being a company that has achieved its goals as a consequence of the flexible perspective and the solution-oriented approach we adopted. We firmly believe that the difference we created in the sector will increasingly continue in 2018 with the support of our business partners and our customers.

Coşkun Gölpınar
General Manager

1.8 Shareholding Structure

FOUNDING PARTNER	PAY QUANTITY
Nihat Kırmızı	2.000.000
Nabi Kırmızı	2.000.000
Mustafa Arif Küme	100
Berk Danışmanlık ve Tekstil San. Tic. A.Ş.	100
Doğamed Sağlık Hizmetleri Sanayi Ve Ticaret A.Ş.	100
Doğa Akademi Ortak Sağlık Güvenlik Birimi ve Danışmanlık A.Ş.	1.500.000
Agroberk Gıda Ürünleri A.Ş.	400
Mesleğim Eğitim Kurumları A.Ş.	500.000

NAMES OF THE 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
ŞENOL YILMAZ	Member of the Board of Directors
COŞKUN GÖLPINAR	Member of the Board of Directors / General Manager

1.9 Service Type and Activity Fields of the Company, and Assessment of the Company's Position in the Industry Based on These Facts

Doğa Sigorta started its operations in 2017 and continues its Elementary Insurance activities via 7 regions and a regional representative, 225 employees and 1413 intermediaries (58 brokers and one bank) as of the year 2017.

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 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 continued its growth trend in 2016 and increased its premium production to TL 799,9 million, 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 is proud to have ended 2017 by reaching its growth targets. Generating TL 1.498.476.692 in premiums, we increased our market share to 4% in 2017 and took our place among the greatest 10 insurance companies.

In the last 4 years, the industry achieved a growth rate greater than the Turkish Economy (20% for the 2014-2015 period and 30% for the 2015-2016 period and 12% for the 2016-2017 period), Doğa Sigorta, however, surpassed these figures and rapidly consolidated its position in the industry.

Premiums - Sector vs. Doğa Sigorta			
	Sector	Doğa Sigorta	Market Share
2014	22.709.549.092	26.476.772	0,1%
2015	27.264.486.899	291.331.842	1,1%
2016	35.447.988.684	799.901.975	2,3%
2017	39.707.569.944	1.498.476.692	3,8%
Growth (2016 - 2017)	12%	87%	

2017 has apparently been a year during which Doğa Sigorta achieved all of its goals. Doğa Sigorta achieved very successful works both in terms of 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:

Doğa Sigorta took many steps to brandize and increase recognition since its establishment, and embarked on corporate communication and leadership management in 2017, reinforcing its position in the sector.

In 2017, we organized motivational meetings and activities in order to reinforce the sustainable collaboration with our employees, agencies and business partners. We gave a confidence boost to our agencies with the agency meeting we organized for the second time this year, and determined the critical points for our collaboration in the new period, and a strategic road map.

We boosted our communication activities on TV and print media and shared our corporate messages with the public through correct communication channels in 2017 in an effort to increase our sphere of influence by touching our target audience, to create new brand ambassadors, to add value to our corporate image in the public eye, and to make Doğa Sigorta one of the reference brands in the sector.

In the last quarter of 2017, we reached large masses with our promotional film that strengthened our local and national brand image and carried out activities aimed at fortifying our brand positioning.

With sensitive sponsorships and social responsibility projects, we successfully participated in activities that built brand reputation. At the same time, these activities helped increase the recognition of our brand by the consumers, making Doğa Sigorta one of the most popular and trusted insurance brands in the market.

Our digital communication efforts and social media management helped us acquire a top position among the most social 500 companies in Turkey.

In 2018, we will conduct advertising and social responsibility projects which will carry our corporate image to the top through effective media management and brand positioning.

Reporting and Sales:

On 1 June 2017, our sales organization started to be represented at the Vice General Director level with a view to create a more effective sales force, and to manage and direct our agencies better.

We united our Corporate Sale and Major Customer departments under the Corporate and Major Customers Region department.

In order to follow the sales performance better by using reports, we introduced Objective Fulfillment Reports and Agency representative report cards.

With the AYNA Project (an application of Cognos – SPSS licenses in our company), all reporting was carried to the digital environment, shortening the operational procedures. This allowed for an easier and quicker access to reports.

Information Technologies:

Recent events in Turkey and around the world proved the importance of the security investments for finance companies once more. As Doğa Sigorta, we have continued to work on a plan to re-inspect our security investments and renew all our infrastructures.

Doğa Sigorta, who placed 9th among 63 insurance companies operating in Turkey last year, continued its investments in 2017 to actively protect itself against internal and external threats by taking advantage of cutting edge technology in information systems security.

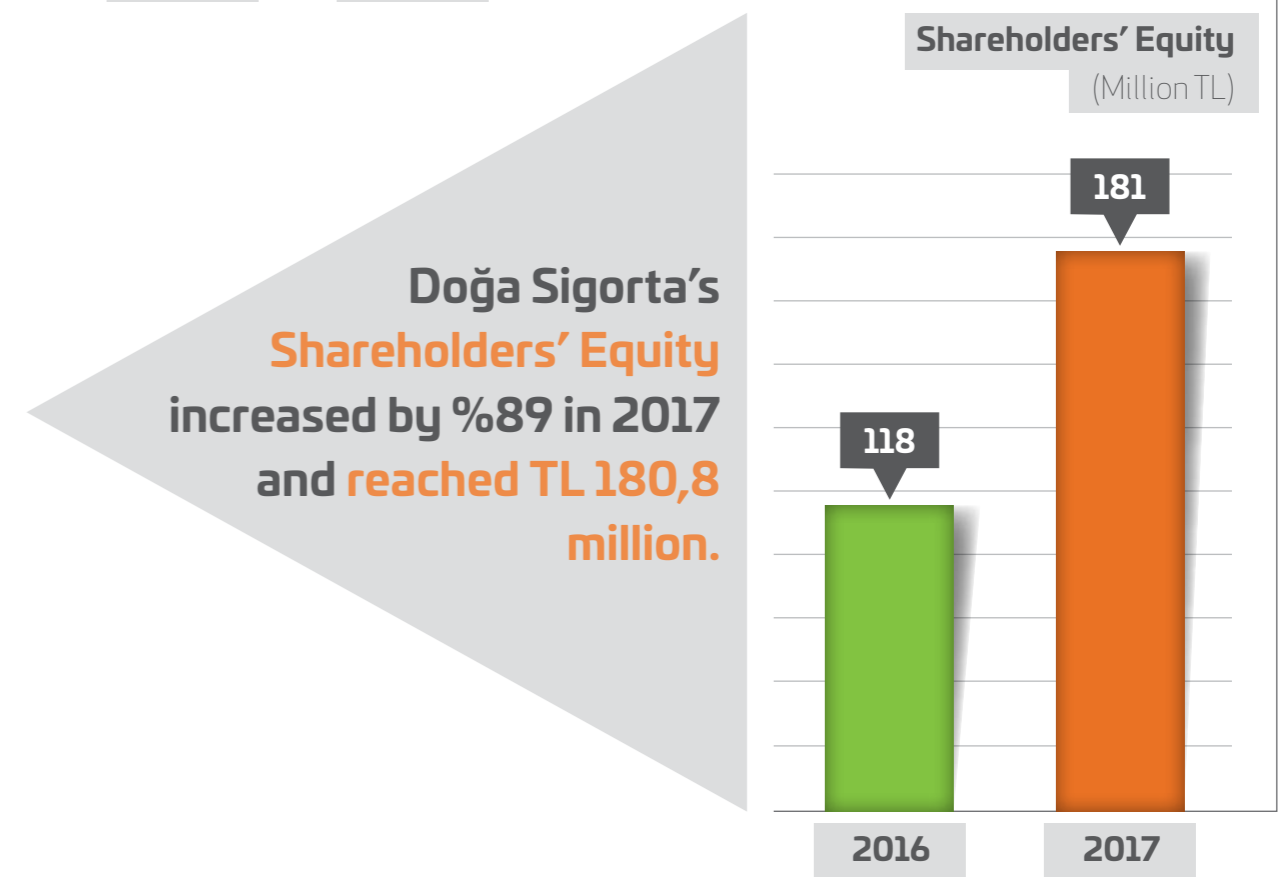
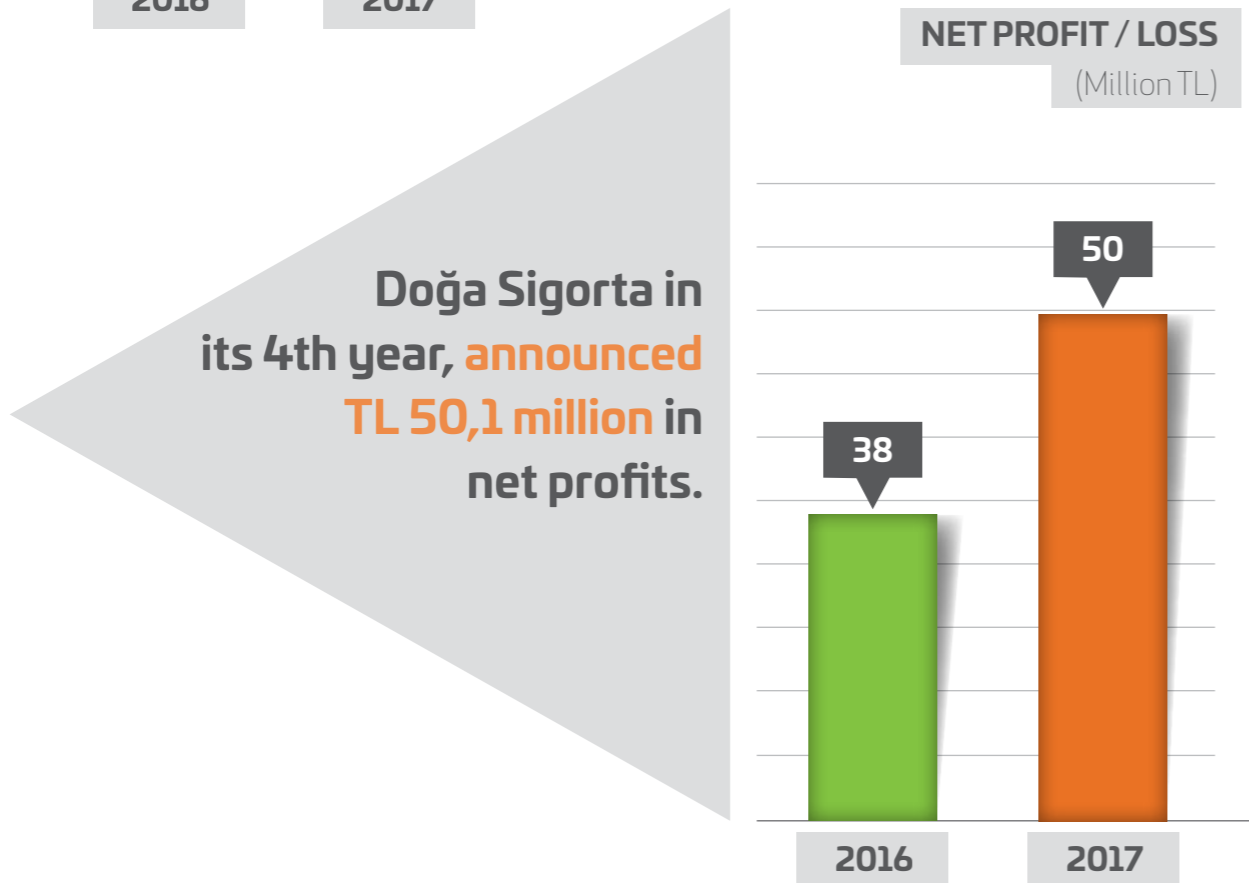
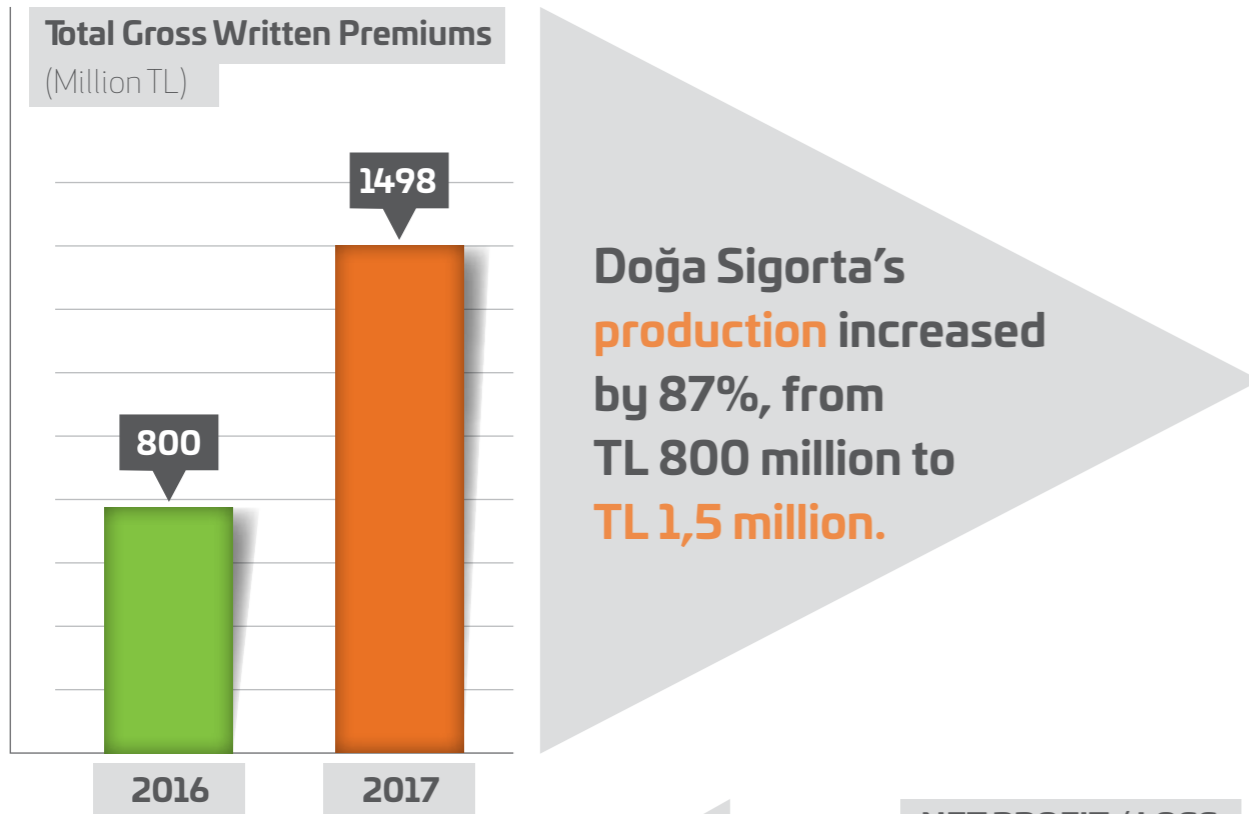
Moreover, we launched the development of a mobile application, designed our website from ground up, completed the data warehouse, set up the cognos reporting system, and made investments in software and hardware in 2017.

The investments in these areas will continue in 2018 in order to satisfy the requirements brought about by growth and to adapt to the digital age.

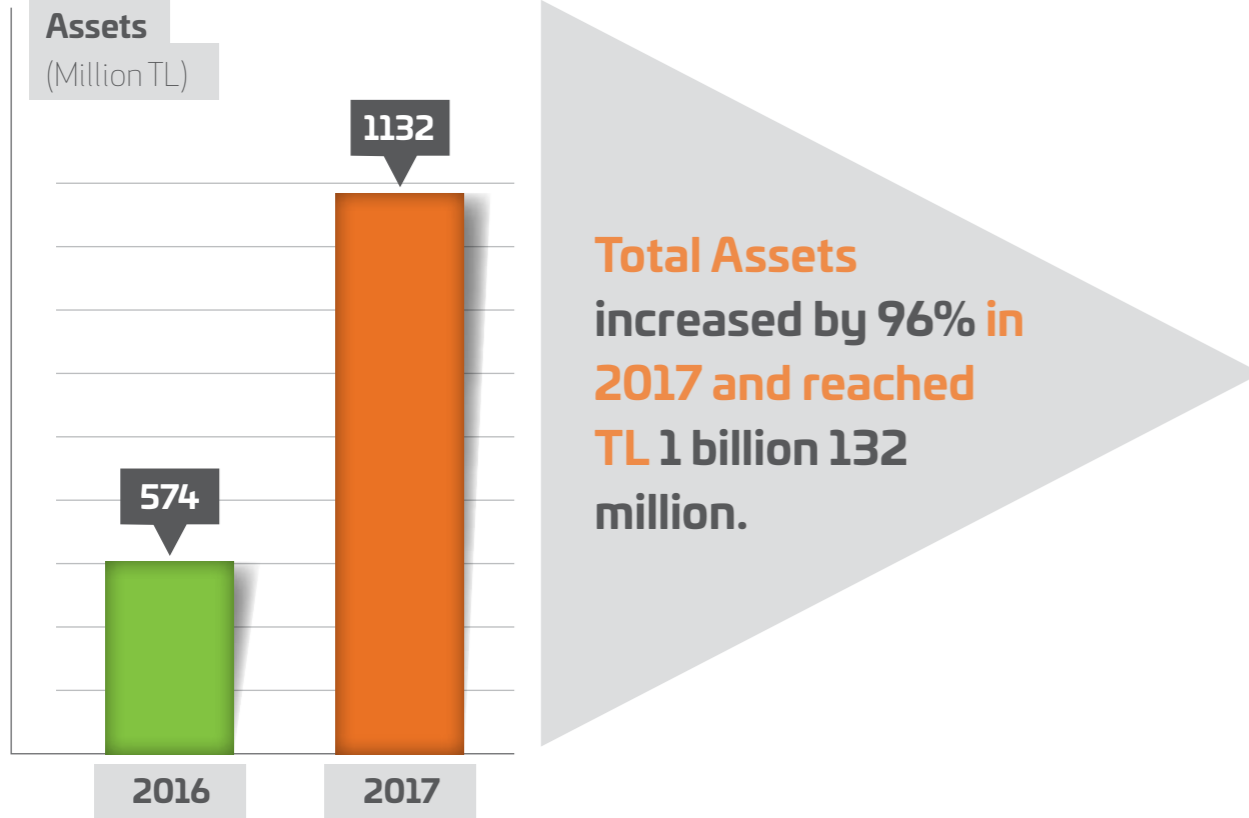
Claims:

- As the Claims Department, Digital File approval procedure for which an agreement was signed in December 2016 was introduced after a 4-month adaptation period, and paperless approval procedure was launched in May.
- Our Company paid TL 523 million in 2017, a 128% increase from 2016. The number of files for which a payment was made reached 116.268, a 73% increase from the previous year

1.11 Technical Results



INTRODUCTION



Within the framework of the Treasury Undersecretariat Circular No. 2017/7 Amending the Circular No. 2016/22 on Discounting Net Cash Flows from Provisions for Outstanding Claims issued on 15 September 2017, our company discounted the net cash flows from the outstanding claims provisions calculated and set aside according to the Insurance Legislation for the General Liability and Motor Third Party Liability branches according to the principles in the Circular No. 2016/22 on Discounting Net Cash Flows from Provisions for Outstanding Claims published by the Treasury Undersecretariat the on 10 June 2016. As stated in Circular No. 2016/22, the Company evaluated the discounting the outstanding claims provision as an accounting policy change. These changes were recorded in 2016 financial statements.

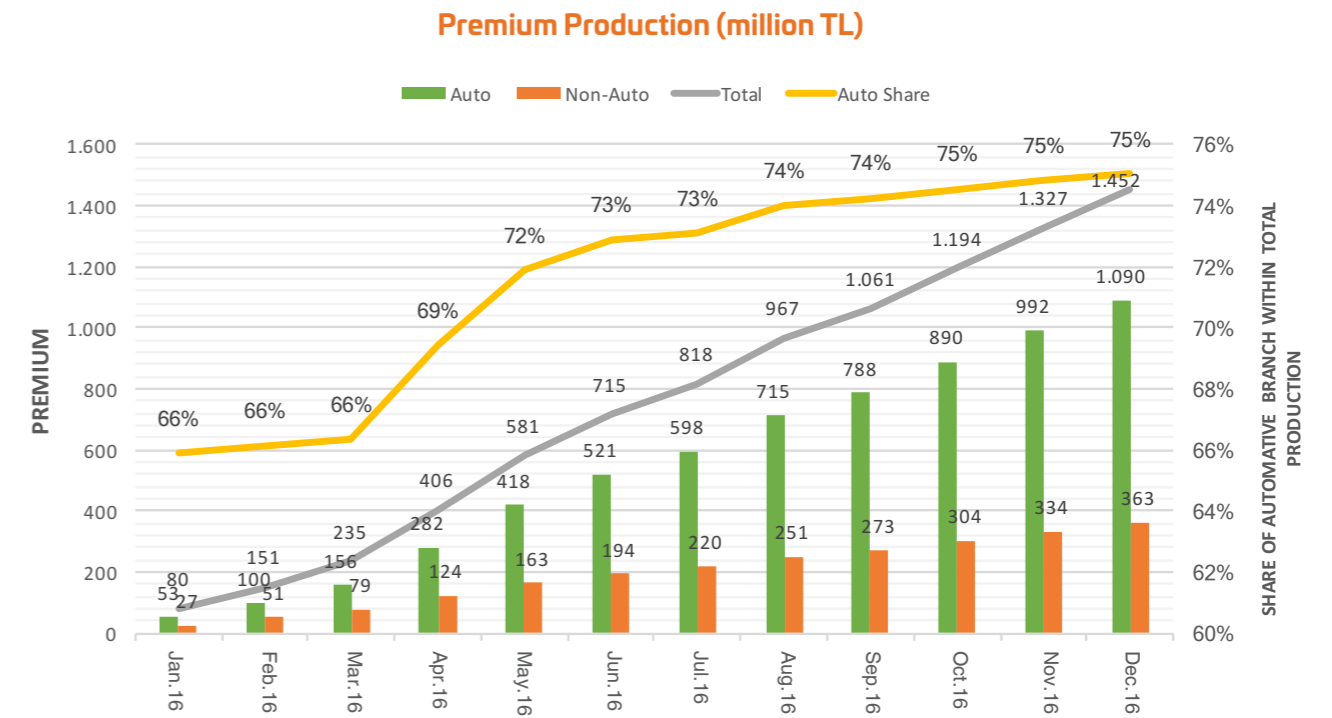
GROSS WRITTEN PREMIUMS

	2016	2017	GROWTH RATE %
Others	4.689.842	11.086.777	136%
Personal Accident	106.084.197	87.493.736	-18%
Legal Protection	15.256.082	18.300.511	20%
Motor Insurance	44.807.767	146.263.893	226%
Transportation	13.112.796	12.686.505	-3%
Health	7.043.742	25.893.510	268%
Traffic	551.093.206	1.077.973.779	96%
Fire	57.814.344	118.778.006	105%
TOTAL	799.901.976	1.498.476.717	87%

INTRODUCTION

Although it seems that production focused on Traffic, a growth rate above 100% was achieved in motor own damage, health, and fire was achieved. Transportation and personal accident branches shrunk in 2017. Our Company increased its total premium production by 87% and recorded TL 1,5 billion in premiums by the end of 2017.

The share of the production in motor branch in total production was 67% by the end of 2016, and it increased to 75% by the end of 2017 as a result of the ceiling premium practice which was introduced in April 2017.



GROSS INCURRED CLAIMS

	2016	2017	CHANGE %
Others	1.197.039	3.144.684	163%
Personal Accident	12.549.240	16.788.961	34%
Legal Protection	865	6.000	593%
Motor Insurance	64.913.117	139.418.812	115%
Transportation	9.150.758	9.870.235	8%
Health	44.583	1.601.076	3491%
Traffic	252.739.284	498.483.442	97%
Fire	1.918.718	6.640.174	246%
TOTAL	342.513.604	675.953.384	97,35%

Although the Gross Claims realized at expected amounts, Traffic and Motor Own Damage Branches were categories which resulted in the greatest claims.

GROSS INCURRED CLAIMS / PREMIUMS EARNED

	2016	2017	CHANGE
Others	59%	42%	-17
Personal Accident	14%	16%	2
Legal Protection	0%	0%	0
Motor Insurance	166%	163%	-3
Transportation	68%	81%	13
Health	6%	10%	4
Traffic	65%	64%	-1
Fire	9%	7%	-2
TOTAL	61%	59%	-2

A comparison with the produced premium reveals that Personal Accident, Fire, Legal Protection and Health Branches which are significantly profitable branches contribute positively to the profitability and growth of the company.

Important progress was made in Loss Ratio in comparison to 2016 thanks to improvements in 2017, and we will continue our efforts in this regard in 2018. We believe that the results of the Motor Insurance branch will also improve in the near future thanks to target of market optimization, cost control and pricing changes.

TECHNICAL PROFIT

	2016	2017	CHANGE %
Others	596.513	2.000.413	235%
Personal Accident	26.470.793	50.824.955	92%
Legal Protection	1.565.226	9.466.933	505%
Motor Insurance	-6.608.003	-11.236.789	70%
Transportation	288.876	560.460	94%
Health	-454.703	1.752.332	-485%
Traffic	22.572.518	-64.373.390	-385%
Fire	7436.167	57.349.252	671%
TOTAL	51.867.387	46.344.164	-11%

Personal Accident, Legal Protection, Fire, Logistics and Health are the branches that generate profit, and they were able to compensate for the loss incurred in the Traffic and Motor Insurance Damage branches. Our main objectives are to achieving better results in the Motor Insurance Damage and Traffic branches, and to maintain sustainability of the positive developments in other branches hereinafter.

2. MANAGEMENT AND CORPORATE GOVERNANCE DEPARTMENT

2.1 Board Of Directors

Nihat KIRMIZI

Chairman

Nihat Kırmızı was born in 1978 in Şanlıurfa and he majored in Communications and Finance. He has his master's degree from Accountancy and Finance departments 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 and industry. Nihat Kırmızı, Chairman of the Board of Directors of Doğa Sigorta Corp. 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

He was born in 27 December 1964 in Şanlıurfa and graduated from Economy Faculty. Kırmızı who has completed his master at İstanbul University Social Sciences Institute, as a member of the Red Türomb holds the Financial Advisor's license and the Independent Auditor's license to the Public Surveillance Authority. He is 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 Hastanesi which operates in the health sector and the chairman of the board of directors of Doğa Sigorta Corp. which he is among the founding partners.

Mustafa Arif KÜME

Vice Chairman

Mustafa Arif Küme was born in 1978 in İstanbul. He completed elementary school, junior high and high school education in İstanbul. He graduated from the Business department 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 worked as Assistant General Manager responsible for Information Technologies and Business Development at EnglishTime Language Schools operating under the umbrella of Doğa Grup. He has been serving as the Vice Chairman of the Board of Directors of Doğa Sigorta Corp. since 2014.



Şenol YILMAZ

Member

Born in İstanbul in 1966, he holds a bachelor's degree from the Department of Economics of Anadolu University. Şenol Yılmaz is a Financial Consultant. Doğa Sigorta A.Ş. board member has been assigned to duty on 2017 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 Transportation branches in 1996 until 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

Assistant General Manager - Underwriting

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., 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 CUO 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, he has been working as Technical Director and Assistant General Manager responsible for Risk Engineering in our company. He is a graduate of İstanbul Technical University, Department of Civil Engineering. He is married with 2 children.



Adnan SİĞİN

Assistant General Manager - Sales and Regions

He started his professional life in 1989 in Başak Sigorta A.Ş.'s South Anatolian Regional Directorate. Adnan Mehmet SİĞİN 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 SİĞİN, 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, SİĞİN is fluent in English. He is married with one child.

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 as a Financial Consultant in Akdeniz Sigorta A.Ş. and as director in charge of Transportation and Engineering between 2001 and 2002 in Sigmar Sigorta Aracılık Hizmetleri Ltd. Şti. She worked at an insurance company between 2002 and 2009 as Accounting and Finance Manager at SBN (Ticaret) Sigorta A.Ş. DAY served as the Assistant General 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, who has been working in our company since 2013, is the Group Manager responsible 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.



Bülent Ali ONDUR

Group Manager - Actuary, Reinsurance, Sales Coordination and Reporting, System, R&D Department

Department Between 2001 and 2004, Bülent Ali ONDUR started his professional career as First Acting Assistant in First State Management Group, Boston, USA and worked as Pricing and Reservation Analyst in the Actuarial Department of the same company. Between 2005 and 2008, he worked as an Actuarial Expert in the Life & Health branch of AxaOyak Sigorta A.Ş. ONDUR was transferred to ING Emeklilik company in 2008 and worked as Actuary Director there. ONDUR, who has worked as Senior Manager at Ernst & Young Consulting Department between 2012 and 2014, has been working in our company since 2016 as Group Manager responsible for Strategy, Actuarial, Reinsurance, System, R&D, Sales Coordination and Reporting. ONDUR, completed his undergraduate education at Istanbul University, Faculty of Economics and got his MA degree at Cambridge College. He is fluent in English and German. He is married with 2 children.



Vedat ÖZER

Group Manager - Sales, Anatolia Regions

Vedat ÖZER, who started his professional life in TÖBANK, worked as Inspector between 1984 - 1986 and as Bank Insurance Manager between 1986 - 1990. ÖZER, who has been with Yapı Kredi Sigorta A.Ş. in 1990, served as Deputy Director of Ankara Regional Directorate between 1990-1993, Izmir Regional Directorate between 1993 - 1994, as Ankara Regional Manager between 1994 - 1997 and as Group Head between 1997 - 2002. He then continued his career as General Manager at Bilgi Sigorta Brokerlik A.Ş. between 2002 and 2014 and worked as a consultant in Ankara Chamber of Drivers between 2014 and 2016. He has been working in the Banking and Finance Department of Bilkent University for 10 years where he gives lectures on Applied Insurance. He has been working as Sales Group Manager responsible for Central Anatolia, Aegean and Black Sea Regions in our company since 2016. Vedat ÖZER is a graduate of Banking and Insurance Department of Gazi University, Faculty of Economics and Administrative Sciences. He is married with a child.



2.3 Human Resources Practices

One of the major indicators of our Company's institutionalization process has been the developments performed in the Human Resources Department in 2017. In 2017, a systematic structure was introduced to HR processes in the Human Resources Department, which was established in 2016.

We continued to prioritize employment procedures in 2017 due to the increasing demand for labor in almost all departments of our growing company. The quantity of our human resources increased by 40% in 2017 in comparison to 2016.

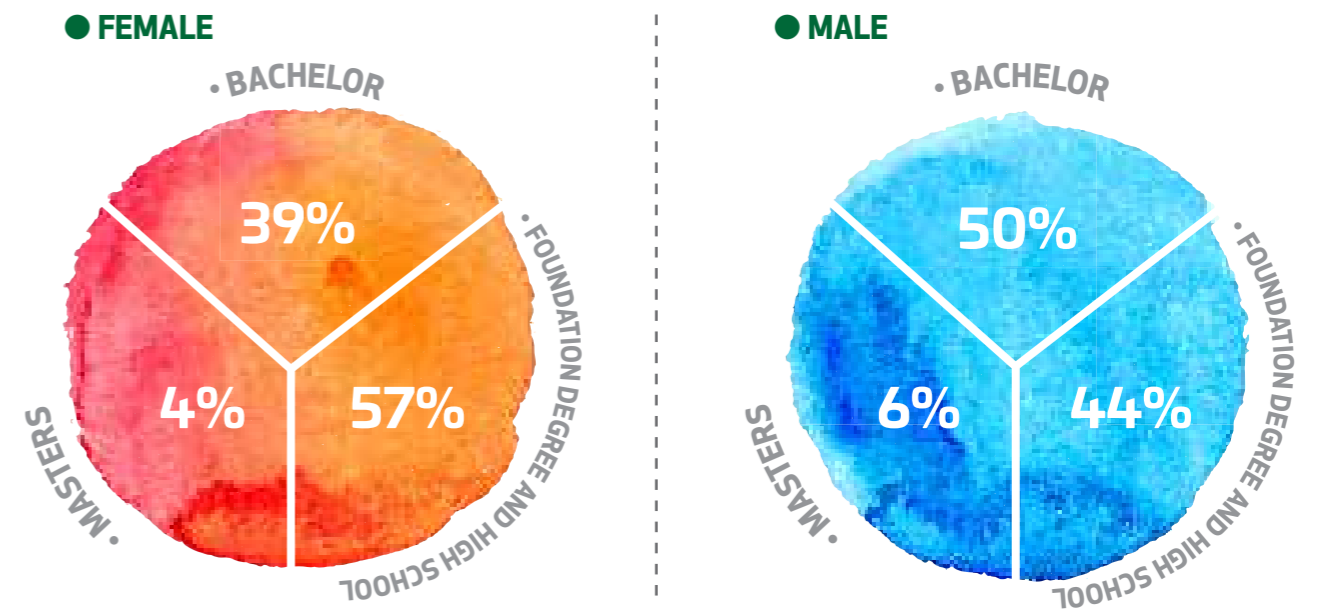
In order to realize the increase in the quality with quantity, there was provided the opportunity to communicate directly with our Agent Representatives and General Managers, which were held in 2017, right after these meetings, various trainings are organized that might be of use to our employees while they are working, and that improve their personal and professional development, which has been turned this communication platform into an educational opportunity. Moreover, a coaching activity was held for our Agencies in 2017, which enabled them to focus on their individual development plans.

Among these educational activities are the short or long trainings organized by TSEV in which the personnel take part based on their needs, and the "Effective Communication on the Phone" training directed towards the Customer Representatives working at the Call Centre. In addition, one of our employees was given the opportunity work at a foreign company with whom we collaborated with regards to Reinsurance for the first time in 2017.

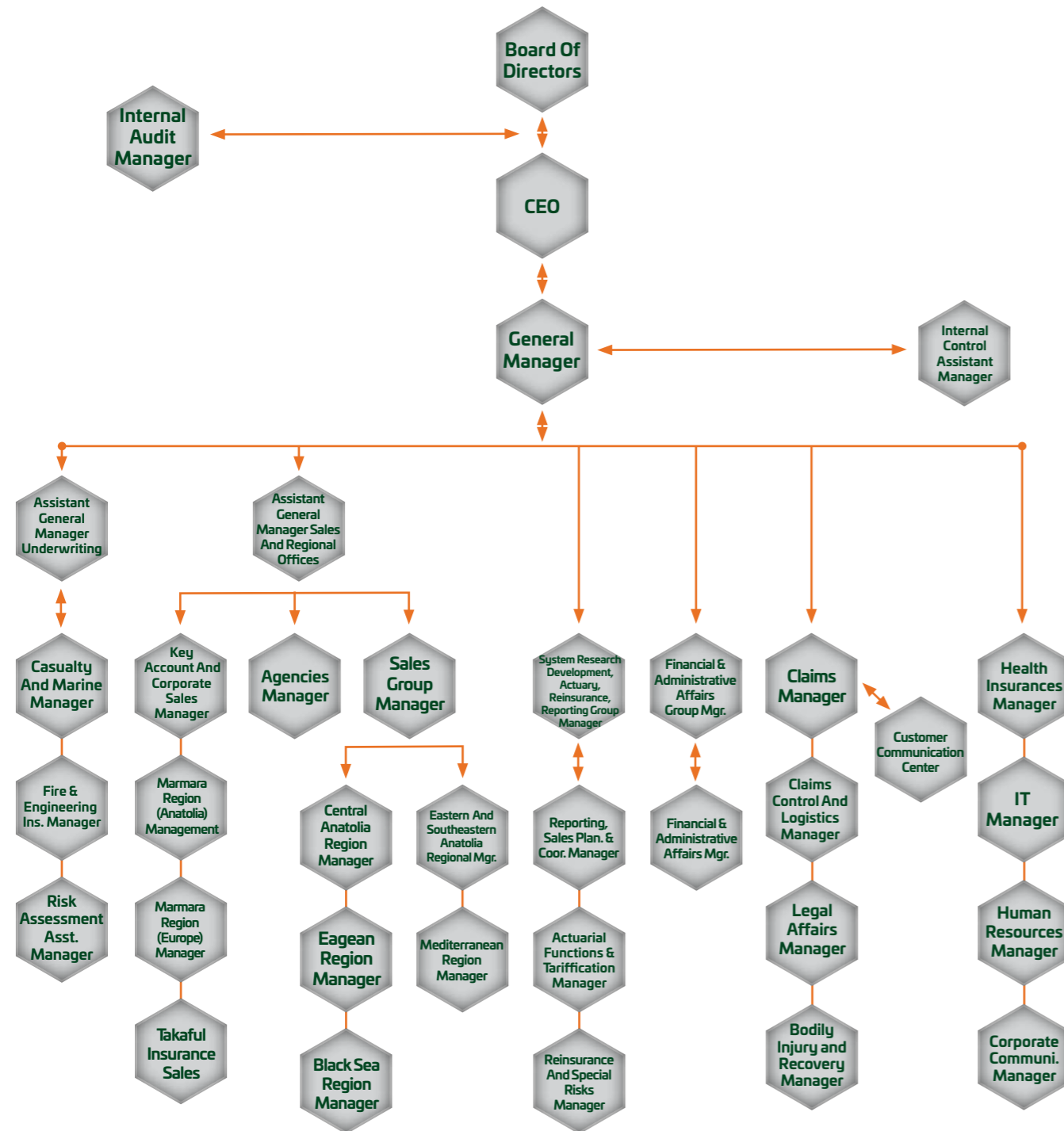
At the end of the year, "Development Discussions" are held to evaluate the previous year which requested to transform a traditional application and to discuss expectations and recommendations regarding the coming year where managers can exchange feedback with their employees, and which create a dialogue platform.

Being a rather young Company yet aware of the effect of our human capital on our quality, it is our objective and hope that 2018 will be a year when HR applications intensify.

Of the 225 employees working in our company as of 31 December 2017, 51% is women and 49% is men, and you can see their educational backgrounds below.



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 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 2017 General Assembly will be held in 2018.

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

Summary Board Report submitted to General Assembly

In 2017, our company has reached to 1.498 million TL premium production with a growth rate of 87%. This year, the company's operations resulted 50 million TL after tax profit. Along with this after tax profit amount, our equity has reached to 181 million TL, Cash Amount reached to 860 million TL and actives reached to 1.132 million TL. Accordingly, 2017 Return on Equity of the company is realized as 38%.

Coşkun Gölphar
Board Member and General Manager

2.8 The Risk Groups the Company is Included In and the Transactions It Performs

Our Company offers services related to all non-life insurance transactions within the framework of the Republic of Turkey Insurance legislation and the quality principles which we adopted regarding our relationships with our customers.

The risks which may be encountered as we offer these services and which may have adverse effects are monitored and managed under the main risk areas listed below, and necessary measures are taken in order not be exposed to them beyond acceptable limits.

1. Underwriting / Insurance Risk

Our Company determines and publishes annual underwriting policies which are revised during the year when necessary by considering the following;

- Technical and physical facts,
- Market conditions,
- Company's risk appetite and underwriting strategy,
- And terms of the reinsurance agreement. Through underwriting policies,
- *Risk analysis,
- Maximum and minimum limits (coverage and underwriting/issuing policies),

- Exceptions or transactions subject to the General Directorate's approval,
- Extra premiums

which exist from the offering of the policy to the operation process are determined based on branch, product and region through underwriting policies, and our Company's production policy and selection method are shaped. It is the underwriter's duty to define the possible risks, to assess them within the scope of the underwriting criteria, to determine the required premium amounts, and to shape the policy terms and conditions in the light of this information. Underwriters within the incorporation of Doğa Sigorta make their assessments by considering the underwriting strategy and regulation along with the reinsurance agreements.

2. Operational Risks

The customer, product and business practices, willful misconduct (internal fraud), unauthorized activities of external parties (external fraud), employment practices and workplace safety, external incidents damaging physical assets, and workflow risks constitute the main operational risk areas. In order to prevent and manage the risks that might arise in these areas, our Company attaches great importance to the functioning of the measures listed below.

- The employees are allowed to report suspicious transactions and non-standard situations to relevant management levels and/or the Internal Audit department,
- Developing of workflow norms by keeping the work and department processes, and the employees' job definitions as up-to-date as possible,
- Authorities and restrictions were defined in various areas within the system. In addition, preventing of possible risks and abuses by introducing interfunctional approval mechanisms,
- To complete moving to a new general directorate location with a high earthquake safety, and to continue operations in a Head Office which is more safe and compatible with modern labor standards,
- In order to prevent abuses originating from the customers in the claims and sales processes, insertion of controls and processes aimed at determining potential abuses to the processes,
- Making various improvements to ensure that the business continuity in the IT infrastructure rests on a stronger foundation.

3. Liquidity Risk

Our company uses the cash resources in its accounts to carry out its financial obligations arising from the agreements which it is a party to. The fact that the requirement to keep its assets as an adequate amount of cash to be able to perform these obligations fully and in a timely manner creates a cost increasing effect, and this creates a risk for the company, called the Liquidity Risk.

The said risk is managed by the Financial Affairs Department and the Board of Directors by prioritizing the fully and timely performance of the obligations. In this context, our Company aims to keep adequate amount of cash present at all times, to monitor its cash management position continuously, and to balance its investments and obligations so that this risk is eliminated. An agreement was signed with Oyak Yatırım A.Ş. in 2017 in order to optimize investment revenues, and some of fund management transactions were started to be performed over this company.

4. Reinsurance Risk

Considering its financial structure in relation to insurance risks and catastrophic events, our company protects itself by dint of reinsurance agreements. The reinsurance policy is determined and applied with reinsurance companies that have high credit notes, with the intention to provide permanence in the long run. The Reinsurance Department performed successful activities in line with these goals since the establishment of the Company, and necessary improvements are being made in order to ensure that they continue in the future.

The proportional treaties, which are considerably conservative in terms of the Company's structure, and which also include the auto branch, are still in effect as a consequence of renewals. In addition to the proportional treaties, the claims surplus and risk-specific agreements were arranged so that we can manage the retention or special risks. In order to spread the risk and not to be contingent upon a single reinsurer, and to increase reliability, this arrangement was made with numerous reinsurance companies, and these companies had to have minimum A- credit note. This restructuring is of high importance with respect to matters to be considered within the framework of our reinsurance strategy.

Since the company grew rapidly and became capable of issuing policies in different areas, it became apparent that its reinsurance requirements changed periodically. The company aims to maintain its existing cautious approach by monitoring the risks on a daily basis, minimizing them via additional agreements based on special needs, and ensuring the continuity of the Quota Share treaty in the medium and long run.

The reinsurance treaties which are renewed annually are distributed among the reinsurers at an optimum level, and the risks in Doğa Sigorta's portfolio are distributed throughout the qualified markets by means of the proportional reinsurance method in 2017.

With regards to renewal activities in the Non-Auto branches in 2017; SCOR Re, MİLLİ Re, GIC Re, Africa Re, Watford Re, Axis Re, Emirates Re, Delvaq, Unipol Re, MS Amlin, Mapfre, CCR Algeria and ArabRe purchased 70% of the shares for the 2017 underwriting year at the placement. Our turnover rate has decreased from 77% to 70% since last year. Our company will work with SCOR Re, Mapfre, Watford Re, Axis Re, Delvaq, CCR Algeria, Arab Re and Unipol Re. When the size, financial strength and geographical distribution of these companies are considered, it becomes apparent this cooperation is an advantage for us in terms of risk management and reliability.

Auto Branch Reinsurers; GIC RE, Africa Re, Watford Re, Axis Re, Emirates Re, Delvaq, Unipol Re, MS Amlin, CCR Algeria and ArabRe respectively purchased 58% shares in total for the 2017 underwriting year. Therefore, the ratio of shares we retained did not change in 2017 and remained at 45%.

With regards to the excess of loss protection Doğa Sigorta purchased in 2017 against catastrophic risks in the 2018 underwriting year in order to protect the risks against retained by the Company,

- With regards to the Motor Branch (Traffic, Motor Own Damage, Facultative Financial Liability), due to the fact that the Risky Vehicles Pool which was enacted in 2017 reduced the risks, and that the cost / benefit ratio of the offers received in 2018 was very unbalanced, we decided not to renew the claim excess agreement in the motor branch.
- Our agreement for claims surplus which would protect our Non-Auto branches (Fire and Supplementary Coverages, Engineering, Personal Accident (for flood and earthquake), Own Damage (Flood, earthquake, terror + civil commotions)) was provided under leadership of Sirius Re (A, AM BEST) at 60%. GIC followed Sirius Re with 40%. The first three stages of our agreement cover risk and natural disaster claims whereas the 5th stage will only be activated in case of natural disasters.

Catastrophic damages occurred in 2017 which set forward to increase of prices in reinsurance market, moreover the capacity allocated in international markets for the Turkish market proved insufficient for the increasing demand, which made reinsurance renewals difficult. However, Doğa Sigorta managed to complete its 2016 renewal efforts successfully by adding new and strong reinsurers, and optimizing the number of companies it works with.

3. INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3.1 Internal Audit

Mustafa Özgür GÖKALP Internal Audit Manager

Mustafa Özgür Gökalp 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 Gökalp has been working as the Internal Audit Manager at Doğa Sigorta Corp. since September 2016.

2017 Internal Audit Activities;

The internal auditing activities of our Company are performed by the Internal Auditing Department established in line with the "Regulations Related to the Internal Systems of the Insurance Companies and Reassurance and Retirement Companies" published in the Official Gazette No. 26913 and dated 21.06.2008 based on the Insurance Law dated 03.06.2007 with No. 5684.

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 regard, the purpose of these activities is to carry out risk-based audits, to report uncontrolled processes or processes with insufficient control system, to ensure that necessary revisions are made to workflows and procedures, and to monitor improvement activities in line with the internal audit plan prepared periodically within the scope of Internal Audit Regulation. These activities also involve taking necessary measures aimed at determining control points in line with the objective of effective use of resources, information security, and minimization of risks.

Internal audit activities also include controlling compliance with Company procedures, regulations and communiqués, and the legal sanctions and restrictions in the laws, and other mandatory rules.

The internal audit department also provided advisory services, and inter-department harmony was planned for the audited processes, and steps were taken to establish an auto-control mechanism. The internal audit department makes recommendations for taking the risks determined during audits under control and for minimizing them, and ensures that revisions are made in workflows with the approval of the personnel in charge of the relevant processes.

The internal audit department regularly monitors the improvement activities regarding its observations which are due.

The department carries out its activities under the supervision of a manager.

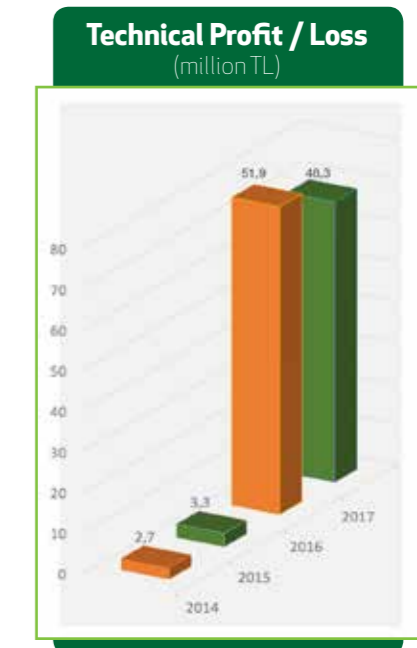
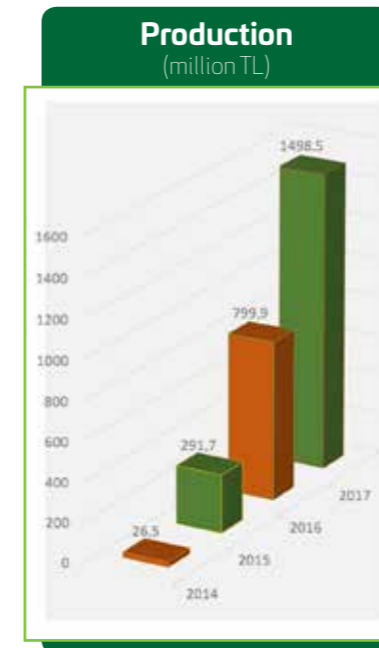
The inspections planned for 2017 were performed, and MASAK (Financial Crimes Investigation Board) practices were controlled.

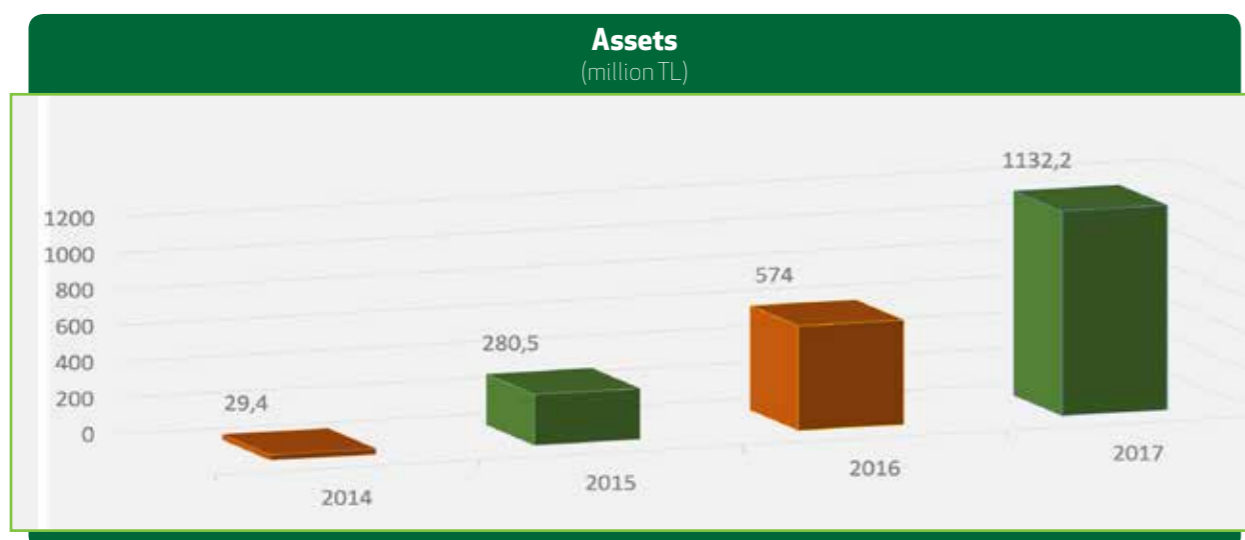
In addition, consultancy services were performed in order to assist the management.

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

Inspection on the Transformation of S.S. Doğa Sigorta Kooperatif into a Joint Stock Company within the scope of the Insurance Law No. 5684 and other relevant legislation in accordance with the Treasury Undersecretariat's Approval dated 06.03.2017 and No. E.5675, and the Directive of the same Undersecretariat dated 09.03.2017 and No. 7325, and within the scope of the 2017 First Term Work Program, and on its Financial Structure was conducted between 20.03.2017 and 07.07.2017.

5 Year Data (million TL)	2014	2015	2016	2017
Production	26,5	291,7	799,9	1498,5
Claims	1,5	40,2	239,1	522,9
Technical Profit/ Loss	2,7	3,3	75,7	69,0
Administration Expenses	3,1	14,2	38	74,0
Investment Incomes	0	2,1	14,9	75,6
Investment Expenses	0,1	0,4	1	5,0
Technical Profit/ Loss	-6,1	-12,3	37,7	50,1
Cash Assets	20	172,8	408,3	860,2
Size Of Assets	29,4	280,5	574	1132,2
Long and Short Term Liabilities	11,1	93,4	98,2	191,2





3.3 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 31.12.2017, our Company has TL 30.007.117 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 31.12.2017 was calculated as positive TL 14.257473.

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

	31.Dec.17	31.Dec.16	31.Dec.15
1st METHOD			
Equity Capital Required for Non-Life Branches	111.182.848	60.113.974	22.401.879
Equity Capital Required for Life Branch			-
Equity Capital Required for Pension Branch			-
Total Required Equity Capital	111.182.848	60.113.974	22.401.879
2nd METHOD			
Equity Capital Required for Active Risk	26.041.074	15.505.683	6.155.196
Equity Capital Required for Reinsurance Risk	38.501.402	28.043.979	5.989.347
Equity Capital Required for Excessive Premium Increase			-
Equity Capital Required for Outstanding Claims Reserve	20.271.796	10.303.909	2.390.789
Equity Capital Required for Underwriting Risk	82.530.153	33.285.190	12.789.177
Equity Capital Required for Interest Rate and Exchange Risk	232.899	115.476	46.016
Total Required Equity Capital	167.577.324	87.254.237	27.370.524
Shareholders' equities	180.780.135	95.534.093	37.623.267
Reserve for Balancing	1.054.661	386.345	128.229
Total Required Equity Capital To Be Considered For Capital Adequacy	181.834.797	95.920.438	37.751.496
Subsidiary Deducted from the Equity Capital			-
Capital Adequacy Result	14.257473	8.666.201	10.380.975

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.

3.4 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 2016 annual report data.

3.4.1 Capital Adequacy Result

CAPITAL ADEQUACY RATIOS	2016	2017
Capital Adequacy Ratio	109,9%	108,5%
Equity Profitability Ratio	37,9%	47,3%
Net Risk Ratio	307,0%	380,8%
Shareholders' equities / Total Assets	16,6%	16,0%
Shareholders' equities / Technical Provisions (net)	49,1%	54,2%

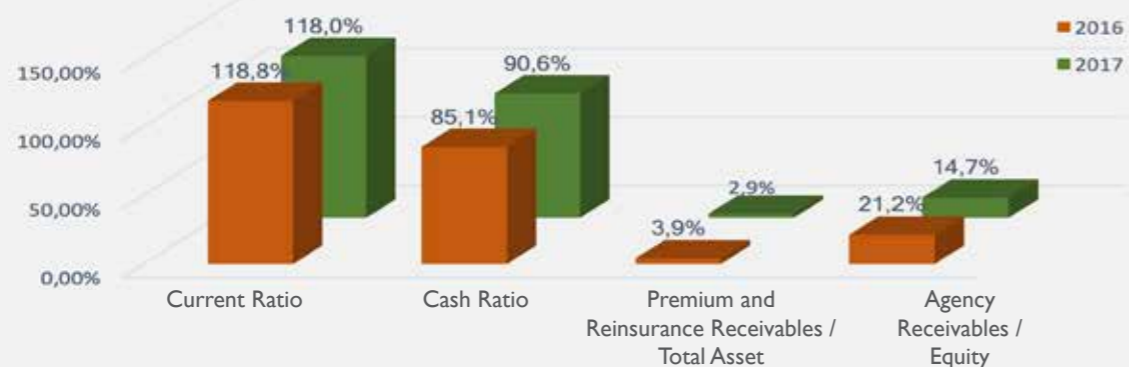
Capital Adequacy Ratios



3.4.2 Liquidity

LIQUIDITY RATIOS	2016	2017
Current Ratio	118,8%	118,0%
Cash Ratio	85,1%	90,6%
Premium and Reinsurance / Total Assets	3,9%	2,9%
Agency Receivables / Equity	21,2%	14,7%

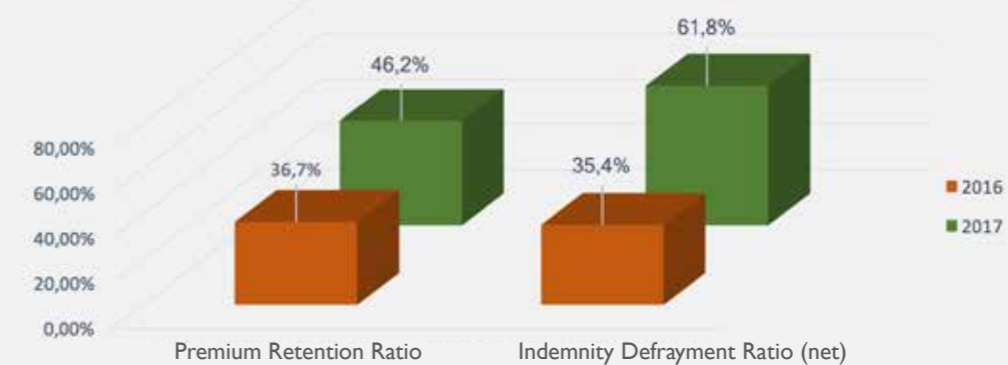
Liquidity Ratios



3.4.3 Operation

OPERATING RATIOS	2016	2017
Premium / Retention Ratio	36,7%	46,2%
Indemnity Defrayment Ratio (Net)	35,4%	61,8%

Operating Ratios



3.4.4 Profitability

PROFITABILITY RATIOS	2016	2017
Claims Premium Ratio (%)	87,4%	74,0%
Claims Premium Ratio (Net)	81,8%	62,5%
Technical Profit / Written Premiums	7,1%	4,6%

Profitability Ratios



Our company concluded 2017 with an after tax financial profit of TL 50.136.326, achieving a 87,33% growth. In addition, the short-term debts grew by 97,33% in the same period, whereas the growth in cash assets was 110%. In 2017, our company ranked 9th in the industry. We concluded 2017 by consolidating our financial adequacy and capital structure.

3.5 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.

3.6 Information On Objectives and Achievement Evaluation

Our premium generation increased by 143% in 2017, and as a result, the premiums transferred to the reinsurer, the claims paid and the provisions reserved for claims realized above set targets. The legal arrangements (ceiling price and pool system for Traffic branch) enacted in 2017 played a major role directly and indirectly in these deviations from the targets.

2017 INCOME - EXPENSE STATEMENTS	2017 TARGETED	2017 REALIZED	REALIZATION RATIO
WRITTEN PREMIUMS	1.046.980.569	1.498.476.692	143%
TRANSFERRED PREMIUM	-573.056.637	-806.072.113	141%
CLAIMS PAID	-129.814.564	-175.010.074	135%
TECHNICAL RESERVE ALLOCATED	-177.877.986	-333.981.649	188%
OTHERS OPERATING EXPENSES	-201.497.190	-188.564.818	94%
OTHER OPERATING REVENUES	112.480.055	66.913.658	59%
BEFORE TAX PROFIT / LOSS (+) (-)	77.214.247	66.945.947	87%

As of 31 December 2017, we have 1.413 intermediaries throughout Turkey, 58 of which are brokers, including a bank channel. In 2017, our company continued its operations within the scope of rendering of services throughout Turkey via 7 regions and a regional representative. With our 26-personnel strong sales/marketing department, our activities continued in 2017 to offer better service to our agencies all around Turkey, and to increase the non-auto production figures in particular, and great distances were covered towards this goal. In order to achieve the targeted production figures, an experienced staff with a sound foundation were created. As a result, the number of our employees, increased to 225 by 2017.

"Actuary and Pricing", "Reporting, Sales Planning and Coordination" and "Reinsurance and Special Risks" units, which used to operate as a function, were transformed into departments in 2017. Internal Control Directorate is one of the new departments. Corporate Sales and Major Customers which operated as separate regions previously were united and became a single region entitled "Major Customers and Corporate". Anatolian Region Directorate, to which Ankara and Eastern Black Sea Regions were connected previously, was added İzmir, Antalya and Adana regions, and was called the Anatolian Group Sale Directorate. As a result of the changes in the sales department, Deputy General Directorate Responsible for Sales and Regions was established.

Various changes occurred in claims departments in 2017. Claims department was divided into two as traffic claims and motor own damage claims. In addition, Claims Project and System Directorate was established in order to follow the claims department closely.

Strengthened by these organizational changes, Doğa Sigorta managed to become profitable by the end of 2017 without a financial structure and capital adequacy deficit.

3.7 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 2017 profits.

3.8 Affiliation Report

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

3.9 2017 Declaration of Conformity For The Annual Report

We hereby represent that the content of the Board of Directors' 2017 Activity Report, in relation with 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, within the framework of principles and procedures applied by "Regulation Regarding the Financial Institutions of Insurance and Reinsurance and Pension Companies" implemented by Prime Ministry Undersecretariat of Treasury which was published in the Official Gazette dated 7 August 2007 and No. 26606.

Istanbul, 31 December 2017

3.10 Auditor Company Compliance Opinion



Independent Audit Report on Annual Report issued by the Board of Directors

To the Board of Directors of
Doga Sigorta Anonim Sirketi

We have audited the Annual Report related with the accounting period ended on (31 December 2017) for Doga Sigorta Anonim Sirketi.

Board's Responsibility for the Annual Report

Company's Management is responsible for the preparation of the annual report compliant with the financial statements, reflecting true and fair view of the facts, and maintaining internal control system ensuring preparation of annual reports fulfilling such requirements, pursuant to the article 514 of the Turkish Commercial Code No 6102 (TCC)

Independent Auditor's responsibility

Our responsibility is to give an opinion related to the annual report of the Company based on our audit conducted pursuant to the article 397 of the TCC, whether the financial information in the cited report is compliant with the financial statements of the Company and gives true and fair view of the factual statement.

Our independent audit was in accordance with the regulations on accounting and financial reporting being effective as per the insurance legislations, and the Independent Audit Standards being a part of Turkish Audit Standards issued by Public Supervision Accounting and Audit Standards Institution. These standards require compliance with the applicable code of ethics and planning and execution of the audit to obtain reasonable assurance whether the financial information in the annual report is compliant with the financial statements of the Company and gives true and fair view of the factual statement.

An independent audit includes application of audit procedures to obtain audit evidence on historical financial information. The selection of these procedures depends on the professional judgment of the auditor.

We believe that the independent audit evidences we collected during the independent audit represent sufficient and appropriate bases for issuance of our opinion.



ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.

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Opinion

In our opinion, the financial information in the annual report issued by the Board of Directors is compliant with the financial statements of the Company and gives true and fair view of the factual statement.

Other Responsibilities under the Applicable legislations

The Board of Directors of the Company gave us the clarifications and the documents requested by us for the audit, and no significant issue was found in the bookkeeping order and financial statements for the accounting period ended on December 31, 2017, for the Company, indicating any incompliance with the provisions of the Turkish Commercial Law(TCC) no 6102 and the Articles of Association of the Company on financial reporting, pursuant to the clause four of the article 402 of the TCC.

ANIL YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ
DENETİM ANONİM ŞİRKETİ

Nazım ANIL, YMM

Chief Auditor

İstanbul, 09th March 2018

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.

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3.11 31.12.2017 Independent Audit Report



Independent Audit Report

To the Board of Directors of Doga Sigorta Anonim Sirketi

A) Independent Audit of the Financial Statements

Opinion

We have audited unconsolidated balance sheet as of December 31, 2017, and unconsolidated income statement, statement of changes in equity and unconsolidated cash flow statement for the period ended on the same date as well as the accompanying financial statements including the significant accounting policies and other explanatory notes, of Doga Sigorta Anonim Sirketi (the "Company")

In our opinion, the accompanying unconsolidated financial statements give a true and fair review of the unconsolidated financial situation of the Company as of December 31, 2017, and the unconsolidated financial performance and unconsolidated cash flows of the Company for the period ended on the same date pursuant to the regulations on accounting and financial reporting being effective as per the insurance legislations, and the "Insurance Accounting and Financial Reporting Legislations" including the Turkish Accounting Standards on any issue not covered under the cited regulations.

Basis of Opinion

Our independent audit was in accordance with the regulations on accounting and financial reporting being effective as per the insurance legislations, and the Independent Audit Standards ("IAS") being a part of Turkish Audit Standards issued by Public Supervision Accounting and Audit Standards Institution ("PSI"). Our liabilities under these standards are explained in detail in the Section "Responsibilities of the Independent Auditor about Independent Audit of the Financial Statements" of our report. We hereby declare that our firm is an independent party for the Company, as per the Code of Ethics ("Code of Ethics") issued for the Independent Auditors issued by PSI and the ethical rules included in the legislations on independent audit of the financial statements. Liabilities related to Code of Ethics and other applicable legislations have also been fulfilled by us. We believe that the independent audit evidence we have obtained during independent audit is sufficient and appropriate to provide a basis for our audit opinion.



ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.

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Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements and maintaining internal systems relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, in accordance with the accounting principles and standards as set out in Insurance Accounting and Financial Reporting Legislation.

In preparation of the financial statements the Company is responsible for evaluation of the ability of the Company to continue as a going concern, explaining matters related to going concern feature of the Company, and maintaining the going concern principle unless it is intended to or required to cease its commercial operations.

The senior managers of the Company are responsible for supervision of the financial reporting process of the Company.

Auditor's Responsibility - for the Independent Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report including our opinion.

Reasonable assurance provided as a result of the audit conducted pursuant to the regulations on accounting and financial reporting being effective as per the insurance legislations, and the Independent Audit Standards being a part of Turkish Audit Standards issued by PSI is a high assurance level; however, it does not give any guarantee whether any material misstatement would be found at any time. The misstatements may be due to fraud(s) or error(s). If it is reasonably expected that such misstatement(s), individually or collectively, would affect the economic decisions of the users of the financial statements, then such misstatement(s) would be considered as material misstatement(s).

We use our professional judgement and apply our professional skepticism during the audit process pursuant to the regulations on accounting and financial reporting being effective as per the insurance legislations, and the Independent Audit Standards being a part of Turkish Audit Standards issued by PSI. Also:

- "Material misstatement", whether due to fraud or error, risks are determined and evaluated; and audit procedures covering such risks are designed and applied; and sufficient and appropriate audit evidence is obtained as the bases for our opinion. (As a fraud may include fraud, collusion, deliberate negligence, misrepresentation or internal control violations the risk not to detect a material misstatement due to fraud is higher than the risk not to detect a material misstatement due to error)



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Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.



- Internal systems are audited for their relevance to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal systems
- the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management are evaluated.
- Based on the audit evidence, it is decided whether there is any significant occurrence which may present a serious doubt on ability of the Company to continue as a going concern or any uncertainty about the circumstances, and the compliance of the management to apply the going concern principle for the company. If it is concluded that there is a significant uncertainty, we are required to draw attention to the applicable notes to the financial statements in our report or to give an extra opinion if such notes are not sufficient to describe the situation. The results we obtained are based on the audit evidences obtained until the date of issuance of the independent audit report. However, any occurrence or circumstance after the report date may end the going concern feature of the Company.
- General presentation, structure and content of the financial statements are evaluated and it is also assessed whether the transactions and occurrences as the bases of such statements are presented truly and fairly.
We notify the planned scope and timing of the independent audit and the significant audit findings, including any significant deficiencies in the internal control system we found during the audit process, in addition to the other issues, to the senior managers.

B) Other Responsibilities under the Applicable legislations

1) No significant issue was found in the bookkeeping order and financial statements for the accounting period January 1- December 31, 2017 for the Company, indicating any incompliance with the provisions of the TCC (Turkish Commercial Code) and the Articles of Association of the Company on financial reporting, pursuant to the clause four of the article 402 of the TCC.

2) The Board of Directors of the Company gave us the clarifications and the documents requested by us for the audit pursuant to the clause four of the article 402 of the TCC.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.


Nazım ANIL
Chief Auditor

09th March 2018

Istanbul, Turkey

ANIL YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş.

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1. Non-consolidated Financial Statements

a. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira "TL".)

ASSETS			
I- Current Assets	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
A- Cash and Cash Equivalents		860.188.905	408.289.979
1- Cash	14	42.713	10.722
2- Cheques Received		-	-
3- Banks	14	553.949.827	197.051.975
4- Cheques Given and Payment Orders (-)		-	(96.234)
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months	14	306.196.365	211.323.516
5- Cash and Cash Equivalents		-	-
B- Financial assets and Financial Investments of which the Risks are Undertaken by the Policyholders		21.226.637	-
1- Available-For-Sale Financial Assets		-	-
2- Marketable Securities To Be Held Until Maturity		-	-
3- Marketable Securities In The Tradebook	11,4,2	21.226.637	-
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		132.410.941	94.194.043
1- Receivables from Insurance	12	125.626.298	93.310.168
2- Provision for Insurance Transaction Receivables (-)	12	(1.731.983)	(149.750)
3- Receivables from Reinsurance Transactions	12	8.516.626	1.033.625
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	2.448.681	2.764.127
10- Provisions for Doubtful Receivables Arising From Real Operations (-)	12	(2.448.681)	(2.764.127)
D- 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 (-)		-	-
E- Other Receivables		-	-
1- Leasing Receivables		-	-
2- Unearned Lease Interest Incomes (-)		-	-
3- Deposits Paid and Guarantees Given		-	-
4- Other Miscellaneous Receivables (+/-)		-	-
5- Rediscount On Other Miscellaneous Receivables (-)		-	-
6- Doubtful Other Receivables		-	-
7- Provision for Doubtful Other Receivables (-)		-	-
F- Short-Term Prepaid Expenses and Accrued Income		103.592.866	66.954.235
1- Deferred Production Costs	17	92.319.196	57.472.726
2- Accrued Interest and Rental Income		-	-
3- Accrued Revenue Receivables		-	-
4- Short-Term Prepaid Expenses and Accrued Income	17	11.273.670	9.481.509
G- Other Current Assets		3.480.414	504.487
1- Required Stocks For Future Months		-	-
2- Prepaid Taxes and Funds	35	3.126.531	292.105
3- Deferred Tax Assets		-	-
4- Work Advances	4	348.652	188.059
5- Advances to Personnel	4	5.231	24.323
6- Inventory and Delivery Shortages		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provisions for Other Current Assets (-)		-	-
I- Total Current Assets		1.120.899.763	569.942.744

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

b. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira “TL”.)

ASSETS			
II- Non-Current Assets	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
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		165.982	159.734
1- Leasing Receivables		-	-
2- Unearned Lease Interest Incomes (-)		-	-
3- Deposits Paid and Guarantees Given	4	165.982	159.734
4- Other Miscellaneous Receivables		-	-
5- Rediscount On Other Miscellaneous Receivables (-)		-	-
6- Doubtful Other Receivables		-	-
7- Provision for Doubtful Other Receivables (-)		-	-
D- Financial Assets		393.007	266.943
1- Long term securities	9	393.007	266.943
2- Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitment To Subsidiaries (-)		-	-
6- Receivables from Group Companies		-	-
7- Capital Commitment To Receivables from Group Companies (-)		-	-
8- 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		8.483.494	2.796.661
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	3.811.151	1.494.167
6- Motor Vehicles	6	723.705	490.000
7- Other Tangible Assets (Leasehold Improvement Amount is Included)	6	6.143.557	1.570.382
8- Acquired Tangible Assets By Leasing		-	-
9- Accumulated Depreciation (-)	6	(2.194.919)	(757.888)
10- Advances For Tangible Assets (Investments In Progress Are Included)		-	-
F- Other Intangible Assets		856.164	718.412
1- Rights	8	2.026.281	1.362.632
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	(1.170.117)	(644.220)
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		1.448.299	-
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	1.448.299	-
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		11.346.945	3.941.749
Total Current Assets (I + II)		1.132.246.709	573.884.494

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

c. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira “TL”.)

LIABILITIES			
III- Short Term Liabilities	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
A- Financial Payables		-	-
1- Payables To Credit Agencies		-	-
2- Payables From Leasing Receivables		-	-
3- Deferred Financial Lease Borrowing Expenses (-)		-	-
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		136.476.970	66.851.394
1- Payables from Insurance Operations	19	17.796.100	15.388.820
2- Receivables from Reinsurance Transactions	10,16,17,19	118.680.870	51.462.574
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		144.919	65.748
1- Due To Shareholders		-	-
2- Payables to associates		-	-
3- Payables to subsidiaries		-	-
4- Receivables from Group Companies		-	-
5- Due To Personnel	45	144.919	65.748
6- Receivables from Other Related Parties		-	-
D- Other Payables		54.377.224	31.252.820
1- Deposits and Guarantees Received	19	3.720.603	3.078.452
2- SSI Debts Related to Treatment Expenses	19	32.119.116	19.945.135
3- Other Miscellaneous Payables	19	18.537.505	8.229.233
4- Rediscount On Other Miscellaneous Payables (-)		-	-
E- Insurance technical reserves		602.641.867	269.327.821
1- Provisions for Unearned Premiums - Net	17	367.156.142	168.707.542
2- Provision for Unexpired Risks - Net	17	2.465.134	501.437
3- Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims and Compensations - Net	17,42	233.020.591	100.118.842
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		30.059.604	19.925.068
1- Taxes and Dues Payable	23	26.797.394	16.695.570
2- Social Security Withholdings Payable	23	371.828	496.815
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	5.618.165	4.727.805
6- Prepaid Taxes and Other Legal Liabilities on Profit (-)	23	(2.727.783)	(1.995.122)
7- Provision for Other Taxes and Liabilities Payable		-	-
G- Provisions for Others Risks		542.999	369.303
1- Provisions for termination indemnities	23	237.295	62.935
2- Provision For Social Support Fund Deficits		-	-
3- Provision For Cost Expenses	23	305.704	306.368
H- Deferred Income and Expense Accruals For Future Months		86.282.124	63.678.884
1- Deferred Commission Incomes	19,17	86.282.124	63.678.884
2- Expense Accruals		-	-
3- Deferred Income and Expense Accruals For Future Months		-	-
I- Other Short Term Liabilities		39.127.791	-
1- Deferred Tax Obligation		-	-
2- Inventory and Delivery Surplus		-	-
3- Other Miscellaneous Short Term Liabilities	17, 10	39.127.791	-
III- Total of Short Term Liabilities		949.653.499	451.471.038

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

d. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira "TL".)

LIABILITIES			
IV- Long Term Liabilities	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
A- Financial Payables		-	-
1- Payables To Credit Agencies		-	-
2- Payables from Financial Leasing Transactions		-	-
3- Deferred Financial Lease Borrowing Expenses (-)		-	-
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		336.843	1.359.821
1. Due To Shareholders	45	336.843	1.359.821
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		1.054.661	386.345
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	1.054.661	386.345
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		421.570	128.495
1- Provisions for termination indemnities	23	421.570	128.495
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		-	2.546.555
1- Deferred Tax Obligation		-	2.546.555
2- Other Long Term Liabilities		-	-
IV- Total of Long Term Liabilities		1.813.074	4.421.216

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

e. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira "TL".)

EQUITY CAPITAL			
V- Equity Capital	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
A- Paid in capital	5.250.700	87.524.100	56.637.300
1- Nominal Capital	2, 15	6.000.700	87.524.100
2) Unpaid Share Capital (-)	2, 15	(750.000)	-
3- Positive Inflation Adjustment on Capital	-	-	-
4- Negative Distinction From Share Capital Adjustment (-)	-	-	-
B. Capital Reserves	87.551.992	-	-
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	87.551.992	-
C- Profit reserves	14.901.882	(4.981)	-
1- Legal Reserves	15	753.389	-
2- Statutory reserves	-	-	-
3- Extraordinary Reserves	15	6.780.498	-
4- Special funds (Reserves)	15	7.384.087	-
5- Valuation of Financial Assets	-	-	-
6- Other profit reserves	15-21	(16.092)	(4.981)
D. Previous Years' Profits	22.939.236	-	-
1- Previous Years' Profits	22.939.236	-	-
E- Previous Years' Losses (-)	-	(7.202.204)	(6.680.679)
1- Previous Years' Losses	-	(7.202.204)	(6.680.679)
F- Net Profit for the Period	50.136.326	37.675.326	(12.333.354)
1- Net Profit for the Period	50.136.326	37.675.326	-
2- Net Loss For The Period (-)	-	-	(12.333.354)
Total Shareholders' Equity	180.780.135	117.992.241	37.623.267
Total Sum of Liabilities (III + IV + V)	1.132.246.709	573.884.494	280.512.013

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

f. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira "TL".)

I- TECHNICAL DEPARTMENT	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
A- Non-Life Technical Income		545.090.223	212.153.825
1- Earned Premiums (Net of Reinsurance Share)		491.992.281	193.624.156
11- Written Premiums (Net of Reinsurance Share)	17	692.404.578	293.218.319
11.1- Gross Written Premiums (+)		1.498.476.692	799.901.976
11.2- Ceded Premiums to Reinsurers (-)	17	(706.417.980)	(453.560.901)
11.3- Premiums Transferred to SSI		(99.654.133)	(53.122.755)
12- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(198.448.601)	(111.282.657)
12.1- Provisions for Unearned Premiums (-)		(367.242.735)	(239.377.275)
12.2- Reinsurance Share of Unearned Premiums Reserve (+)	17	143.220.687	114.094.495
12.3- SSI of Unearned Premiums Reserve		25.573.448	14.000.123
13- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(1.963.697)	11.688.494
13.1- Provision for Unexpired Risks (-)		(3.986.044)	40.397.924
13.2- Reinsurance Share of Unexpired Risks Reserve (+)		2.022.347	(28.709.430)
2- Investment Incomes Transferred From Non-Technical Department	4.2.	51.372.284	14.165.139
3- Other Technical Incomes (net of reinsurance share)		-	83.313
3.1- Other Gross Technical Incomes (+)		-	83.313
3.2- Reinsurance Share In Other Gross Technical Incomes (-)		-	-
4- Accrued Salvage and Subrogation Revenues		1.725.659	4.281.217
B- Non-Life Technical Expenditure (-)		(498.746.059)	(160.286.437)
1- Realized Claims (Net of Reinsurance Share)		(307.911.823)	(140.758.723)
11- Claims Paid (Net of Reinsurance Share)	29	(175.010.074)	(64.477.729)
11.1- Gross Claims Paid (-)		(489.893.093)	(225.799.150)
11.2- Reinsurance share of claims paid (+)	17	314.883.019	161.321.421
12- Change in Outstanding Claims Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(132.901.749)	(76.280.994)
12.1- Outstanding Claims Reserve (-)		(289.947.774)	(218.961.392)
12.1- Reinsurance Share of Outstanding Claims Reserve (+)	17	157.046.025	142.680.398
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	(668.316)	(258.116)
4- Operating Expenses (-)	32	(176.774.867)	(12.695.318)
5- Other Technical Provisions		(13.391.053)	(6.574.280)
C- Technical Profit- Non-Life (A - B)		46.344.164	51.867.387
D- Life - Technical Income		-	-
1- Earned Premiums (Net of Reinsurance Share)		-	-
11- Written Premiums (Net of Reinsurance Share)		-	-
11.1- Gross Written Premiums (+)		-	-
11.2- Ceded Premiums to Reinsurers (-)		-	-
12- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
12.1- Provisions for Unearned Premiums (-)		-	-
12.2- Reinsurance Share of Unearned Premiums Reserve (+)		-	-
13- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
13.1- Provision for Unexpired Risks (-)		-	-
13.2- Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income of Life Branch		-	-
3- Unrealized Investment Gains		-	-
4- Other Technical Incomes (net of reinsurance share)		-	-

I- TECHNICAL DEPARTMENT	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
E- Life - Technical Expenditure		-	-
1- Realized Claims (Net of Reinsurance Share)		-	-
11- Indemnities Paid (Net of Reinsurance Share)		-	-
11.1- Gross Indemnities Paid (-)		-	-
11.2- Reinsurance share of paid indemnities (+)		-	-
12- Change in Outstanding Claims Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
12.1- Gross Outstanding Claims Reserve (-)		-	-
12.1- 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 Profit- 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 Profit- Pension (G - H)		-	-

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

g. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira “TL”.)

A. CASH FLOWS ARISING FROM REAL OPERATIONS	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
C- Technical Profit- Non-Life (A – B)		46.344.164	51.867.387
F- Technical Profit- Life (D – E)		-	-
I- Technical Profit- Pension (G – H)		-	-
J- General Technical Profit (C+F+I)		46.344.164	51.867.387
K- Investment Incomes		75.631.629	14.864.742
1- Yield From Financial Investments	4, 26	51.372.384	14.165.139
2- Yield From Liquidation Of Financial Investments		-	-
3- Valuation Of Financial Investments		-	-
4- Foreign Exchange Profits	4, 36	7.785.588	699.604
5- Dividend Incomes from Associates	4, 36	140.511	,
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	16.333.146	
10- Transferred Investment Income From Technical Life Department		-	-
L- Investment Expenses (-)		(56.341.531)	(15.187.552)
1- Investment Administration Expenses – Interest Is Included (-)		-	-
2- Impairment Charges Of Investments (-)		-	-
3- The Arising Losses From Liquidation of Investments (-)		-	-
4- Transferred Investment Income To Non-Technical Life Department (-)	4.2.	(51.372.384)	(14.165.139)
5- Losses Arising From Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	4.2, 36	(3.003.945)	(40.020)
7- Depreciation Expenses (-)	4.2, 6	(1.965.202)	(928.620)
8- Other Investment Expenses (-)		-	(53.774)
M- Income and Profit, Expenditure and Loss Pertaining To Other Operations and Extra Ordinary Operations (+/-)		1.311.685	(9.141.447)
1- Reserves Account (+/-)	47	(137.436)	(2.912.028)
2- Rediscout Account (+/-)	47	(3.172.569)	(1.407.154)
3- Qualifying Insurance Account (+/-)			
4- Inflation Adjustment Losses (+/-)		-	-
5- Deferred Tax Assets Account (+/-)	35	3.992.076	(4.720.908)
6- Deferred Tax Obligation Expenditure (-)		-	-
7- Other Income and Profits	35	710.282	13.177
8- Other Ordinary Expenses and Losses (-)	35	(80.668)	(114.533)
9- Previous Period's Income and Profits		-	-
10- Previous Period's expenses and losses (-)		-	-
N- Net Profit / Loss for the Period		50.136.326	37.675.326
1- Profit and Loss for the Period	37	66.945.948	42.403.131
2- Provision for tax and other legal liabilities on profit (-)	35	(16.809.622)	(4.727.805)
3- Net Profit or Loss For The Period	37	50.136.326	37.675.326
4- Inflation Adjustment Account		-	-

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

h. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira “TL”.)

A. CASH FLOWS ARISING FROM REAL OPERATIONS	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
1. Cash flows derived from insurance operations		781.096.686	350.028.325
2. Cash flows derived from reinsurance operations		-	-
3. Cash flows derived from pension and retirement operations		-	-
4. Cash outflow derived from insurance operations (-)		(375.063.776)	(151.220.661)
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)		406.032.910	198.807.663
8. Interest incomes (-)		-	-
9. Income tax payments (-)		(19.644.048)	(9,448.712)
10. Other cash inflows		62.008.344	19,513.803
11. Other cash outflows (-)		(5,898.242)	(2,329.606)
12. CASH FLOWS ARISING FROM REAL OPERATIONS		442,498,964	206,543,148
B. CASH FLOWS ARISING FROM INVESTMENT OPERATIONS			
1. E- Intangible Fixed Assets	6	17.756	367.311
2. E- Intangible Fixed Assets	6	(7,807,540)	(1,910,943)
3. Acquisition of financial assets (-)		(21,226,637)	
4. Sales of financial assets			
5. Interests received		-	-
6. Dividends received		-	-
7. Other cash inflows		28,961,604	712,784
8. Other cash outflows (-)		(7,664,120)	(1,468,945)
9. Cash flows arising from investment operations		(7,718,937)	(2,299,793)
C. CASH FLOWS ARISING FROM FINANCE OPERATIONS			
1. Sales of share certificates	15	5,278,592	30,886,800
2. Cash inflow with respect to loans		-	-
3. Financial Lease Debts Payments (-)		-	-
4. Dividends paid (-)		-	-
5. Other cash inflows	15	7,384,087	
6. Other cash outflows (-)		-	(481,087)
7. Cash flows arising from investment operations		12,662,679	30,405,713
D. EFFECT OF CASH DIFFERENCES TO CASH AND CASH EQUIVALENTS			
Net increase in cash and cash equivalents (A12+B9+C7+D)		447,442,706	234,649,067
F. Cash and Cash Equivalents availability in the beginning of the period	14	408,289,979	171,010,874
G. Cash and Cash Equivalents availability at the end of the period (E+F)	14	855,732,685	405,659,941

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

i. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira “TL”.)

PREVIOUS PERIOD	Capital	Stock Certificates of the incorporation (-)	Revaluation increase in assets	Inflation Adjustment differences of capital	Foreign currency exchange differences	Other capital reserves	Legal reserves
I - Outstanding balance at the end of the previous period (31.12.2015)	56.637.300	--	--	--	--	--	--
II - Amendments Pursuant To The Errors	--	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2016)	56.637.300	--	--	--	--	--	--
A- Capital increase	30.886.800	--	--	--	--	--	--
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 (*)	--	--	--	--	--	--	--
II- Outstanding balance at the end of the previous period (31.12.2016) Reprepared and subjected to independent audit (*) Previous Period	87.524.100	--	--	--	--	--	--
CURRENT PERIOD	Capital	Stock Certificates of the incorporation (-)	Revaluation increase in assets	Inflation Adjustment differences of capital	Foreign currency exchange differences	Other capital reserves	Legal reserves
I - Outstanding balance at the end of the previous period (31.12.2016)	87.524.100	--	--	--	--	--	--
II - Amendments Pursuant To The Errors	--	--	--	--	--	--	--
III - New Balance (I + II) (01.01.2017)	87.524.100	--	--	--	--	--	--
A- Capital increase	4.249.550	--	--	--	--	--	--
1- Cash	4.249.550	--	--	--	--	--	--
2- From internal resources	--	--	--	--	--	1.029.042	--
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 (*)	(86.522.950)	--	--	--	--	86.522.950	753.389
II - Outstanding balance at the end of the previous period (31.12.2017)	5.250.700	--	--	--	--	87.551.992	753.389

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

j. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira “TL”.)

PREVIOUS PERIOD	Statutory Reserves	Other Reserves And Retained Profit	Net Profit For The Period (Or Loss)	Previous Years' Profits	Previous Years' Losses (-)	Total
I - Outstanding balance at the end of the previous period (31.12.2015)	--	--	(12.333.354)	--	934.080	45.238.026
II - Amendments Pursuant To The Errors	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2016)	--	--	(12.333.354)	--	934.080	45.238.026
A- Capital increase	--	--	--	--	--	30.886.800
1- Cash	--	--	--	--	--	--
2- From internal resources	--	--	--	--	--	--
B- Purchase of own stock certificates	--	--	--	--	--	--
C- Earnings and losses not included in the Income Statement	--	(4.981)	--	--	4.197.072	4.192.091
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	--	--	37.675.326	--	--	37.675.326
I- Distributed Dividend	--	--	--	--	--	--
J- Transfer (*)	--	--	12.333.354	--	(12.333.354)	--
II- Outstanding balance at the end of the previous period (31.12.2016) Reprepared and subjected to independent audit (*) Previous Period	--	(4.981)	37.675.326	--	(7.202.202)	117.992.241
CURRENT PERIOD	Statutory Reserves	Other Reserves And Retained Profit	Net Profit For The Period (Or Loss)	Previous Years' Profits	Previous Years' Losses (-)	Total
I - Outstanding balance at the end of the previous period (31.12.2016)	--	(4.981)	37.675.326	--	(7.202.202)	117.992.241
II - Amendments Pursuant To The Errors	--	--	--	--	--	--
III - New Balance (I + II) (01.01.2017)	--	(4.981)	37.675.326	--	(7.202.202)	117.992.241
A- Capital increase	--	--	--	--	--	4.249.550
1- Cash	--	--	--	--	--	4.249.550
2- From internal resources	7.384.087	--	--	--	--	8.413.129
B- Purchase of own stock certificates	--	--	--	--	--	--
C- Earnings and losses not included in the Income Statement	--	(11.111)	--	--	--	(11.111)
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	--	--	50.136.326	--	--	50.136.326
I- Distributed Dividend	--	--	--	--	--	--
J- Transfer (*)	--	6.780.498	(37.675.326)	22.939.237	7.202.202	--
II - Outstanding balance at the end of the previous period (31.12.2017)	7.384.087	6.764.406	50.136.326	22.939.237	--	180.780.135

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

k. Financial Statement as of 31 December 2017 Solo Balance Sheet (All figures are expressed in Turkish Lira “TL”.)

	Foot Note	Independent Audited Current Period December 31 2017	Reprepared (*) Independent Audited Previous Period December 31 2016
I. DISTRIBUTION OF THE PROFIT OF THE PERIOD			
11. PROFIT FOR THE PERIOD		66.945.948	42.403.131
12. TAXES PAYABLE AND OTHER FISCAL LIABILITIES		(16.809.622)	(4.727.805)
12.1. Corporate Tax (Income Tax)		(16.809.622)	(4.727.805)
12.2. Income Tax Deduction		-	-
12.3. Others Tax and Legal Liabilities		-	-
A Net Profit for the Period (1.1 - 1.2)		22.831.935	(12.333.354)
13. PREVIOUS YEARS' LOSS (-)		-	7.202.204
14. PRIMARY RESERVE		2.506.816	753.389
15. STATUTORY SAVING FUNDS (-)		-	22.939.236
B DISTRIBUTABLE NET PROFIT OF THE PERIOD [(A - (1.3 + 1.4 + 1.5)]		47.629.509	6.780.497
16. FIRST DIVIDENDS TO THE SHAREHOLDERS (-)		-	-
16.1. To the owners of the share certificates		-	-
16.2. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
16.2.1. Holders of Redeemed Shares		-	-
16.2.2. Holders of Participation Bond		-	-
16.2.3. Holders of Profit and Loss Sharing Certificate		-	-
17. DIVIDEND TO EMPLOYEES (-)		-	-
18. DIVIDENDS TO FOUNDERS (-)		-	-
19. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
110. SECOND DIVIDENDS TO THE SHAREHOLDERS (-)		-	-
110.1. To the owners of the share certificates		-	-
110.2. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
110.2.1. Holders of Redeemed Shares		-	-
110.2.2. Holders of Participation Bond		-	-
110.2.3. Holders of Profit and Loss Sharing Certificate		-	-
111. . SECOND LEGAL RESERVE (-)		-	-
112. STATUTORY RESERVES(-)		-	-
113. . EXTRAORDINARY RESERVES		-	-
OTHER RESERVES		-	-
115- Special funds		-	-
II. DISTRIBUTION FROM RESERVES		-	-
21. DISTRIBUTED RESERVES		-	-
22. SECOND LEGAL RESERVE (-)		-	-
23. COMMON SHARES (-)		-	-
23.1. To the owners of the share certificates		-	-
23.2. Holders Of Preferred Capital Stock		-	-
23.2.1. Holders of Redeemed Shares		-	-
23.2.2. Holders of Participation Bond		-	-
23.2.3. Holders of Profit and Loss Sharing Certificate		-	-
24. DIVIDENDS TO PERSONNEL (-)		-	-
25. . DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
31. TO THE OWNERS OF THE SHARE CERTIFICATES		-	-
32. TO THE OWNERS OF THE SHARE CERTIFICATES (8%)		-	-
33. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
34. HOLDERS OF PREFERRED CAPITAL STOCK (%)		-	-
IV. DIVIDEND PER SHARE		-	-
41. . TO THE OWNERS OF THE SHARE CERTIFICATES		-	-
42. TO THE OWNERS OF THE SHARE CERTIFICATES (%)		-	-
43. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
44. HOLDERS OF PREFERRED CAPITAL STOCK (%)		-	-

(*) Explained in footnote number 2.1.6 Footnotes offer supplementary information about the financial statement.

FOOTNOTE:

1. GENERAL INFORMATION

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

SS. Doğa Sigorta Kooperatifi transformed into a Joint Stock Company with the approval of the Treasury Undersecretariat and Ministry of Customs and Trade, General Directorate of Domestic Trade. Joint Stock Company Articles of Association was registered with the Trade Registry Directorate on 06.09.2017, and the new title of the company became “Doğa Sigorta Corporation”. 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

Established on 02.04.2013, the Company started its insurance activities on 24.02.2014. The Company conducts its operations in accordance with the Insurance Law No. 5684 and other related communiqués 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.

As of 31 December 2017, the Company has 1.413 sales channels. (December 31 2016: (1.081)

	December 31 2017	December 31 2016
Authorized Agency	1.354	1.032
Broker	58	48
Bank	1	1
Total	1.413	1.081

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

The Company conducts its operations in accordance with the Insurance Law No. 5684 and the principles and procedures established by communiqués and regulations in force.

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

	December 31 2017	December 31 2016
Senior Manager (*)	6	7
Officer	219	159
Total:	225	166

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

1.6 Total salaries and benefits paid to the executive management

	December 31 2017	December 31 2016
Board Of Directors	1.730.291	1.254.446
Board of Supervisors	-	-
Executives	1.388.955	817.490
Total	3.119.246	2.071.936

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 2017.

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	Doğa Sigorta Corporation
Headquarters Address	Büyükdere Cad. Spine Tower No: 243 Maslak / İstanbul
Telephone	+90(212) 212 36 42
Fax	+90(212) 212 36 44
Webpage Address	www.dogasigorta.com
E-mail Address	info@dogasigorta.com

There has change on the Company's type in the 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.

In the accompanying financial statements, the events after the balance sheet date which require adjusting are recorded, and those which do not require adjusting are stated in the Notes

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 T.R. Prime Ministry Undersecretariat of Treasury (the "Treasury").

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette 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. 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 Turkish Accounting Standards Board ("TMSK") 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, "TMS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TASB 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" were kept out of the scope this application. 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, 2017, 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 were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Treasury (See Note 2.20.2). Not 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.

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. The company was established on 02 April 2013. Therefore, its assets and liabilities were not subjected to inflation accounting.

Other accounting policies

Information regarding other accounting policies is disclosed above in Note 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 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.

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

Within the framework of the Treasury Undersecretariat Circular No. 2017/7 Amending the Circular No. 2016/22 on Discounting Net Cash Flows from Provisions for Outstanding Claims issued on 15 September 2017, our company discounted the net cash flows from the outstanding claims provisions calculated and set aside according to the Insurance Legislation for the General Liability and Motor Third Party Liability branches according to the principles in the Circular No. 2016/22 on Discounting Net Cash Flows from Provisions for Outstanding Claims published by the Treasury Undersecretariat on 10 June 2016. As stated in Circular No. 2016/22, the Company evaluated the discounting the outstanding claims provision as an accounting policy change.

The effects of the changes in accounting policies regarding discounting the outstanding claims provisions on the financial statements prepared as of 31 December 2016 and 2015 have been shown below.

31.12.2016	REPORTED	REARRANGEMENT EFFECT	REARRANGED INDEPENDENT
BALANCE SHEET			
Provision for Outstanding Claims Compensations (Net)	(117.766.702)	17.647.860	(100.118.842)
Provision for Unexpired Risks (Net)	(11.527.622)	11.026.185	(501.437)
Deferred Tax Assets	3,188,254	(5.734.809)	(2.546.555)
Previous Years' Losses	(15.298.049)	8.095.846	(7.202.203)
Net Profit for the Period	22,831,935	14,843,391	37,675,326
INCOME STATEMENT			
Change in Outstanding Claims Reserve (Net of Reinsurance share and the Transferred Amount)	(89.879.732)	13.598.738	(76.280.994)
Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount)	6,732,993	4,955,501	11,688,494
Deferred Tax Assets Account (-)	(1.010.059)	(3.710.848)	(4.720.907)

31.12.2016	REPORTED	REARRANGEMENT EFFECT	REARRANGED INDEPENDENT
BALANCE SHEET			
Provision for Outstanding Claims Compensations (Net)	(27.886.970)	4.049.123	(23.837.847)
Provision for Unexpired Risks (Net)	(18.260.615)	6.070.684	(12.189.931)
Deferred Tax Assets	4,197,068	(2.023.961)	2,173,107
Previous Years' Losses	(7.161.766)	8.095.846	934.080

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

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), equity changes statement, and cash flow statement dated 31 December 2017, the financial position statement, equity changes statement, and cash flow statement dated 31 December 2016, and the statement of income dated 31 December 2017 were presented in comparison with the statement of income dated 31 December 2016.

2.2 Consolidation

Since the Company does not have any partnerships or affiliates subject to consolidation at the current reporting period, consolidated financial statements were not presented.

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.

2.4 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 are translated at the rate of exchange prevalent at the reporting date to 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)	Claims Premium Ratio (%) (A/B)
Fixtures and Installations	4 -15	6.67 – 33.33
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.

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 2017, the Company does not own any Investment Properties. (December 31 2016: Not applicable)

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.

2.8 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 not have any financial assets held for trading. (December 31 2016: Not applicable)

- 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 until 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. The Company does not have any financial assets which are categorized as held to maturity financial assets, but which will not be placed in this category for two years due to the fact that categorization principles are not complied with.

- 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 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. (December 31 2016: Not applicable)

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 Assets

Impairment of financial assets

Financial assets or group of financial assets are reviewed during each balance sheet 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.

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

Impairment of non-financial assets

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 474.

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. (December 31 2016: Not applicable)

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

The capital and partnership structure of the company as of 31.12.2017 and 2016 are as follows.

Doğa Sigorta Corporation		31.12.2017	
Name, Last Name and Title of the Partner	Amount of Share (TL)	Share Portion (%)	
Nihat Kırmızı	2.000.000	38.090	
Nabi Kırmızı	1.250.000	23.806	
Mustafa Arif Küme	100	0,002	
DoğaMed Sağlık Hiz. San ve Tic. A.Ş.	100	0,002	
Doğa Akademi Ort. Sağ. GÜv. Bir. Dan. A.Ş.	1.500.000	28.568	
Berk Dan. Ve Teks. San. Tic. A.Ş.	100	0,002	
Mesleğim Eğitim Kurumları A.Ş.	500.000	9.523	
Agroberk Gıda Ürünleri A.Ş.	400	0,008	
Paid-up Capital	5.250.700	100	

Doğa Sigorta Corporation		31.12.2016	
Capital Amount at the Beginning of the Period		56,637,300	
Disposals during the period		(200.900)	
Capital Increase Within the Period		31,087,700	
Capital Stock at the End of the Period		87,524,100	

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

As of 31 December 2017, there are 8 shareholders of the Company. (31 December 2016; 860.241) There are 3 shareholders owning more than 10% of the equity. (December 31 2016: (31 December 2015: There are no 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. (December 31 2016: Not applicable)

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) 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. (December 31 2016: Not applicable)

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 (December 31 2016: Not applicable)

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 20% in Turkey. 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.

Within the scope of the "Law No. 7061 on Amending Certain Tax Laws and Other Laws" which was published in the Official Gazette dated December 2017, the corporate tax was raised from 20% to 22% for 2018, 2019 and 2020.

Dividends paid to the resident institutions and the institutions working through local offices or representatives 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.

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 25th 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 - 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.

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.

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.

2.19 Employee benefits

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 draftee 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 2017 is TL 4.732,48. (December 31 2016: 4.297,21 TL)

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 2017, the Company has TL 421,570 benefit obligation. (December 31 2016: 128,495 TL)

"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 2017 and 31 December 2016 are as follows:

	December 31 2017	December 31 2016
Discount Rate	5,33	4.65%
Expected rate of salary/limit increase	6,05	5.83%
Estimated employee turnover rate	-	-

The above expected rate of salary/limit increase is determined according to the annual inflation expectations of the government.

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 2017, the Company has TL 237,295 liabilities on account of the unused vacations. (December 31 2016: 62.935 TL)

2.20 RESERVE FUNDS

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).

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, 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.

As of the end of the reporting period, the reserves for unearned premiums set aside by the Company is TL 812.872.212; reinsurance share of reserves for unearned premiums is TL 344.805.601; and the Social Insurance Institution's share for of reserves for unearned premiums is TL 54.318.496; Pool Share of Unearned Premiums Reserve is TL 46.591.973 and the Net Reserves for Unearned Premiums is TL 367.156.142. (31 December 2016: As of the end of the reporting period, the reserves for unearned premiums set aside by the Company is TL 445,629,477; reinsurance share of reserves for unearned premiums is TL 248,176,887; and the Social Insurance Institution's share for of reserves for unearned premiums is TL 28,745,048; and the Net Reserves for Unearned Premiums is TL 168,707,542.) (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 branches, determined by 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 reinsurance 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.

On account of the fact that the Company started the discount practice in the 30.09.2017 period for the first time, discounted updates were used in continuing accounts in calculating the Reserve for Unexpired Risks in order to reflect the effect of the current period.

In accordance with the legislation in force, the Company calculated a gross TL 5.491.720 net total of TL 2.465.134 on-going Risks Reserves in Land Vehicles, General Liability and Guarantees. (31.12.2016: Total gross TL 1.505.676.- net TL 501.437.-)

Gross outstanding claims reserve

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.

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.

In accordance with 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” (“Communiqué on Technical Reserves”) which was issued in the Official Gazette numbered 27655 and dated 28 July 2010 and enter in force on 20 September 2010, salvage and subrogation income are not considered in these calculations.

Claims incurred prior to the accounting periods but reported subsequent to those dates are accepted as incurred but not reported compensation amounts.

In accordance with 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” (“Communiqué on Technical Reserves”) which was issued in the Official Gazette numbered 27655 and dated 28 July 2010 and enter in force on 20 September 2010, salvage and subrogation income are not considered in these calculations. 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. 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 30.09.2010.

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.

With the “Communiqué on Amendments to the Communiqué on Outstanding Claims Reserve” No. 2016/11, Article 5a was amended. Accordingly, “Starting with the first quarter of 2016, the IBNR can be calculated by adding %40 %60 %80 %100 to of the amount in the previous quarter (b) for the year 2019 in three-month periods,

- by adding %20 %20 %25 %25 for 2018,
- by adding %12,5 %12,5 %15 %15 for 2017,
- by adding %7,5 %7,5 %10 %10 for 2016
- and by adding %2,5 %5, %10 for 2015
- provided that the difference between (a-b)

is not less than the said amounts. 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 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.

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. Starting from 31.12.2017, the estimated pool will reflect Incurred But Not Reported (IBNR) values to financials.

As of 31 December 2017, the Company calculated TL 589.962.427 (31 December 2016: TL 300.014.654) for Gross Provision for Outstanding Claims, TL 233.404.370 (31 December 2016: TL 199.895.811) for Reinsurance Share of Provision for Outstanding Claims, TL 233.020.591 for Net Provision for Outstanding Claims (31 December 2016: TL 100.118.842).

Due to the fact that it has not been five years since the Company commenced its operations, incurred but not reported outstanding claims reserves and outstanding claims reserve adequacy difference are calculated based on the calculations made by the Company Actuary.

In calculating the IBNR outstanding claims reserve, the industry’s IBNR/Gross Premium Ratio for 2016 has been used.

Discount was applied in all branches. Gradual transition was not applied.

Outstanding Claims Provisions were discounted for the first time in Q3 2017. As of 31.12.2017, the gross discount amount was TL 101,167,585 and Discount Reinsurance portion (including the Risky Insurance Pool discount portion) was TL 60,820,876. Industry averages were used as the discount ratio in main branches.

Starting from 12.04.2017, 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 11.07.2017,

and with working principles and recorded the information it received accordingly. As of 31.12.2017, the Company Actuary calculated the pool IBNR and reflected it in financial statements. TL 12.504.576 gross IBNR was calculated for Compulsory Traffic Pool. 115.7% H/P ratio was used in Pool IBNR calculation, and 15.9% discount ratio was used in discount calculation (TL 1,983,844).

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.

Net Outstanding Claims Reserve Adequacy Difference is (0) zero.

As of 31 December 2017, the Company has TL233.020.591 Outstanding Claims Reserve (31 December 2016: TL 100.118.842) in Total: TL 67.266.340 net File Outstanding Claims reserve, and TL 165.754.251 Non Reported Claims Outstanding Claims Reserve (IBNR) (31 December 2016: TL 57.903.155) and (-) net Outstanding Claims Adequacy Difference (31 December 2016: TL 289.559). (Please see Note – 17.19 ve 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.

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 2017, the Company has TL 1.054.661 equalization provision. (December 31 2016: TL 386.345)

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. Reinsurance 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 2017, net TL 5,657,716 subrogation receivable was recognized in the receivables from main operations account according to the said Circular. (Note 12) (31 December 2016: TL 2.042.013) The Company provided allowance for uncollected subrogation receivables amounting to TL 1.731.983 in accordance with circular. (Note 12) (31 December 2016: 149.750TL)

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 2.448.681 TL (31 December 2016: 2.764.127 TL) 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.

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 2017, net salvage and subrogation income collected are TL 11.630.271 in total. (December 31 2016: TL. 3.991.273)

Received and Paid Commissions

As further disclosed in Note 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.

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalized using the fair value of the asset at the date of the lease or using the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance costs and reduction of the lease obligation and set aside as a principal payment so as to achieve a constant rate of interest on the remaining balance of the liability. Financing expenses are recognized in the statement of income except for their capitalized part.

Rentals payable under operating leases (incentives received or to be received for realizing the lease from the lessor are also recognized in the statement of income over the term of the relevant lease) are recognized in the statement of income on a straight line basis over the term of the relevant lease. Rent collections are recognized in the statement of income on a straight line basis over the term of the relevant lease.

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. (December 31 2016: Not applicable)

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.

2.25 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 New standards and interpretations which are not applied yet

a) The new standards, amendments and interpretations on current previous standards which are effective dating from 31 December 2017 are as follows:

- TMS (Turkish Accounting Standard) 7 changes in “Cash Flow Statements”; are valid on 1 January 2017 or in yearly reporting periods starting from this date. These changes introduced additional explanations which allowed the financial statement readers to evaluate the changes in liabilities resulting from financial activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- TMS (Turkish Accounting Standard) 12 changes in “Income Taxes”; are valid on 1 January 2017 or in yearly reporting periods starting from this date. These amendments which concern the accounting of deferred tax assets which are calculated based on unrealized losses clarify how the deferred tax asset which is calculated based on the debt instruments measured at fair value shall be accounted.

- Annual improvements from 2014 to 2016;

TFRS 12, ‘Disclosure of interests in other entities’; These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of TFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

b) The standards and amendments are published as of 31 December 2017 but no effective

- TMS (Turkish Accounting Standard) 9 “Financial Instruments”; are valid on 1 January 2018 or in yearly reporting periods starting from this date. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- TMS (Turkish Accounting Standard) 15 changes in “Revenue from customer contracts”; are valid on 1 January 2018 or in yearly reporting periods starting from this date. This new standard which is a converged standard from the IASB and FASB on revenue recognition will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- TMS (Turkish Accounting Standard) 15 changes in “Revenue from customer contracts”; are valid on 1 January 2018 or in yearly reporting periods starting from this date. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard

- TMS (Turkish Accounting Standard) 4 changes in “Insurance Contracts”; are valid on 1 January 2018 or in yearly reporting periods starting from this date. The amendment made in TFRS 4 presents two different approaches for insurance companies as ‘overlay approach’ and ‘deferral approach’. Therefore:

- Give all companies that issue insurance contracts the option to recognize in other comprehensive income tables, rather than recognition of profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and

- Give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing Financial Instruments Standard IAS 39.

- TMS (Turkish Accounting Standard) 40 changes in Standard of “Investment Property”; are valid on 1 January 2018 or in yearly reporting periods starting from this date. These amendments, which were made to categorize investment property, clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- TMS (Turkish Accounting Standard) 2 changes in “Share based payments”; are valid on 1 January 2018 or in yearly reporting periods starting from this date. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority

- Annual improvements from 2014 to 2016;

- TFRS 1, ‘First time adoption of TFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10; effective from annual periods beginning on or after 1 January 2018.

- TAS 28, ‘Investments in associates and joint venture’ regarding measuring an associate or joint venture at fair value; effective from annual periods beginning on or after 1 January 2018.

- TMS (Turkish Accounting Standard) Comment 22 “Transactions in foreign currencies and advances payments”; are valid on 1 January 2018 or in yearly reporting periods starting from this date. This addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

- TMS (Turkish Accounting Standard) 9 changes in “Financial Instruments”; are valid on 1 January 2019 or in yearly reporting periods starting from this date. This amendment confirm that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39

- TMS (Turkish Accounting Standard) 28 changes in “Investments in associates and joint ventures”; are valid on 1 January 2019 or in yearly reporting periods starting from this date. These amendments clarify that companies’ account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.

- TMS (Turkish Accounting Standard) 16 “Leasing Operations”; are valid on 1 January 2019 or in yearly reporting periods starting from this date. TFRS 15 allows early application with the ‘gross receivable from customer contracts’ standard. This standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

can be applied only to those who rent. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

- TMS (Turkish Accounting Standard) Comment 23 “Uncertainties Tax Treatments ”; are valid on 1 January 2019 or in yearly reporting periods starting from this date. This interpretation clarifies various uncertainties concerning the implementation of the ‘Income taxes’ standard. The TFRS IC had clarified previously that TAS 12, not TAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law; IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- TMS (Turkish Accounting Standard) 17 “Insurance Contracts”; are valid on 1 January 2021 or in yearly reporting periods starting from this date. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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 19 - Commercial and other payables, deferred incomes

Note 21- Deferred taxes

Note 23 - Provisions for other liabilities and expenditure

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.

The Company’s loss ratios are explained below.

1 JANUARY 2017 - 31 DECEMBER 2017

Branches	Total Amount of Net Incurred Claims (A)	Total Amount of Net Earned Premium (B)	Claims Premium Ration (%) (A/B)
Accident	2.109.311	39.004.429	5,41%
Land Vehicles (Own Damage)	46.995.232	46.761.799	100,50%
Fire and Natural Disasters	6.069.708	73.383.396	8,27%
Transportation	105.469	368.091	28,65%
General Damages	1.156.082	3.906.208	29,60%
Land Vehicles Liability	249.729.115	313.949.405	79,54%
General Responsibility	633.204	430.571	147,06%
Legal Protection	(8.230)	6.258.304	(0,13)%
Health Illness	1.109.529	9.885.807	11,22%
Indemnity	12.219	6.094	200,51%
Financial Risk	-	1.377	-%
Aircrafts	142	176	80,71%
Aircrafts Responsibility	22	88	25,33%
Watercrafts	21	234	8,84%
TOTAL	307.911.823	493.955.978	62,34%

1 JANUARY - 31 DECEMBER 2016

Branches	Total Amount of Net Incurred Claims (A)	Total Amount of Net Earned Premium (B)	Claims Premium Ratio (%) (A/B)
Accident	1.921.020	28.579.150	7%
Land Vehicles (Own Damage)	16.383.957	16.528.076	99%
Fire and Natural Disasters	979.035	11.097.730	9%
Transportation	27.135	54.975	49%
General Damages	269.413	451.591	60%
Land Vehicles Liability	120.741.628	123.229.960	98%
General Responsibility	20.512	110.174	19%
Legal Protection	107.131	1.422.344	8%
Health Illness	307.682	455.201	68%
Indemnity	1.212	6.459	19%
TOTAL	140.758.724	181.935.660	77%

(*) As explained in footnote 2.1.6, it was re-arranged.

The company shares great risks which might result from natural disasters like earthquakes, or from terror or great accidents, with reinsurers through Catastrophe Excess of Loss Programs.

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 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.

The main reinsurance companies with which the Company works and their actual rating notes are summarized in the table below.

2017 Reinsurer	Rating Institution	
	Standard&Poors	AM Best
SCOR (Direct)	AA-	
MILLI RE (Direct)	trAA-	B+
GIC Re (Nasco)		A-
Africa Re (Nigeria) (Nasco)		A-
Mapfre Re (Nasco)	A	
Arch Re (Zurich) (Lockton)	A+	
Axis (Zurich) (Lockton)	A+	
Emirates Re (Lockton)		B++
Delvaq (Cologne) (Lockton)		A
Unipol (Dublin) (Lockton)		A-
MS Amlin (Lockton)		A+

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

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)

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

December 31 2017			
TOTAL Loss Liabilities	Gross Total Total Claims Liability	TOTAL Loss Liabilities Reinsurer Share	Net Total Total Claims Liability
Accident	32.080.113	27.575.924	4.504.189
Land Vehicles (Own Damage)	126.152.781	74.787.765	51.365.015
Fire and Natural Disasters	9.849.422	3.235.292	6.614.130
Transportation	10.918.767	10.804.301	114.465
General Damages	3.282.536	1.955.256	1.327.281
Land Vehicles Liability	891.596.463	550.137.958	341.458.509
General Responsibility	3.769.702	2.649.817	1.119.885
Legal Protection	427.968	329.143	98.825
Health/Illness	1.727.009	312.257	1.414.751
Indemnity	50.573	37.142	13.431
Aircrafts	142	-	142
Aircrafts Responsibility	22	-	22
Watercrafts	21	-	21
TOTAL	1.079.855.521	671.824.855	408.030.666

December 31 2016			
TOTAL Loss Liabilities	Gross Total Total Claims Liability	TOTAL Loss Liabilities Reinsurer Share	Net Total Total Claims Liability
Accident	21.390.527	18.396.777	2.993.750
Land Vehicles (Own Damage)	60.475.620	42.332.944	18.142.676
Fire and Natural Disasters	2.137.039	1.154.401	982.638
Transportation	9.226.816	9.199.681	27.135
General Damages	1.025.129	708.878	316.251
Land Vehicles Liability	429.052.349	287.835.262	141.217.087
General Responsibility	1.669.950	1.168.965	500.985
Legal Protection	357.216	250.073	107.143
Health/Illness	475.118	167.424	307.694
Indemnity	4.041	2.829	1.212
TOTAL	525.813.804	361.217.233	164.596.571

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.

December 31 2017			
TOTAL Loss Liabilities	Gross Total Claims Liability	TOTAL Loss Liabilities Reinsurer Share	Net Total Total Claims Liability
Marmara Region (*)	1.079.855.521	671.824.855	408.030.666
TOTAL	1.079.855.521	671.824.855	408.030.666

December 31 2016			
TOTAL Loss Liabilities	Gross Total Claims Liability	TOTAL Loss Liabilities Reinsurer Share	Net Total Total Claims Liability
Marmara Region (*)	525.813.804	361.217.232	164.596.571
TOTAL	525.813.804	361.217.232	164.596.571

(*) 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:

December 31 2017			
TOTAL Loss Liabilities	Gross Total Claims Liability	TOTAL Loss Liabilities Reinsurer Share	Net Total Total Claims Liability
Turkish Liras	1.079.855.521	671.824.855	408.030.666
American Dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
TOTAL	1.079.855.521	671.824.855	408.030.666

December 31 2016			
TOTAL Loss Liabilities	Gross Total Claims Liability	TOTAL Loss Liabilities Reinsurer Share	Net Total Total Claims Liability
Turkish Liras	525.813.804	361.217.232	164.596.571
American Dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
TOTAL	525.813.804	361.217.232	164.596.571

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.

4.2 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)
- premium receivables from the insured
- receivables from agencies
- receivables from reinsurers related to commissions and paid-up claims
- reinsurance shares arising from insurance liabilities
- other receivables
- prepaid taxes and statutory contributions

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.

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:

	December 31 2017	December 31 2016
Cash and cash equivalents (Note 14)	860.188.905	408.289.979
Financial assets	21.226.637	-
Receivables From Real Operating Income (Note 12.1)	132.410.941	94.194.043
Reinsurance share of outstanding claims reserve, at the end of the period (Not 10), (Not 17.19)	356.941.836	199.895.811
Deposits and guarantees given	165.982	159.734
Advances to Personnel	5.231	24.323
Advance payments	348.652	188.059
TOTAL	1.371.288.184	702.751.949

As at 31 December 2017 and 31 December 2016, the aging of accounts receivables from main operations is as follows:

	December 31 2017		December 31 2016	
	Gross amount	Reserve Allocated	Gross amount	Reserve Allocated
Undue receivables	115.504.041	-	82.083.261	-
Past due 0-30 days	12.939.451	-	10.218.519	-
Past due 31-60 days	-	-	-	-
Past due 61-180 days	-	-	-	-
Past due 181-365 days	-	-	-	-
Receivables will be overdue more than 1 year	-	-	-	-
TOTAL	128.443.492	-	92.301.780	-
Salvage and subrogation receivables	5.699.432	(1.731.983)	2.042.013	(149.750)
Doubtful receivables from main operations – subrogation receivables	2.448.681	(2.448.681)	2.764.127	(2.764.127)
TOTAL	136.591.605	(4.180.664)	97.107.920	(2.913.877)

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.

Analysis of assets and liabilities of the Company into relevant maturity groupings based on the remaining periods to repayments:

December 31 2017	Book Value	up to 1 month	1 – 3 month(s)	3 – 6 month(s)	6 – 12 month(s)	longer than 1 year
Assets						
Cash and cash equivalents	860.188.905	641.409.399	218.779.506	-	-	-
Financial assets	21.226.637	-	21.226.637	-	-	-
Receivables From Real Operating Income	132.410.941	25.884.274	4.699.289	87.394.412	14.432.966	-
Deposits and guarantees given	165.982	-	-	-	-	165.982
Advances to Personnel	5.231	5.231	-	-	-	-
Advance payments	348.652	348.652	-	-	-	-
Total monetary assets	1.014.346.348	667.647.556	244.705.432	87.394.412	14.432.966	165.982
Liabilities						
Real Operating Liabilities	136.476.970	69.392.320	-	67.084.650	-	-
Liabilities due to related parties	481.762	144.919	-	-	-	336.843
Other payables	54.377.224	29.422.175	21.234.446	-	3.720.603	-
Insurance technical reserves (*)	603.696.528	128.799.376	294.014.365	82.924.452	95.408.475	2.549.860
Reserves for taxes and other similar obligations	30.059.604	7.436.985	22.622.619	-	-	-
Provisions for Others Risks	964.569	-	-	-	237.295	727.274
Total monetary assets	826.056.657	235.195.775	337.871.430	150.009.102	99.366.373	3.613.977

December 31 2016	Book Value	up to 1 month	1 – 3 month(s)	3 – 6 month(s)	6 – 12 month(s)	longer than 1 year
Assets						
Cash and cash equivalents	408.289.979	218.514.999	189.572.864	202.116	-	-
Receivables From Real Operating Income	94.194.043	16.158.398	4.087.171	66.987.564	6.960.910	-
Deposits and guarantees given	159.734	-	-	-	-	159.734
Advances to Personnel	24.323	24.323	-	-	-	-
Advance payments	188.059	188.059	-	-	-	-
Total monetary assets	502.856.138	234.885.779	193.660.035	67.189.680	6.960.910	159.734

Liabilities						
Real Operating Liabilities	66.851.394	34.047.310	-	32.804.085	-	-
Liabilities due to related parties	1.425.569	65.748	-	-	-	1.359.821
Other payables	31.252.420	16.794.144	11.380.224	-	3.078.052	-
Insurance technical reserves (*)	269.714.166	652.073	120.295.560	20.571.024	127.616.411	579.098
Reserves for taxes and other similar obligations	19.925.068	17.192.385	-	2.732.683	-	-
Provisions for Others Risks	497.798	-	306.368	-	62.935	128.495
Total monetary assets	389.666.815	68.751.659	131.982.152	56.107.792	130.757.398	2.067.414

(*) 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.

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:

December 31 2017	USD	Euro	CHF	Total
Assets:				
Cash and cash equivalents	2.473.693	41.512.801	-	43.986.494
Total foreign currency assets	2.473.693	41.512.801	-	43.986.494
Liabilities				
Real Operating Liabilities	(1.561.392)	(716.280)	-	(2.277.673)
Total foreign currency liabilities	(1.561.392)	(716.280)	-	(2.277.673)
Balance sheet position	912.301	40.796.521	-	41.708.821

December 31 2016	USD	Euro	CHF	Total
Assets:				
Cash and cash equivalents	801.941	1.267.931	-	2.069.872
Total foreign currency assets	801.941	1.267.931	-	2.069.872
Liabilities				
Real Operating Liabilities	(689.103)-	(344.320)	-	(1.033.423)
Total foreign currency liabilities	(689.103)-	(344.320)	-	(1.033.423)
Balance sheet position	112.838	923.611	-	1.036.449

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 2017 and 31 December 2016 are as follows:

	USD	Euro	CHF
December 31 2017	3,7719	4,5155	3,8548
December 31 2016	3.5192	3.7099	3.4454

Exposure to foreign currency risk

A 10 percent depreciation of the TL against the following currencies as of 31 December 2017 and 31 December 2016 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.

	December 31 2017		December 31 2016	
	INCOME STATEMENT	Shareholders' equities (*)	INCOME STATEMENT	Shareholders' equities (*)
USD	91.230	91.230	11.284	11.284
Euro	4.079.652	4.079.652	92.361	92.361
CHF	-	-	-	-
TOTAL, net	4.170.882	4.170.882	103.645	103.645

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

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 2017 and 31 December 2016; the interest rate profile of the Company's interest earning financial assets and interest bearing financial liabilities are detailed as below:

Financial assets and liabilities with fixed interest rates:	December 31 2017	December 31 2016
Interbank Deposits (Note14)	540.101.687	191.747.047
Payables to shareholders (Not 45)	336.843	1.359.821
Financial Assets Held for Trading(Note 11)	21.226.637	-

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:

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.

	December 31 2017				December 31 2016			
	1. Rank	2. Rank	3. Rank	Total	1. Rank	2. Rank	3. Rank	Total
Financial assets:	-	-	-	-	-	-	-	-
Financial Assets Held for Trading	-	21.226.637	-	21.226.637	-	-	-	-
Financial assets:	-	21.226.637	-	21.226.637	-	-	-	-

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 2017 and 31 December 2016, the Company's capital adequacy is as follows:

	December 31 2017	December 31 2016
1st METHOD		
Equity Capital Required for Non-Life Branches	111.182.848	60.113.974
Equity Capital Required for Life Branch		
Equity Capital Required for Pension Branch		
Total Required Equity Capital	111.182.848	60.113.974
2nd METHOD		
Equity Capital Required for Active Risk	26.041.074	15.505.683
Equity Capital Required for Reinsurance Risk	38.501.402	28.043.979
Equity Capital Required for Excessive Premium Increase		
Equity Capital Required for Outstanding Claims Reserve	20.271.796	10.303.909
Equity Capital Required for Underwriting Risk	82.530.153	33.285.189
Equity Capital Required for Interest Rate and Exchange Risk	232.899	115.476
Total Required Equity Capital	167.577.323	87.254.237
Shareholders' equities	180.780.135	95.534.093
Reserve for Balancing	1.054.661	386.345
Total Required Equity Capital To Be Considered For Capital Adequacy	181.834.796	95.920.438
Subsidiary Deducted from the Equity Capital		
Capital Adequacy Result	14.257.473	8.666.201

In the capital adequacy table dated 31 December 2017, the Company's Capital Adequacy was accounted as TL 14,257,473. (December 31 2016: Capital Adequacy TL 8.666.201)

Gains and losses from financial instruments

Financial gains and losses recognized in the statement of income	December 31 2017	December 31 2016
Interest incomes	51.372.384	14.165.139
Foreign Exchange Profits	7.785.588	699.604
Fixed Asset Sale Profit	-	-
Long Term Securities Incomes	140.511	-
Other Investments	16.333.146	-
Investment Incomes	75.631.629	14.864.743
Depreciation Expenses	(1.965.201)	(928.620)
Foreign Exchange Loss	(3.003.945)	(40.020)
Fixed Asset Sale Loss	-	(53.774)
Investment Expenses	(4.969.146)	(1.022.414)
Investment revenues originating from financial assets	70.662.483	13.842.329

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 2017 is presented below:

	1 January 2017	Inputs	Outputs	December 31 2017
Cost Value				
Fixtures and furnitures	1494.167	2.337.013	(20.029)	3.811.151
Motor Vehicles	490.000	233.705	-	723.705
Special Costs	1.570.382	4.573.175	-	6.143.557
TOTAL	3.554.549	1.455.612	(381.611)	3.554.549
B. Depreciation				
Fixtures and furnitures	(404.603)	(623.975)	2.273	(1.026.305)
Motor Vehicles	(32.667)	(125.900)	-	(158.567)
Special Costs	(320.618)	(689.429)	-	(1.010.047)
TOTAL	(757.888)	(1.439.304)	2.273	(2.194.919)
Net Book Value	2.796.661			8.483.494

Movement in tangible assets in the period from 1 January to 31 December 2016 is presented below:

	1 January 2016	Inputs	Outputs	December 31 2016
Cost Value				
Fixtures and furnitures	782.774	727.199	(15.806)	1494.167
Motor Vehicles	365.805	490.000	(365.805)	490.000
Special Costs	1.331.969	238.413	0	1.570.382
TOTAL	2.480.548	2.279.198	(104.500)	2.480.548
B. Depreciation				
Fixtures and furnitures	(111.412)	(295.297)	2.105	(404.603)
Motor Vehicles	(12.194)	(32.667)	12.194	(32.667)
Special Costs	(37.650)	(282.968)	-	(320.618)
TOTAL	(161.256)	(610.932)	14.299	(757.888)
Net Book Value	2.319.292			2.796.661

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

	1 January - December 31 2017	1 January - December 31 2016
DEPRECIATION EXPENSES	(1.439.304)	(610.932)
Amortization and depletion expenses	(525.898)	(317.688)
TOTAL	1.965.202	(928.620)

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.

Not applicable. (December 31 2016: Not applicable)

6.4 Movement in tangible assets in the current period:

	December 31 2017	December 31 2016
a) Cost of the tangible fixed assets purchased, produced, or constructed:	7.143.893	1.455.612
b) Cost of sold or scrapped tangible fixed assets:	(20.029)	(381.611)
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	December 31 2017	December 31 2016
Fixtures and furnitures	4.711.000	2.455.000
TOTAL	4.711.000	2.455.000

7. INVESTMENT PROPERTY

As of 31 December 2017, the Company does not have any investment properties. (December 31 2016: Not applicable)

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 2017 is presented below:

	1 January 2017	Inputs	Outputs	December 31 2017
Cost Value				
Software	1.362.632	663.647	-	2.026.281
Total	1.362.632	663.647	-	2.026.281
B. Depreciation				
Software	(644.220)	(525.898)	-	(1.170.117)
Total	(644.220)	(525.898)	-	1.170.117
Net Book Value	718.412			856.164

Movement in intangible assets in the period from 1 January to 31 December 2016 is presented below:

	1 January 2016	Inputs	Outputs	December 31 2016
Cost Value				
Software	907.301	455.331	-	1.362.632
Total	907.301	455.331	-	1.362.632
B. Depreciation				
Software	(326.532)	(317.688)	-	(644.220)
Total	(326.532)	(317.688)	-	(644.220)
Net Book Value	580.769			718.412

8.2 Business Combinations:

Not applicable. (December 31 2016: Not applicable)

9. INVESTMENTS ON HELD-TO-MATURITY SECURITIES

As at 31 December 2017, the Company does not have any affiliates it recognizes according to the Equity accounting method.

Other Affiliated Securities of the Company are as follows.

	December 31 2017		December 31 2016	
	Book Value	Share Share %	Book Value	Share Share %
Tarım Sigortaları Havuz İşletmesi A.Ş.(*)	393.007	4,71	266.943	1,00
	393.007	4,71	266.943	1,00

(*) 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	December 31 2017	December 31 2016
Reinsurance share of unearned premiums reserve (Note 17.16)	344.805.601	248.176.887
Reinsurance share of outstanding claims reserve, at the end of the period (Not 17.16)	356.941.836	199.895.811
Receivables from reinsurers related to commissions and paid-up claims (Note 12)	8.516.626	1.033.625
Reinsurance Share of Unexpired Risks Reserve (Note 17.16)	3.026.586	1.004.239
Reinsurance Share of Equalization Reserve (Note 17.16)	2.533.989	927.924
TOTAL	715.824.638	451.038.486

There is not any impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31 2017	December 31 2016
Payables to the reinsurers related to ceded premiums (Note 19)	118.680.870	51.462.574
Deferred Commission Incomes (Note 19)	86.282.124	63.678.884
Reinsurance commission provisions	39.127.791	-
TOTAL	244.090.785	115.141.458

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

	December 31 2017	December 31 2016
Ceded premiums to reinsurers during the period (Note 17)	(635.275.818)	(453.560.901)
Reinsurance share of unearned premiums reserve, at the beginning of the period (Note 17)	(248.176.887)	(134.082.392)
Reinsurance share of unearned premiums reserve, at the end of the period (Note 17)	344.805.601	248.176.887
Reinsurance share of earned premiums (Note 17)	(538.647.104)	(339.466.406)
Reinsurance share of claims paid, during the period (note 17)	314.933.054	161.321.421
Reinsurance share of outstanding claims reserve, at the beginning of the period(*)	(199.895.811)	(66.674.918)
Reinsurance share of outstanding claims reserve, at the end of the period (Note 17)	356.941.836	199.895.811
Reinsurance share of claims paid, during the period (note 17)	471.979.079	294.542.314
Commission income accrued from reinsurers during the period	96.664.148	135.778.597
Deferred Commission Incomes in the beginning of the period (Note 17)	63.678.884	33.234.121
Deferred Commission Incomes at the end of the period (Note 17)	(86.282.124)	(63.678.884)
Reinsurance commission provisions	(39.127.791)	-
Commission income earned from reinsurers (Note 32)	34.933.117	105.333.835
Reinsurance share of unexpired risks reserves	2.022.347	(43.107.005)
Reinsurance Share of Equalization Reserve (Note 17.19)	2.533.989	927.924
TOTAL, NET	(27.219.463)	18.230.662

(*) As explained in footnote 2.1.6, it was re-arranged.

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

11. Financial Assets

11.1 Classification of the Financial Assets:

	December 31 2017		December 31 2016	
	Nominal Value	Cost Accounting	Fair Value Measurement	Book Value
Financial assets held for trading	21.226.637		-	
Borrowing Instruments				
Private sector Bonds and Securities	21.030.000	21.002.010	21.226.637	21.226.637
TOTAL	21.030.000	21.002.010	21.226.637	21.226.637

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

Not applicable. (December 31 2016: Not applicable)

11.3 Securities representing redeemable debt during the year

Not applicable. (December 31 2016: Not applicable)

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

11.5 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:

Not applicable. (December 31 2016: Not applicable)

11.6 Value increase on financial assets in the last three years

Not applicable. (December 31 2016: Not applicable)

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 is as follows:

Short-term	December 31 2017	December 31 2016
Receivables from insurance operations(*)	132.410.941	94.194.043
TOTAL	132.410.941	94.194.043

(*) The details of the Company's receivables from insurance operations as of 31 December 2017 and 31 December 2016 are as follows:

	December 31 2017	December 31 2016
Receivables from agencies, brokers and intermediaries	26.732.668	21.189.125
Receivables from Reinsurance Transactions	8.516.626	1.033.625
Bank Guaranteed Credit Card Receivables	93.235.914	70.079.030
Salvage and subrogation receivables	5.657.716	2.042.013
Total receivables from insurance operations, net	134.142.924	94.343.793
Doubtful Receivables Arising From Real Operations	2.448.681	2.764.127
Provisions for Doubtful Receivables Arising From Real Operations	(2.448.681)	(2.764.127)
Salvage and subrogation receivables	(1.731.983)	(149.750)
Receivables From Real Operating Income	132.410.941	94.194.043

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 as of 31 December 2017.

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

Type of pledge and/or guarantee	December 31 2017	December 31 2016
Letter of guarantee	7.718.488	3.422.850
TOTAL	7.718.488	3.422.850

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 13,081,700 as of 31 December 2017. (December 31 2016: TL 7,593,147)

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 2017, see Note 4.2. Exposure to Foreign Currency Risk. Exposure to foreign currency risk

13. DERIVATIVE FINANCIAL INSTRUMENTS

Not applicable. (December 31 2016: Not applicable)

14. CASH AND CASH EQUIVALENTS

	December 31 2017	December 31 2016
Cash	42.713	10.722
Cash Deposits with Banks	553.949.827	197.051.975
Bank Guaranteed Credit Card Receivables with maturities less than 3 months	306.196.365	211.323.516
Given cheques and payment orders (-)	-	(96.234)
TOTAL	860.188.905	408.289.979
Blocked Amounts	(7.117)	(1.635.117)
Interbank Deposits Interest Rediscounting	(4.449.103)	(994.921)
Cash and Cash Equivalents in the Cash Flow Table	855.732.685	405.659.941

As of 31 December 2017 and 31 December 2016, bank deposits respectively are further analyzed as follows:

	December 31 2017	December 31 2016
TL interbank deposits		
- having a fixed term	540.101.687	191.747.047
- on demand	13.848.140	5.304.928
TOTAL	553.949.827	197.051.975

Amounts of blocked deposits with the banks:

The Company has TL 7.117 blocked in deposits. (December 31 2016: The Company has TL 1,635,117 blocked in deposits) The amount of 7,117 TL is a blockage for the Undersecretariat of Treasury for necessity of insurance activities. (December 31 2016: Of the TL 1,635,117 TL, TL 1,628,000 is the sum of blocked guarantees given for insurance bids; TL 7,117 TL is blocked in favor of the Treasury in relation to insurance activities.

Time deposits consist of TL bank placements; the maturity range is between 1 January 2018 and 12 February 2018. The applied interest rate is between 10.85% and 15.80% for TL time deposits. (December 31 2016: Time deposits consist of TL bank placements; the maturity range is between 1 January 2017 and 1 June 2017. The applied interest rate is between 10.60% and 11.85% for TL time deposits.)

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 31.12.2017, the Company has 8 shareholders. The Company has been registered as Doga Sigorta Anonim Şirketi on 06.09.2017 by making a kind change with the Trade Registry Gazette dated 12.09.2017 and numbered 9406. The Company's share capital is TL 6,0000,700 divided into 6,0000,700 shares each having a nominal value of TL 1. Within the framework of Articles 180 and 193 of T.C.C., TL 2,000,700 of the Company's capital has been secured from its paid capital which is within the equity of S.S. Doğa Sigorta Kooperatifi. The TL 4,000,000 corresponding to 4,000,000 shares has been undertaken in cash by the shareholders. ¼ of the nominal values of the shares undertaken in cash has been paid before the registration of the Company, and the remaining ¾ shall be paid within 24 months following its registration as per the decision of the board of directors. As of 31.12.2017, the company has TL 750,000 unpaid capital.

(As of 31 December 2016, the Company has 860,241 shareholders. Of the 860,241 shareholders, the resignation of the 601,621 shareholders which resigned pursuant to Article 13 of the Articles of Association was accepted at the Extraordinary General Assembly dated 22 December 2016, which was registered with and announced at the Trade Registry gazette dated 26 January 2017.

Name, Last Name and Title of the Partner	31.12.2017	
	Amount of Share (TL)	Share Portion (%)
Nihat Kırmızı	2.000.000	38.090
Nabi Kırmızı	1.250.000	23.806
Mustafa Arif Küme	100	0,002
DoğaMed Sağlık Hiz. San ve Tic. A.Ş.	100	0,002
Doğa Akademi Ort. Sağ. Güv. Bir. Dan. A.Ş.	1.500.000	28.568
Berk Dan. Ve Teks. San. Tic. A.Ş.	100	0,002
Mesleğim Eğitim Kurumları A.Ş.	500.000	9.523
Agroberk Gıda Ürünleri A.Ş.	400	0,008
Paid-up Capital	5.250.700	100

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

	December 31 2017	December 31 2016
Capital Amount at the Beginning of the Period	87.524.100	56.637.300
Disposals during the period	(86.522.950)	(200.900)
Capital Increase Within the Period	4.999.550	31.087.700
Non-paid Capital	(750.000)	-
Period End Paid-up Capital	5.250.700	87.524.100

As of 31.12.2017 the Company's share capital is TL 6,0000,700 divided into 6,0000,700 shares each having a nominal value of TL 1. As of 31.12.2017 the company has TL 750,000 unpaid capital corresponding to 750,000 shares.

15.3 For each class of share capital;

15.3.1 The explanation about the number of capital shares

Not applicable. (December 31 2016: Not applicable)

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. (December 31 2016: Not applicable)

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

The Company's capital is 1-TL 6,000,700, and it consists of 6.000.7000 shares, each with a nominal value of TL 1. The company has TL 750,000 unpaid capital in total. (December 31 2016: The Company's capital is TL 87,524,100, and it consists of 875,241 shares, each with a nominal value of TL 100.)

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

S.S. Doğa Sigorta Kooperatifi	December 31 2017	December 31 2016
Number of Shares per each Period	875.241	566.373
Increase / Decrease within the Period	(855.234)	308.868
Number of Shares at the End of the Period	20.007	875.241

Doğa Sigorta Corporation	December 31 2017
Number of Shares per each Period	2.000.700
Increase / Decrease within the Period	4.000.000
Number of Shares at the End of the Period	6.000.700

The Company has been registered as Doga Sigorta Anonim Şirketi on 06.09.2017 by making a kind change with the Trade Registry Gazette dated 12.09.2017 and numbered 9406. The Company's share capital is TL 6,0000,700 divided into 6,0000,700 shares each having a nominal value of TL 1. Within the framework of Articles 180 and 193 of T.C.C., TL 2,000,700 of the Company's capital has been secured from its paid capital which is within the equity of S.S. Doğa Sigorta Kooperatifi. The TL 4,000,000 corresponding to 4,000,000 shares has been undertaken in cash by the shareholders. ¼ of the nominal values of the shares undertaken in cash has been paid before the registration of the Company, and the remaining ¾ shall be paid within 24 months following its registration as per the decision of the board of directors. As of 31.12.2017, the company has TL 750,000 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.

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

15.3.8 Other Capital Reserves

In order to continue insurance activities of the Cooperative and to ensure the capital adequacy required by the Treasury Undersecretariat, an equity development fund was established by setting off the partnership shares of those whose partnership has ended and which are to be returned in accordance with the Law on Cooperatives, Cooperative Articles of Association, and the decisions of the General Assembly against the cogent indemnity payments.

In accordance with the provisions explained above, Article 13 of the Articles of Association, and to ensure that the insurance company, which operates based on the principle of trust, continues its operations, it was decided that reimbursement of partnership interests be retain as Capital Reserve within the Equity as cogent compensation. The partnership interests of the partners whose partnership has ended as of 31.12.2017 in the amount of TL 87,551,992 has been transferred to the equity development fund based on the decision of the General Assembly.

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

(31.12.2016; The Company was subject to the Law on Cooperatives No. 1163 until 05.09.2017. After minimum 10% of the positive income-expense difference is set aside as legal reserve, the General Assembly may decide to distribute all or some of the positive income-expense difference to shareholders, or it may distribute it to legal reserve or defined funds. Legal reserves cannot be distributed to shareholders.)

The movement of the legal reserves is as follows:

	December 31 2017	December 31 2016
Legal Reserves at the Beginning of the Period	-	-
Transfer from profit	753.389	-
Period End Legal Reserves	753.389	-

15.4.2 Extraordinary Reserves

The movement of extraordinary reserves is as follows:

	December 31 2017	December 31 2016
Extraordinary Reserves at the Beginning of the Period	-	-
Transfer from profit	6.780.498	-
Number of Shares at the End of the Period	6.780.498	-

15.4.3 Special funds

Within the scope of takaful 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 2017, other profit reserves consist of a total net of TL 16.092 which is the actuarial loss and gain amount found by re-measuring the net benefit liability defined according to TAS 19.(31.12.2016: 4.981 TL)

15.5 Share based payments:

Not applicable. (December 31 2016: Not applicable)

15.6 Matters pertaining to the Events after the Balance Sheet Date

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

16.3 Hedging for forecasted transactions and net investment hedging

Not applicable. (December 31 2016: Not applicable)

16.4 Hedging against financial risks

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

16.6 Revaluation increase in tangible fixed assets

Not applicable. (December 31 2016: Not applicable)

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

17.1 Details of the Company's technical reserves as of 31 December 2017 and 31 December 2016 are below:

	December 31 2017	December 31 2016
Gross unearned premiums reserve	812.872.212	445.629.477
Reinsurance share of unearned premiums reserve (Note 10)	(344.805.601)	(248.176.887)
SSI of Unearned Premiums Reserve	(54.318.496)	(28.745.048)
Pool Unearned Premiums Reserve	(46.591.973)	-
Provisions for Unearned Premiums - Net	367.156.142	168.707.542
Provisions for gross suspending indemnities	589.962.427	300.014.654
Reinsurance share of outstanding claims reserve (Note 10)	(356.941.836)	(199.895.811)
Gross Outstanding Claims Reserve, net	233.020.591	100.118.842
Gross Unexpired Risks Reserve	5.491.720	1.505.676
Reinsurance Share of Unexpired Risks Reserve (Note 10)	(3.026.586)	(1.004.239)
Provision for Unexpired Risks - Net	2.465.134	501.437
Reserve for Balancing, net	1.054.661	386.345
Mathematical Life Provision, net	-	-
Total technical reserves, net	603.696.529	269.714.166
Short-term	602.641.868	269.327.821
Medium- and Long-term	1.054.661	386.345
Total technical reserves, net	603.696.529	269.714.166

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

Not applicable. (December 31 2016: Not applicable)

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

Branch	December 31 2017	December 31 2016
Land Vehicles Liability	7.322.729.275.000	3.135.513.241.800
Accident	50.073.299.823	353.335.593.041
Land Vehicles Liability	32.144.679.427	10.606.690.015
Fire and Natural Disasters	45.393.753.504	21.004.126.282
Transportation	3.433.136.484	2.276.630.987
General Damages	23.433.922.039	12.235.912.333
General Responsibility	12.013.395.253	2.688.579.068
Legal Protection	3.002.334.474	1.278.205.715
Health Illness	189.903.215.558	17.389.736.933
Indemnity	116.197.497	115.656.018
Aircrafts	4.985	-
Aircrafts Responsibility	295.932	-
Watercrafts	3.000	-
TOTAL	7.682.243.512.975	3.556.444.372.191

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

Not applicable. (December 31 2016: Not applicable)

17.5 Number and amount of participation certificates in portfolio and circulation

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

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

Not applicable. (December 31 2016: Not applicable)

17.14 Profit share distribution rate of life insurees in the current period

Not applicable. (December 31 2016: Not applicable)

17.15 Explanation of information that describes amounts arising from insurance agreements

Not applicable. (December 31 2016: Not applicable)

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

	December 31 2017	December 31 2016
Liabilities due to Reinsurance Companies	118.680.870	51.462.574
Net Receivables /(Debt)	118.680.870	51.462.574

	1 January -December 31 2017	1 January -December 31 2016
Ceded Premiums to Reinsurers	(635.275.818)	(453.560.901)
Premiums Transferred to the Pool	(71.142.162)	-
Reinsurance Share of Unearned Premiums Reserve	344.805.601	248.176.887
Pool Share of Unearned Premiums Reserve	46.591.973	-
Reinsurance Share of Unexpired Risks Reserve	3.026.586	1.004.239
Reinsurance Share of Claims Paid	314.883.019	161.321.421
Provision for Outstanding Claims and Compensations	356.941.837	199.895.810
Reinsurance Share of Equalization Reserve	2.533.989	927.924
Net Income / (Expenditure)	362.365.024	157.765.380

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:

Outstanding Claims Reserve:	1 January 2017 -31 December 2017			1 January 2017 -31 December 2016		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Beginning of the Period	300.014.654	(199.895.811)	100.118.842	81.053.262	(57.215.415)	23.837.847
Claims Paid	(489.893.093)	314.883.019	(175.010.075)	(225.799.150)	161.321.421	(64.477.729)
- Current period outstanding claims	691.601.322	(449.324.907)	242.276.415	371.684.120	(265.280.263)	106.403.857
- Previous years' outstanding claims	(300.014.654)	199.895.811	(100.118.842)	(81.053.262)	57.215.415	(23.837.847)
Outstanding claims at the end of the period	201.708.229	(134.441.888)	67.266.340	145.884.970	(103.958.842)	41.926.128
Incurred but not reported claims	388.254.198	(222.499.948)	165.754.251	153.475.176	(95.572.020)	57.903.155
Outstanding Claims Reserve Adequacy Difference	-	-	-	654.508	(364.949)	289.559
Total	589.962.427	(356.941.836)	233.020.591	300.014.654	(199.895.811)	100.118.842

(*) As explained in footnote 2.1.6, it was re-arranged.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

As of 31 December 2017 and 31 December 2016, the movement table of insurance liabilities and reinsurance assets is as follows:

Provisions for Unearned Premiums	December 31 2017				
	Gross	Reinsurer Share	SSI Share	Pool Share	Net
Unearned Premiums Reserve at the beginning of the period	445.629.477	(248.176.887)	(28.745.048)	-	168.707.542
Premiums written during the period	1.498.476.692	(635.275.818)	(99.654.134)	(71.142.162)	692.404.578
Premiums earned during the period	(1.131.233.957)	538.647.104	74.080.686	24.550.189	(493.955.978)
Unearned Premiums Reserve at the beginning of the period	812.872.212	(344.805.601)	(54.318.496)	(46.591.973)	367.156.142

Provisions for Unearned Premiums	December 31 2016			
	Gross	Reinsurer Share	SSI Share	Net
Unearned Premiums Reserve at the beginning of the period	206.252.202	(134.082.392)	(14.744.926)	57.424.884
Premiums written during the period	799.901.976	(453.560.901)	(53.122.755)	293.218.319
Premiums earned during the period	(560.524.701)	339.466.406	39.122.633	(181.935.662)
Unearned Premiums Reserve at the beginning of the period	445.629.477	(248.176.887)	(28.745.048)	168.707.542

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 2017, the details of the prepaid expenses in the amount of TL 92,319,196 (31 December 2016 57,472,726 TL) recorded in the current assets are as follows:

	December 31 2017	December 31 2016
Deferred Reinsurance Commissions:		
Deferred production commissions at the beginning of the period	57.472.726	32.589.346
Commissions to intermediaries accrued during the period	172.504.572	104.943.663
Commissions expensed during the period (Note 32)	(137.658.102)	(80.060.283)
End of the Period	92.319.196	57.472.726

	December 31 2017	December 31 2016
Deferred Reinsurance Commissions:		
Reinsurance commissions deferred at the beginning of the period	(63.678.884)	(33.234.121)
Reinsurance commissions accrued during the period	(96.664.148)	(135.778.597)
Commissions recognized during the period (Note 32)	34.933.117	105.333.835
End of the Period	(125.409.915)	(63.678.884)

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

	December 31 2017	December 31 2016
Prepaid expenses pertaining to future months		
Prepaid Banking Commission Expenses	10.400.174	6.705.337
Prepaid Advertising, Promotion, Organization Expenses	470.849	2.554.719
Prepaid Newspaper, Magazine Subscription Expenses	79.166	69.805
Prepaid Excess Premiums	-	34.545
Other Prepaid Expenses	323.481	117.103
End of the Period	11.273.670	9.481.509

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	December 31 2017		December 31 2016	
	The amount guarantee required	The amount of guarantee provided	The amount guarantee required	The amount of guarantee provided
Life	-	-	-	-
Non-Life	-	30.014.234	-	22.934.235
TOTAL	-	30.014.234	-	22.934.235

18. INVESTMENT CONTRACT LIABILITIES

Not applicable. (December 31 2016: Not applicable)

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:

	December 31 2017	December 31 2016
Payables from Insurance Operations	17.796.100	15.388.820
Liabilities due to Reinsurance Companies	118.680.870	51.462.574
TOTAL	136.476.970	66.851.394

Other payables:

	December 31 2017	December 31 2016
Payables to SSI (Short term)	32.119.116	19.945.135
Payables to Suppliers	18.537.505	8.229.233
Deposits and Guarantees Received	3.720.603	3.078.452
TOTAL	54.377.224	31.252.820

Deferred Incomes:

	December 31 2017	December 31 2016
Deferred Commission Incomes	86.282.124	63.678.884
TOTAL	86.282.124	63.678.884

20. LOANS

Not applicable. (December 31 2016: Not applicable)

21. DEFERRED INCOME TAX

As of 31 December 2017 and 31 December 2016, the items resulting in deferred tax assets and liabilities are as follows:

	December 31 2017	December 31 2016
	Deferred taxes assets / (Liabilities)	Deferred taxes assets / (Liabilities)
Provisions for termination indemnities	84.314	25.699
Unused Vacation Reserves	47.459	12.587
Discounted Cost of Receivables (120)	47.345	64.072
POS KK Discounted Cost	667.540	1.131,243
Personnel Lawsuits Reserve	61.141	61.274
Reserve for Balancing	98.363	25.641
Provision for Unexpired Risks(*)	706.209	100.287
Provisions for Salvage Receivables	346.397	-
Depreciation TAS Correction Difference	(298.248)	(129.776)
Discounted Cost of Debts (320 HS)	(252.219)	(308.010)
Deposit Account Swap Valuation	(22.208)	-
Deposit Account Tax Procedure Law – IFRSS Exchange Rate Difference	(37.794)	-
Outstanding Compensations Correspondence Discount Adjustment (*)	-	(3.529.572)
Deferred taxes assets, net	1.448.299	(2.546.555)

(*) As explained in footnote 2.1.6, it was re-arranged.

As of 31 December 2016, the movement table of deferred Tax Assets is as follows:

	December 31 2017	December 31 2016
From January, 1 on	(2.546.555)	2.173.107
Deferred tax revenues / (expenses)	3.992.076	(4.720.907)
Deferred tax revenues / (expenses) recognized in equity	2.778	1.245
Deferred Tax Assets	1.448.299	(2.546.555)

22. RETIREMENT AND WELFARE LIABILITIES

(Please see note - 33)

23. PROVISIONS FOR OTHER LIABILITIES AND EXPENDITURE

	December 31 2017	December 31 2016
TAXES AND FUNDS PAYABLE	26.797.394	16.695.570
Social Security Withholding Payable	371.828	496.815
Provisions for Taxes and Other Legal Liabilities on Profit	5.618.165	4.727.805
Prepaid Taxes and Other Legal Liabilities on Period Profit	(2.727.783)	(1.995.122)
Provisions for Others Risks	964.569	497.798
- Provisions for termination indemnities	421.570	128.495
- Holiday Pay Reserves	237.295	62.935
- Reserve for Lawsuits	305.704	306.368
TOTAL	31.024.173	20.422.866

The movement table of Reserve for Employee Termination Benefits during the period is as follows:

	December 31 2017	December 31 2016
Beginning of the Period	128.495	48.693
Cost of Services	327.495	139.134
Interest cost	5.975	2.001
Indemnities paid	(54.284)	(67.559)
Actuarial loss	13.889	6.226
End of the Period	421.570	128.495

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.

	December 31 2017	December 31 2016
Beginning of the Period	62.935	27.584
Increase/Decrease within the Period (note - 474)	174.360	35.351
End of the Period	237.295	62.935

24. NET INSURANCE PREMIUM REVENUE

The amounts calculated by deducting the reinsurance shares from gross premiums in the 1 January – 31 December 2017 and 1 January – 31 December 2016 periods are presented below.

Non-Life Branches	1 January - December 31 2017	1 January - December 31 2016
Accident	37.865.035	34.915.038
Land Vehicles (Own Damage)	77.309.678	17.843.762
Fire and Natural Disasters	82.082.874	43.377.528
Land Vehicles Liability	468.452.291	185.887.910
General Responsibility	952.034	242.865
General Damages	4.273.136	2.192.245
Transportation	369.828	91.215
Legal Protection	4.829.155	4.576.223
Health Illness	16.257.056	4.086.962
Indemnity	7.950	4.568
Government Sponsored Greenhouse	-	3
Financial Risk	4.517	-
Aircrafts	499	-
Aircrafts Responsibility	249	-
Watercrafts	276	-
TOTAL	692.404.578	293.218.319

25. FEE INCOME

Not applicable. (December 31 2016: Not applicable)

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).

Not applicable. (December 31 2016: Not applicable)

Investment Property:

Not applicable. (December 31 2016: Not applicable)

29. INSURANCE RIGHTS AND CLAIMS

	December 31 2017	December 31 2016
Claims paid, net of reinsurance share	(175.010.074)	(64.477.729)
Change in Outstanding Compensations Reserve, Net of Reinsurance Share	(132.901.749)	(76.280.994)
Change in Earned Premiums, Net of Reinsurance Share	(198.448.601)	(111.282.657)
Changes in Unexpired Risks Reserve, Net of Reinsurance Share	(1.963.697)	11.688.494
Changes in equalization reserve, net of reinsurance share	(668.316)	(258.116)
TOTAL	(508.992.437)	(240.611.002)

30. INVESTMENT CONTRACT RIGHTS

Not applicable. (December 31 2016: Not applicable)

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 - December 31 2017	1 January - December 31 2016
Commission expenses (-)	(137.658.102)	(80.060.283)
Commission income earned from reinsurers (Note 10 and 17.19)	34.933.117	105.333.835
Staff Expenses	(16.905.865)	(10.577.299)
Assistance Expenses	(18.852.405)	(6.533.634)
Banking and Commission Expenses	(11.782.241)	(6.780.332)
Registration and Announcement Expenses	(236.332)	(136.292)
Information technologies expenses	(3.831.393)	(1.040.769)
Representation, entertainment expenses	(1.897.793)	(1.567.951)
Office Rental Expenses	(1.103.400)	(487.578)
Office Expenses	(1.312.357)	(880.510)
Advisor and Consultancy services	(2.550.222)	(1.089.499)
Car Rental Expenses	(1.028.850)	(604.460)
Taxes, Duties and Fees	(2.727.395)	(754.702)
Transport Vehicles Expenses	(605.321)	(385.563)
Communication Expenses	(528.113)	(308.176)
Establishment and organization expenses	(144.567)	(167.004)
Interest Expenses Calculated for Shareholders	(9.264)	(20.114)
Fee Expenses	(357.913)	(104.597)
Advertising and Promotion expenses	(8.542.293)	(5.932.789)
Others	(1.634.160)	(597.603)
TOTAL	(176.774.866)	(12.695.318)

33. EMPLOYEE BENEFIT EXPENSES

Details of the benefits provided to employees in the periods ending on 31 December 2017 and 31 December 2016 are presented below:

	December 31 2017	December 31 2016
Salary and wages	(12.996.700)	(8.071.055)
Employer's share in social security premiums	(1.704.371)	(1.219.700)
Pension fund benefits	(1.268.608)	(834.202)
Other benefits	(936.186)	(452.342)
TOTAL	(16.905.865)	(10.577.299)

34. FINANCIAL COSTS

34.1 Financial expenses of current period

Financing expense	1 January - December 31 2017	1 January - December 31 2016
Shareholders Fee Interest Expenses	9.264	20.114
TOTAL	9.264	20.114

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:

Interest Cost	1 January - December 31 2017	1 January - December 31 2017
Nihat Kırmızı (Shareholder)	6.774	14.708
Doğamed Sağlık Hizm. San.ve Tic. A.Ş. (Shareholder)	2.490	5.406
TOTAL	9.264	20.114

35. INCOME TAX

Revenue tax expenses in the financial statements are presented below:

Reserve for Corporate Tax Expense	December 31 2017	December 31 2016
Corporate Tax Reserve	(16.809.622)	(4.727.805)
Deferred tax revenues / (expenses)		-
Tax Revenue / (Expense) Originating from Deductible / Taxable Temporary Differences	3.992.076	(4.720.908)
Total Tax Income/ (Expense)	(12.817.546)	(9.448.713)

As of 31 December 2017, the Company's withholding tax expense originating from its TL denominated time deposit is TL 2.727.783. (December 31 2016: 1.995.122 TL)

36. NET FOREIGN EXCHANGE GAINS

	1 January - December 31 2017	1 January - December 31 2017
Foreign exchange profits	7.785.588	699.604
Foreign exchange loss (-)	(3.003.945)	(40.020)
Net foreign exchange change	4.781.643	659.584

37. EARNINGS 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 - December 31 2017	1 January - December 31 2017
Net loss for the period	50.136.326	37.675.326
Number of shares	5.250.700	875.241
Profit/Loss per Share	9,55	43,05

38. DIVIDENDS PER SHARE

38.1. Amount of dividend accrued during the period to be distributed and dividend amount per share:

Not applicable (December 31 2016: Not applicable)

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:

Not applicable (December 31 2016: Not applicable)

39. CASH GENERATED FROM THE OPERATIONS

Please see Cash Flow Table

40. EQUITY SHARE CONVERTIBLE BONDS

Not applicable (December 31 2016: Not applicable)

41. CASH CONVERTIBLE PRIVILEGED EQUITY SHARES

Not applicable (December 31 2016: Not applicable)

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 89.407.958 and TL 62.887.707 of this amount is the reinsurance share. (December 31 2016: TL 17.382.844.)

The Company's Salvage and Subrogation Income Obtained in Relation to Outstanding Claims, IBNR and Pending Lawsuits are presented below.

Contingent liabilities	December 31 2017	December 31 2016
Outstanding Claims	67.266.341	24.278.268
IBNR	165.754.251	75.551.016
Outstanding Adequacy Difference	-	289.559
TOTAL	233.020.592	100.118.842

43. COMMITMENTS

43.1. Total amount of mortgages or restrictions on active assets:

Guarantees Given	December 31 2017	December 31 2016
Letter of Guarantee	833.000	2.202,234
TOTAL	833.000	2.202,234

43.2. Total amount of commitments not included in liabilities:

Commitments not included in liabilities	December 31 2017	December 31 2016
Insurance Coverage Undertaken by the Company	7.682.243.512.975	3.556.444.372.191
TOTAL	7.682.243.512.975	3.556.444.372.191

43.3. The amount of contractual commitments for the acquisition of property:

Not applicable (December 31 2016: Not applicable)

43.4. Contractual commitments to acquire intangible assets:

Not applicable (December 31 2016: Not applicable)

43.5. Contractual commitments from Operating leases.

Not applicable (December 31 2016: Not applicable)

44. BUSINESS COMBINATIONS:

Not applicable (December 31 2016: Not applicable)

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 2017 and 31 December 2016, the related parties' balances are as follows.

	December 31 2017	December 31 2016
Other short term liabilities due to related parties	144.919	65.748
Payables to employees	144.919	65.748
Other Long term liabilities due to related parties	336.843	1.359,821
Payables to shareholders	336.843	1.359,821

(*)Of the TL 336,843 portion of the payable to the shareholders account, TL 145,243 consists of the interest applied to the principal.

(31.12.2016*)Of the payables due to the Shareholders, TL 1,032,242 consists of the payables due to the shareholders whose shareholding is dissolved. Of the TL 327,579 portion of the payable to the shareholders account, TL 135,979 consists of the interest applied to the principal.

Details of the payables due to shareholder are presented below.

	1 January - December 31 2017	1 January - December 31 2016
Payables to Insured Shareholders	-	1.032.242
Nihat Kırmızı (*)	270.202	263.428
Doğamed Sağlık Hizm. San.ve Tic. A.Ş. (*)	66.641	64.151
TOTAL	336.843	1.359.821

(*)The Interest Rate of the Republic of Turkey Central Bank pursuant to the protocol signed is applied to the payables.

45.1 The amount of doubtful receivables and payables from shareholders, subsidiaries and joint ventures:

Not applicable (December 31 2016: Not applicable)

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:

Not applicable (December 31 2016: Not applicable)

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:

Not applicable (December 31 2016: Not applicable)

45.4 Real rights on immovable and their values:

Not applicable (December 31 2016: Not applicable)

45.5 Amount of obligations such as guarantees, commitments, collaterals, sureties, advances, endorsements, etc. given in favor of partners, participations and affiliated companies:

Not applicable (December 31 2016: Not applicable)

46. MATTERS PERTAINING TO THE EVENTS AFTER THE BALANCE SHEET DATE

Not applicable.

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:

	December 31 2017	December 31 2016
Balance sheet / Other Payables	165.982	159.734
Deposits and Guarantees Given	165.982	159.734
Balance sheet / Other Miscellaneous Payables	8.229.233	8.229.233
Payables to Suppliers	18.537.506	8.229.233
Balance Sheet / Other short term liabilities	39.127.791	-
Other Miscellaneous Short Term Liabilities	39.127.791	-

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:

Not applicable (December 31 2016: Not applicable)

47.3 Subrogation recorded in the off-balance sheet accounts:

Not applicable (December 31 2016: Not applicable)

47.4 Explanatory note for the amounts and nature of previous years' income and losses:

As of the years ended on 31 December 2017 and 31 December 2016, details of discount and reserve expenses are as follows:

	December 31 2017	December 31 2016
Provisions for doubtful receivables (expenditure) / revenue	315.446	(2.531.733)
Provisions for termination indemnities	(279.186)	(73.576)
Reserve for Lawsuits filed by the Personnel	664	(271.368)
Reserve for unused vacation	(174.360)	(35.351)
Reserves Account	(137.436)	(2.912.028)

	December 31 2017	December 31 2016
Rediscount interest (expenses)/incomes	(3.172.569)	(1.407.154)
Rediscount account	(3.172.569)	(1.407.154)

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