doğa sigorta
güven doğasında var

2018 ANNUAL REPORT

İSTANBUL TEKNİK ÜNİVERSİTESİ 1773

Doğa sigorta

AMATEUR BRANCHES SPONSOR

Doğa sigorta

GALATASARAY DOĞA SİGORTA MEN'S BASKETBALL TEAM TITLE SPONSOR

We Protect Your Endeavours

CONTENTS

INTRODUCTION

1.1 Company Information

Our company headquarter is located in Istanbul. As of 31 December 2018, the number of our employees has reached 256. As of 2018's end, we have 66 brokers, 1.655 agents total 1.723 intermediaries, including two banks (Alternatifbank A.Ş. with its 49 branches and Türkiye Finans Katılım Bankası A.Ş. serving with its 308 branches). In 2018, our company continued its operations within the scope of rendering of services throughout Turkey via 8 regional offices and one regional representative.

	31 Aralık 2018	31 Aralık 2017
Authorized Agency	1.655	1.354
Broker	66	58
Bank (Totally 357 Branch)	2	1
Total	**1.723**	**1.413**

1.2 The Number of our Employees and Regional Representatives

As of 31 December 2018, the total number of our employees is 256 – 173 working at the headquarter, 51 at the Regions, and 32 at the Customer Relations Center.

Headquarters
Spine Tower No:243 Büyükdere Cad., 34298 Maslak/İSTANBUL
Tel: (0212) 212 36 42 Faks: (0212) 212 36 44

Anatolia/Europe/Key Accounts ve Corporate (Marmara)Regional Office
Spine Tower No:243 Büyükdere Cad., 34298 Maslak/İSTANBUL
Tel: (0212) 212 36 42 Faks: (0212) 212 36 44

East and Southeast Anatolia (Adana) Regional Office
Reşatbey Mah. 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) Regional Office
Ceyhun Atuf Kansu Caddesi Bayraktar İş Merkezi No:114 E Blok D:1 Çankaya/ANKARA
Tel: (0312) 287 31 41 Faks: (0312) 287 31 43

Ege (İzmir) Regional Office
Manas Bulvarı Adalet Mah. Folkart Towers A Kule K:23 Kapı No:02 Bayraklı/İZMİR
Tel: (0232) 484 08 85 Faks: (0232) 484 08 86

Akdeniz (Antalya) Regional Office
Zerdalilik Mah. Burhanettin Onat Cad. Seyitoğlu Vakfı Apt. No:98 D:1-2 Muratpaşa/ANTALYA
Tel: (0242) 311 36 32 Faks: (0242) 311 36 33

Karadeniz (Samsun) Regional Office
Kale Mah. İstiklal Cad. Kaptanağa Sk. Ali Çepni İş Merkezi No: 17/4 İlkadım/SAMSUN
Tel: (0362) 435 01 20 / 435 01 21

Bursa Regional Representatives
23 Nisan Cad. No:22 Ofis Gökçadır K:8 D:36 Nilüfer/BURSA
Tel: (0224) 502 06 36 Faks: (0224) 502 05 45

1.3 Historical Development

Doğa Sigorta has been established pursuant to Insurance Law No. 5684 dated June 3, 2007 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 takaful Insurance, a branch which could not be widely and commonly implemented in Turkey. After completing the necessary infrastructure works, it started to operate in the field of takaful insurance starting from June 2015.

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

Having accelerated its growth with the developments of 2016, our company sustained its growth into an acknowledged and reliable company in 2017. It refreshed itself as a result of the innovations brought out by this growth and modified its structure. In the last quarter of 2017, the company changed its status to joint-stock company in September.

Doğa Sigorta maintained its balanced growth, planned to maintain its market share and increased its premium production to this end, in 2018. The company produced 1.668.708.401 TL of premium as of the end of 2018. This marked a 11-percent growth compared to the previous year and allowed the company to secure its position among the top 10 insurance companies with a market share of 3,5 percent.

1.4. Vision, Mission, Values

1.4.1. Our Vision

Achieve being an easily accessible and communicable company in due course of generating easy, rapid and simple solutions.	Achieve reaching more insurance policy holders by means of more creative sales techniques and products in the transforming and evolving world	Make Doğa Sigorta preferred and wellknown trademark	Maintain profitable, continuous and longterm growth

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 General Assembly convened on May 22, 2018, resolved that the company's capital be 70.000.000 TL, and the final version of the articles of incorporation and the shareholding structure are available on www.dogasigorta.com.

1.6 Chairman's Message

Dear Policyholders and Esteemed Colleagues,

In the wake of 2018, we witnessed a lot of economic and political developments in Turkey and worldwide.

These were mainly the trade war with global implications between the United States and China, and FED policies to reduce the amount of currency in free circulation in an effort to narrow down the balance. Also, the intensity of interventions in Syria rose and then fell, the relations between the United States and North Korea came to a standstill, and the Brexit Plan shaped the future of two powerful economic structures - the European Union and Britain in 2018. The said developments hindered the economic growth worldwide, except for a certain case, in 2018.

In our country, 2018 has a challenging day especially in the second half of the year. Market fluctuations and depreciation of Turkish lira following the General Elections of June 24 were the principal challenges faced by the company in achieving its 2018 objectives and setting new ones for 2019. Despite those problems, Turkish economy re-stabilized at the end of the year and kept hopes for 2019 strong.

The insurance sector weathered many storms in 2018 and great number of claims have been paid. Although there was not any one big destructive disaster, some disasters which are above average are recorded. The California Camp Fire was the greatest and most destructive occurrence of 2018, causing $12 billion of damage. Total damage for the flood in Japan is estimated at $ 10 billion. Drought in Northern Europe, and floods in Italy and Austria stood out as major natural disasters in Europe with some $14 billion damage.

The year 2018 was a year when there was an increase in the claims of fire branches, as well as large and small claims. Despite the millions of TL paid in claims as a result of the natural disasters that struck the world in general and Turkey, we can observe that the insurance market grew stronger. The figures clearly indicate a growth trend in Turkey.

Growth rate of Non-Life Insurance Market during the January-December 2018 period was 20%, and the premium generation realized to the amount of TL 48 billion. This premium production volume and growth rates show that the power of the insurance sector soars with each passing year. Bearing the responsibility of securing a place for itself in such a major industry as a company with fully Turkish capital, Doğa Sigorta achieved its objective of balanced growth through its efforts in human resources and company infrastructure.

Doğa Sigorta reached its growth targets and proved that it was an important player in the sector in 2018. The company produced 1,7 billion TL in premiums in January to December 2018, achieving 12-percent efficient growth compared to 2017. Doğa Sigorta has attained a sustainable success in terms of its financial status and its place in the industry, in line with its mission, vision and its innovative energy in the industry. The company always follows the principle of offering sustainable benefits with its business partners and policyholders, and it was one of the leaders of the industry in terms of its benefits to its business partners and policy-holders in 2018.

Continued 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 14% and increased its number of personnel to 256 (2017 number is 225) with respect to the previous year with its due diligence professional human resources team policy. As our operations grow, we attach a greater importance to qualified labor, put more effort in training our staff. For this purpose, we have introduced a measurable performance assessment system.

INTRODUCTION

Having established a detailed monitoring and inspection system of production and damage processes, our company has kept its structure up-to-date with its investments in Information Technologies.

We have made a lot of innovations both in our company and in our industry since we started our journey in 2014. Licensed for all fields other than life insurance, our company has diversified its products into a robust and sustainable portfolio. Taking accurate steps with an innovative and customer-oriented approach in all pre-sales and after-sales processes, Doğa Sigorta has left another year behind thanks to the ambitious efforts of its executives and employees.

In addition to its achievements in the industry, Doğa Sigorta offered support to several social responsibility projects, encouraged young people to do sports, and contributed to their education and cultural development. The company also took steps to increase its brand value through sponsorship agreements.

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

INTRODUCTION

1.7 General Manager's Message

2018 was the year when two significant decisions - pooling and price cap in the traffic division - which had been made in 2017, secured a place in the market and relaxed the production process. The company maintained its growth trend thanks to its strong infrastructure and qualified staff, and closed 2018 with more than 1,6 billion of premiums produced and a market share of 3.5 percent.

It should not go without saying that the bonds we established through our sales channels that we always closely cooperate with played a major role in this success. Every year, we are able to support our insurees with our developing agency network. As of 2018's end, we have 66 brokers and as of 1.655 dealer channel 1.723 intermediaries, including two banks. Our extended sales network increased our production, and we managed to be one of the top 10 producers of premiums in the industry in 2018, as we had done in the previous year.

We are getting stronger day by day thanks to our young and active existence as a corporate. This power enables us to sign successful reinsurance contracts that will help us back our individual and corporate customers more in upcoming years. As each new contract helped us build up our prestige, we have become a successful company that signs major deals. 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.

As a company that keeps growing and gaining power, we take advantage of the latest technological advances. In addition to automating processes with AYNA and ISYS which we commissioned in recent years, we are taking successful steps for our digital transformation.

Also investing in digitalization, one of the most significant dynamics of our time, our company put into service the investments in its mobile application in 2018. The application enables users to use their mobile phones to quickly access their effective and expired policies, view the details of a policy or coverage and claim payment information, and purchase Turkish Natural Catastrophe Insurance Pool (TCIP), Motor TLP, Motor Own Damage and travel health insurance policies.

We continue to employ a fast and solution-oriented approach to claim processes at all times and make improvements accordingly. We have switched to a paperless system for recourses in favor and against the insured and to claim analysis fully by digital examination.

We have included the write-off system in the automation process in the claims system to remove interventions of individuals and automatically send settlement documents to victims/policyholders. A fraud detection system that contains tens of different scenarios, thus automatically detecting the claim files that bears any suspicion of abuse has been put into service. We expect that this system will drastically improve our claim fraud detection rates and help us save a significant amount of funds.

It is the top priority of our company to ensure that the data of our increasing number of policyholders are stored securely. For this purpose, we continue to make investments to fulfill our technological and security requirements. The structure that will allow us to provide secure and uninterrupted service has been improved further, and software and hardware systems to step in the event of a cyber threat have also been deployed.

Doğa Sigorta has a human resource which we prize, and which is very experienced in the scope of market experience. As of 2018's end, the total number of our employees is 256 – 173 working at the Headquarters, 51 at the Regional Offices, and 32 at the Customer Relations Center.

In 2018, Doğa Sigorta achieved its targets, self-confidence based on this success, it aimed at continuing its balanced and sustainable growth in 2019 by prioritizing profitability.

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 2019 with the support of our business partners and our customers.

Coşkun Gölpınar

General Manager

1.8 Shareholding Structure

Founding Partner	Amount of Share (TL)
Nihat Kırmızı	23.330.611
Nabi Kırmızı	23.330.611
Mustafa Arif Küme	1.167
Berk Danışmanlık ve Tekstil San. Tic. A.Ş	1.167
Doğamed Sağlık Hizmetleri Sanayi ve Ticaret A.Ş	1.167
Doğa Akademi Ortak Sağlık Güvenlik Birimi ve Danışmanlık A.Ş.	17.497.958
Agroberk Gıda Ürünleri A.Ş.	4.666
Mesleğim Eğitim Kurumları A.Ş	5.832.653
Total	70.000.000

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
MÜSLÜM KIRMIZI	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

Operating since 2014, at the end of 2018, Doğa Sigorta serves its policyholders with eight Regional Directorate Offices and one Regional Representation Office in Turkey. It carries out Elementary Insurance activities with 256 employees at the General Directorate and Regional Directorate offices, and 1.723 intermediaries including, 1.655 agencies, 66 brokers, 357 branch offices and two bank sales channels. Since the day it was founded, the company has worked to continuously improve its production, and its share and ranking in the industry.

Sector Data			
	Sector	Doğa Sigorta	Market Share
2014	22.709.549.092	26.476.772	0,10%
2015	27.264.486.899	291.331.842	1,10%
2016	35.447.988.684	799.901.975	2,30%
2017	39.707.569.944	1.498.476.692	3,80%
2018	47.732.813.112	1.668.708.401	3,50%
Growth(2017-2018)	20%	11%	

INTRODUCTION

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 compared with 2014, 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 increased its premium production to TL 799,9 million in 2016, which was 2,3% of the total market that realized at TL 35,5 billion. The company ascended 4 rows and ranked 15th. Doğa Sigorta, which continues to be one of the most important companies of the industry with increasing premium production, is proud to have ended 2017 by reaching its growth targets. It ranked in the top 10 producers of premium with 1.498.476.692 TL in 2017. Doğa Sigorta stood out as a distinguished company in 2018. It became a powerful player of the industry with 1.668.708.401 TL of premium produced throughout the year and a market share of 3,5 percent and maintained its position in the top 10 in the amount of premiums produced, as it had done in the previous year. Doğa Sigorta achieved very successful works both in terms of realization of premium production and the variety of the production. With our dynamic structure, wide distribution channel, and professionally competent personnel, we are determined to consolidate and develop our position in the industry.

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

Promotion – Branding

Doğa Sigorta took many steps to brandize and increase recognition since its establishment and embarked on corporate communication and leader brand management in 2018, reinforcing its position in the sector. In 2018, 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 third 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 2018 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.

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. Our digital communication efforts and social media management helped us acquire a top position among the most social 500 companies in Turkey. In 2019, 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

The number of intermediaries rose from 1.413 in 2017 to 1.723 in 2018. In an effort to manage our relations with our agencies better, monitor their activities closely and provide services faster in the face of an increasing number of agencies, the Agencies Division was divided into two functions:

- Agencies Operations Directorate
- All agencies were restructured as Sales Support Directorates.

The Bank Sales Channel Directorate was established in order to be more effective and grow rapidly in bankassurance. Our regional offices in Black Sea / Samsun and Bursa have been completed. The Agency Representation model has been improved and the number of employees has reached 30.

Information Technologies

Recent events in Turkey and around the world proved the importance of the security investments for companies once more. As Doga Sigorta A.Ş., we are working on a regular plan to re-inspect our security investments and renew all our infrastructures. It continued its investments in 2018 for effective protection against interior and exterior threats using the state-of-the-art technologies in information systems security.

We will continue to invest in these fields in 2019 to meet the new requirements brought by growth and keeping up with the digital age.

Our data center was successfully migrated to the state-of-the-art NGN Data Center because of the increased use of technology and security measures. NGN Data Center is intended to preserve data integrity by its uninterrupted service in emergency such as a disaster or power outage.

The information technologies unit commissioned a dashboard screen where they monitor renewals, objectives, report cards and special offers of agencies through the agency portal system and made the Doğa Sigorta mobile app available for customers in 2018. The application enables users to quickly access their present and expired policies, view the details of a policy or coverage and payment information, and purchase Turkish Natural Catastrophe Insurance Pool (TCIP), Motor TPL, Motor Own Damage and travel health insurance policies.

Our company web site has been moved to a healthier web platform in terms of both security and user interface. 'Online Transactions' has been added to the homepage and integration with the portal infrastructure in the background has been achieved. A "Blog" was launched and published on the company website to increase visitors, enhance customer loyalty and ensure compliance with SEO criteria.

As part of security projects, attack detection and prevention systems of the firewall were improved, SIEM software was commissioned at the data center (SIEM: Security Incidents Management System) and a new PCI DSS network scanning system was adopted to successfully pass the cyber threats penetration test.

The information technologies unit will continue to keep our company ahead of information technologies and to improve itself by an efficient use of information technology investments and human resources.

Claims

After switching to a fully paperless system for damage analysis in 2017 the Directorate of Damages made its recourse processes in favor and against the policyholders paperless and its claims analyses fully digital in 2018.

We have adopted a robotic procedure without any human intervention for the vehicle write-off process. The procedure involves automatic submission of settlement documents to victims/policyholders.

A system with 72 different rules and 22 scenarios was established for detecting fraud damages so that files with suspected fraud can be automatically detected and the system can catch such fraud damages. We expect that we will be able to increase the rate of detecting fraud damages by 15 percent.

We transferred the document registration process with time tracking to an infrastructure where all documents are kept in digital format. Thus, about 80.000 documents per year are now kept in digital format.

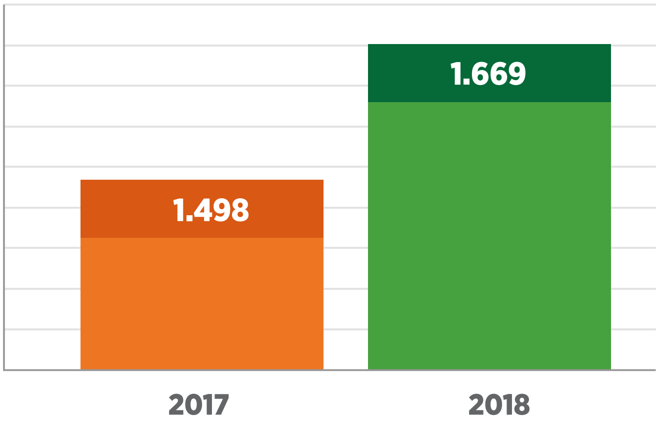
We doubled our rate of winning lawsuits in the last six months with our specialized staff by separating the depreciation arbitration processes from legal processes in this most problematic field of the industry.

We grew our claims team by 20 percent to increase our customer satisfaction further by putting our customer-oriented approach in claims processes to into practice. As of December 2018, we reduced the number of complaints by 19 percent compared to the same period of the previous month, thereby reducing the rate of complaints in all reports to 1 percent.

We closed 2018 with 296.000 reports received with 84-percent increase, 1.014 million payment made with 96-percent increase. (All Divisions)

1.11 Doğa Sigorta Financial Results

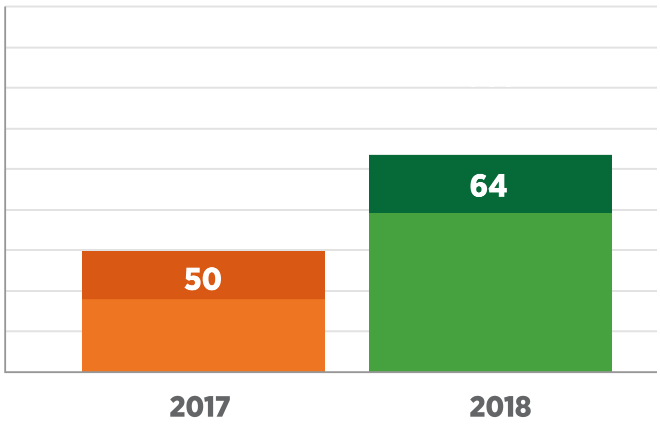
TotalGross Written Premium
(Million TL)



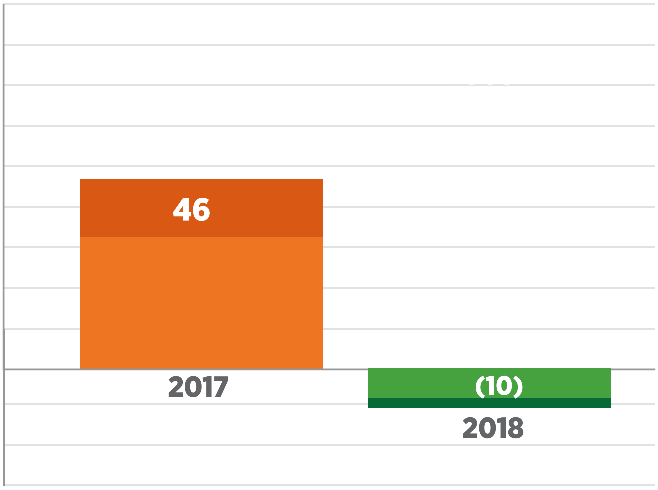
In 2018, Doğa Sigorta's Production Increased By 11%, To Approx. Tl 1,7 Million.

Net Profit / Loss
(Million TL)

Doğa Sigorta's net profit increased by 28% in 2018 and reached TL 64 Million.



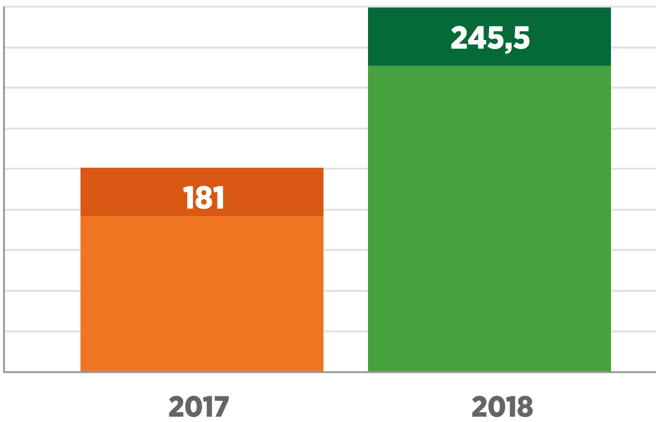
Technical Department Balance
(Million TL)



Due to negative impact of the exchange losses in 2018, the Company's technical department balance realized as TL 9,7 million.

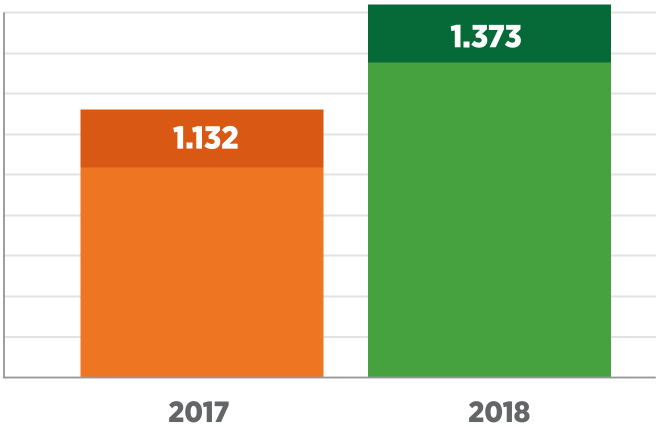
Capital Equity
(Million TL)

Doğa Sigorta's Shareholders' Equity increased by %36 in 2018 and reached TL 245,5 Million.



INTRODUCTION

Asset Size
(Million TL)



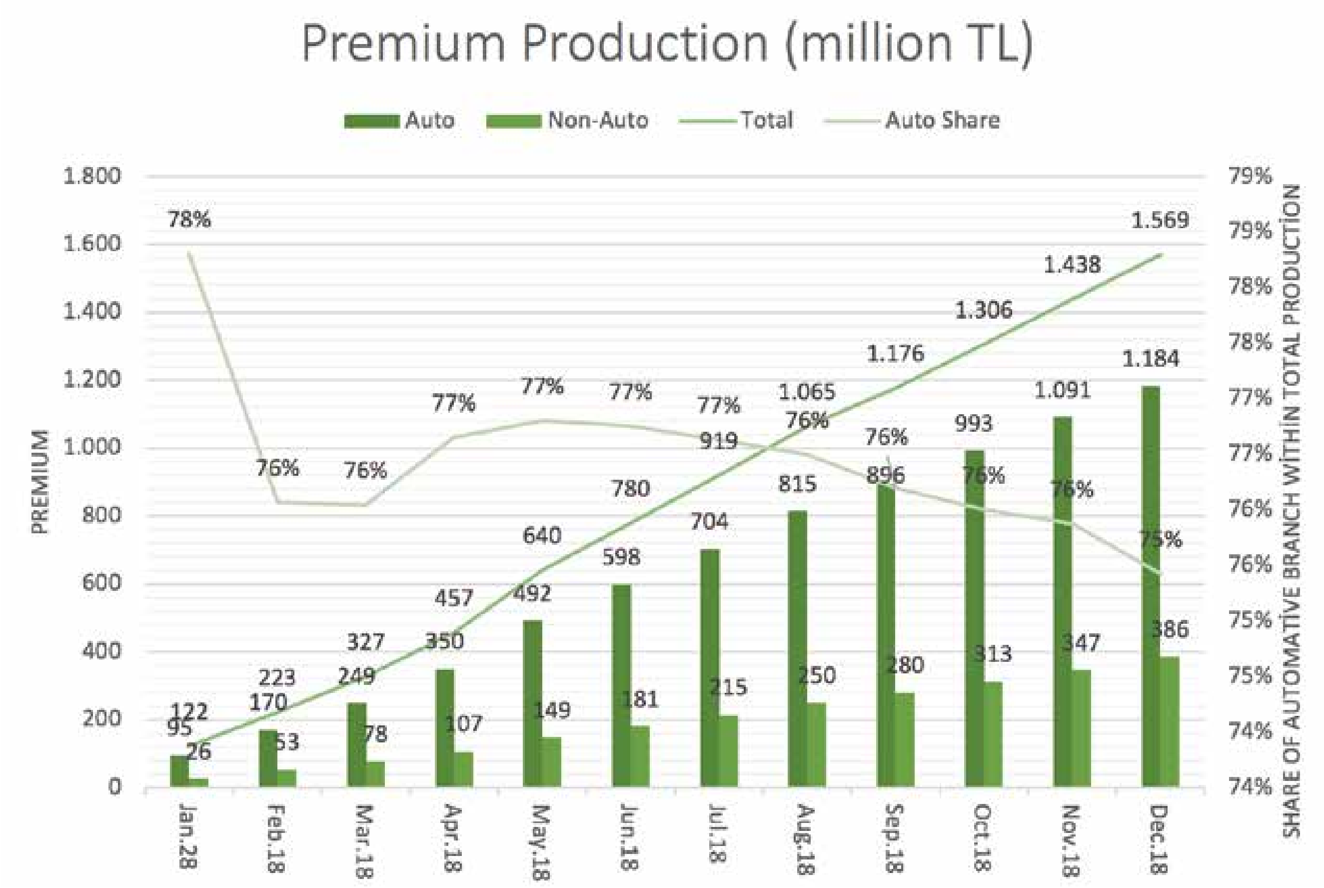
Total Assets increased by 21% in 2018 and reached TL 1.373 million.

GROSS WRITTEN PREMIUMS

	2017	2018	GROWTH RATE %
Others	11.086.777	22.856.368	106%
Personal Accident	87.493.736	56.978.947	(34)%
Legal Protection	18.300.511	6.698.247	(63)%
Motor Insurance	146.263.893	170.527.269	17%
Transportation	12.686.505	22.770.965	79%
Health	25.893.510	52.716.789	102%
Motor TPL	1.077.973.779	1.119.644.833	11%
Fire	118.778.006	136.514.984	15%
TOTAL	1.498.476.717	1.668.708.401	11%

Production intensified in the motor TPL division while the divisions of health and transport stood out with 102 and 79 percent growth, respectively. Our Company increased its total premium production by 11% and recorded TL 1,7 billion in premiums by the end of 2018.

The share of Auto Branch in the company's total production as 75% at the end of 2018.



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

NET REALIZED CLAIMS

	2017	2018	CHANGE %
Others	1.801.689	3.490.106	94%
Personal Accident	2.109.311	(528.738)	(125)%
Legal Protection	(8.230)	(96.581)	1074%
Motor Insurance	46.995.232	92.018.922	96%
Transportation	105.469	199.630	89%
Health	1.109.529	7.348.437	562%
Motor TPL	249.729.115	504.303.963	102%
Fire	6.069.708	5.128.183	(16)%
TOTAL	307.911.823	611.863.922	99%

The increase in total net actual claim is largely attributable to the increase in the amount of damages in the traffic division. The regulations made in 2017 (price cap and pooling regulations) caused an increase in the number of policies in 2017, hence a rapid increase in the number of incidents with material claim in 2018. Since the increased cost of claims caused by the foreign exchange rate and other macroeconomic factors is combined with the increased number of damage occurrences, the claims in 2018 are added to the growth rate in the table.

Motor Insurance branch claims also increased due to the increase in claim costs.

INTRODUCTION

NET INCURRED CLAIMS / PREMIUMS EARNED

	2017	2018	CHANGE %
Others	41%	65%	23
Personal Accident	5%	(2)%	(7)
Legal Protection	0%	(4)%	(3)
Motor Insurance	100%	114%	13
Transportation	29%	54%	25
Health	11%	26%	15
Traffic	80%	102%	23
Fire	8%	6%	(2)
TOTAL	62%	85%	23

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

Due to the legal regulations in 2017 and the macroeconomic evolvements in 2018, there has been a specific increase in the claim / premium ratios in 2018. In 2019, we expect claim processes to return to normal.

Within the framework of the Treasury Under secretariat 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 Under secretariat 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 2018 financial statements.

TECHNICAL DEPARTMENT BALANCE

	2017	2018	CHANGE %
Others	2.000.413	1.458.947	(27)%
Personal Accident	50.824.955	43.787.860	(14)%
Legal Protection	9.466.933	3.870.998	(59)%
Motor Insurance	(11.236.789)	(52.567.055)	368%
Transportation	560.668	85.706	(85)%
Health	1.752.332	18.419.724	951%
Traffic	(64.373.390)	(98.109.854)	52%
Fire	57.349.252	73.384.071	28%
TOTAL	46.344.164	(9.669.602)	(121)%

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

FINANCIAL PROFIT

	2017	2018	CHANGE %
Investment Incomes	75.631.629	204.216.351	170%
Investment Expenses	(56.341.531)	(96.902.889)	72%
Other / Extraordinary R / P. and E / L	1.311.685	(12.216.987)	(1031)%
Financial Profit	20.601.783	95.096.475	362%

Doğa Sigorta has benefited from the advantages of financial income in the most appropriate way and achieved a financial profit of 3.5 times the previous year.

2. MANAGEMENT AND CORPORATE GOVERNANCE DEPARTMENT

2.1 Board of Directors

Nihat KIRMIZI

Chairman of the Board

Nihat Kırmızı was born in 1978 in Şanlıurfa and he majored in Communications and Finance. He 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 and Chief Executive Officer, continues to work for the purpose of prevalence use of Islamic insurance in the field of insurance and to bring in qualified personnel to the Islamic finance sector.

Nabi KIRMIZI

Deputy Chairman of the Board

He was born in 27 December 1964 in Şanlıurfa and graduated from Economy Faculty. Kırmızı who has completed his master at Istanbul University Social Sciences Institute, as a member of the Red Türmob 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 which he is among the founding partners.

Mustafa Arif KÜME

Deputy Chairman of the Board

He was born in 27 December 1964 in Şanlıurfa and graduated from Economy Faculty. Kırmızı who has completed his master at Istanbul University Social Sciences Institute, as a member of the Red Türmob 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 which he is among the founding partners.

MANAGEMENT AND CORPORATE GOVERNANCE DEPARTMENT

Müslüm Berk KIRMIZI

Member of the Board of Directors

Müslüm Berk KIRMIZI was born in 1991 in Istanbul. He studied architecture at Leibniz Universität Hannover. He worked on various architectural projects in the United States of America and Germany after his graduation. In addition to his education and background in architecture, he also involved in insurance sector with his duties in Doğa Sigorta. He is also on the boards of companies operating in different fields such as health, construction and education. Mr. KIRMIZI good command in both English and German and he has been assigned to board membership duty on 2018 General Assembly

Coşkun GÖLPINAR

General Manager - Member

GÖLPINAR who started his career within the incorporation of Koç Holding as an architect in 1984 continued on in Akbank A.Ş. again as an architect from 1986 until 1987. GÖLPINAR who continued on with his career in insurance sector worked in Halk Sigorta A.Ş. as manager of Risk Engineering during 1989 and 1992, served as Technical Group Manager in Yapı Kredi Sigorta during 1992 and 1996, became Deputy General Manager responsible for Fire, Engineering and 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

Deputy General Manager - Claim and Legal Affairs

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

Adnan SIĞIN

Deputy General Manager - Sales and Regions

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

Mehmet TÜMER

Deputy General Manager - Technical

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

MANAGEMENT AND CORPORATE GOVERNANCE DEPARTMENT

Bülent Ali ONDUR

Group Manager - Budget & Planning, Actuary and Reinsurance

Bülent Ali ONDUR started his professional career as First Acting Assistant in First State Management Group, Boston, USA in 2000 and worked as Pricing and Reservation Analyst in the Actuarial Department of the same company between 2001 and 2004. 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 Budget Planning, Actuary and Reinsurance. 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 two children.

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.

Vedat ÖZER

Sales Group Director – Anadolu 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.

Ümit GÜLTEKİN

Deputy Group Manager - Claim Inspection and Logistics

Ümit GÜLTEKİN started his career at the Department of Claims at Allianz Sigorta in 2002, and where he served as an appraiser of Auto and Engineering claims from 2002 to 2003; Supervisor of Special Projects and Underwriting from 2003 to 2004; Auto and Other Claims Supervisor from 2004 to 2005; Project Development Supervisor from 2005 to 2009; and as Assistant Project Manager of Automotive claims from 2006 to 2009. Continued his career at Mapfre Sigorta in the position of Assistant Manager of Claims from 2009 to 2010, GÜLTEKİN then worked as Operations Director of IT and Claims at the company Carglass from 2010 to 2015. Ümit Gültekin switched to Axa Sigorta in 2015, and where he worked as Claim Logistics Manager from 2015 to 2017. Joined our company in July 2017, GÜLTEKİN has been still serving as Deputy Group Manager of Recourse, Claim (MOC-Motor Own Claim) Inspection and Logistics. Graduated from Electrics and Electronics Engineering Department of Sakarya University, GÜLTEKİN also speaks English. He is married with 1 children.

2.3 Human Resources Practices

The year 2018 was a year in which the organizational structure of our company grew further. We engaged in a profound act of organizational improvement in the Department of claim at the first weeks of the new year so that we can serve our policyholders faster and with better quality in the face of the increase in claims for damages, an expected outcome of the increased production of premiums.

Accordingly, it was resolved that the Claim operations, which were organized under a common Directorate, be reorganized and managed in three divisions, namely Traffic Damages, Vehicle Insurance Damages and Non-vehicle Damages, from the beginning of January 2018. As a matter of fact, this brought along the need to enhance human resources in terms of both quantity, and quality with a specific focus on specialization. Another development in the category of claims was the establishment of the Directorate of Claim Project Design and System Development. This unit designs systemic enhancements to improve the claim compensation process so that the it is reported in greater detail and monitored more closely.

A Deputy General Director of Claims and Legal Affairs was appointed as the third Deputy General Director in our company to direct this new structure in the claim side of the company more efficiently.

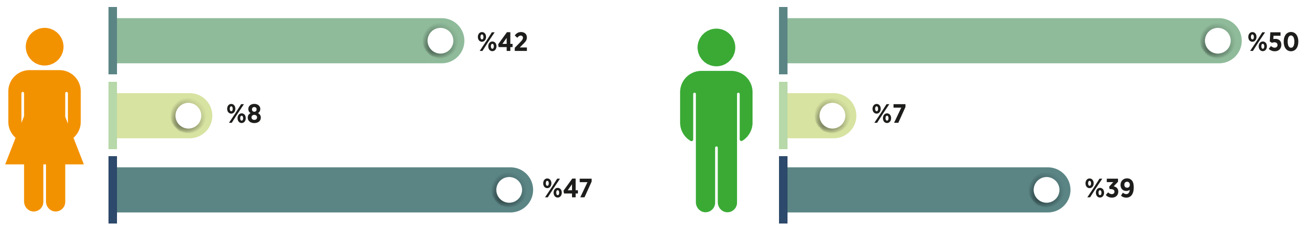
To contribute to the personal development of the claim team which grew considerably because of the reorganization, training sessions were held in groups to raise team consciousness.

Moreover, we have been organizing meetings since 2016. The meetings have now become traditional and they bring together our agency representatives and our General Director to give a direct communication opportunity. Training programs on various topics needed by our employees for their professional and personal development were held after those meetings to turn this communication event into an opportunity for training.

Individual participation in long-term and short-term training programs organized by TSEV also saw an increase.

Being a rather young Company yet aware of the effect of our human capital on our quality, it is our objective and hope that 2019 will be a year when HR applications intensify.

Of the 256 employees working in our company as of 31 December 2018, 50% is women and 50% is men, and you can see their educational backgrounds below.



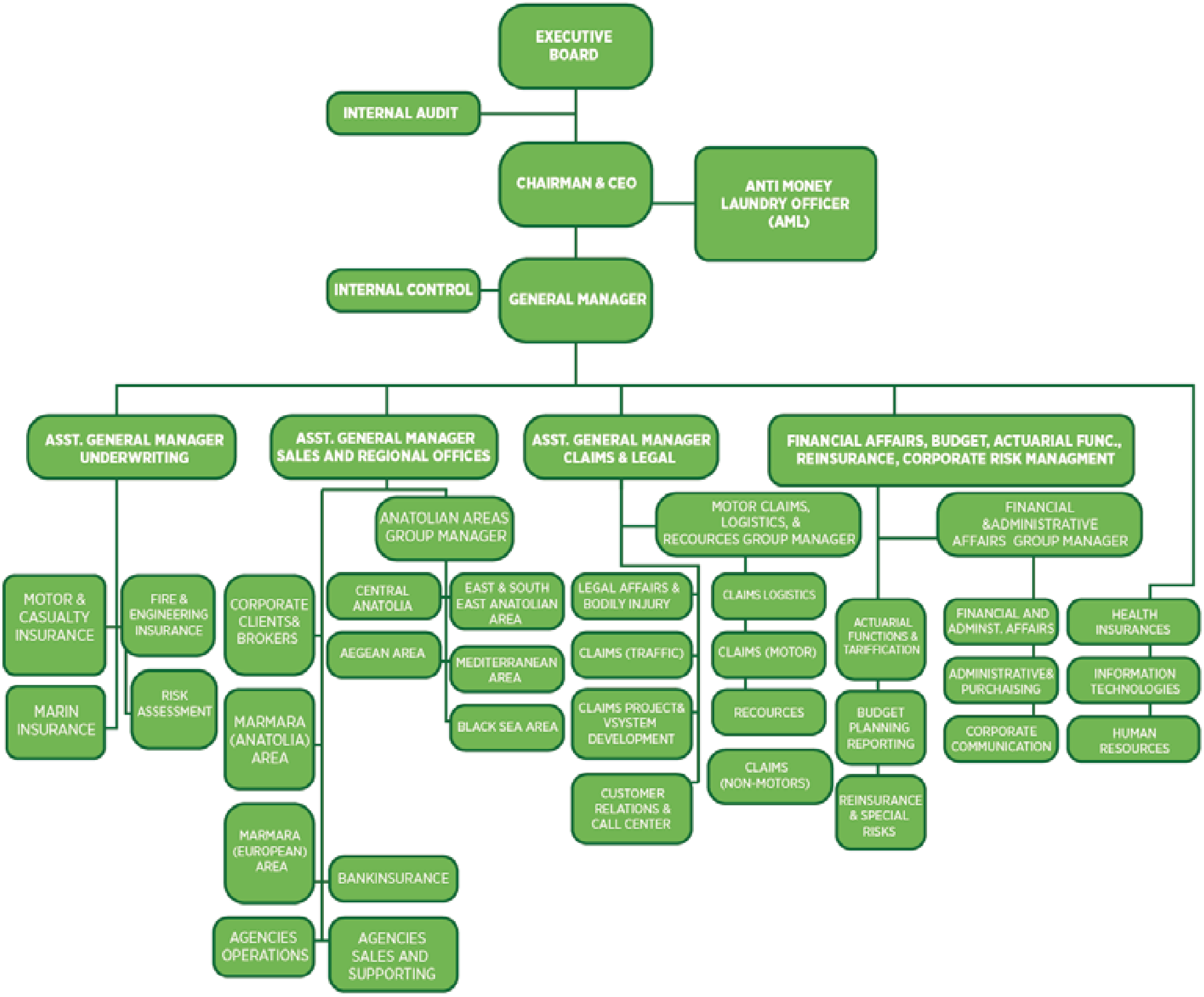
BACHELOR'S DEGREE   MASTER'S DEGREE   FOUNDATION DEGREE AND HIGH SCHOOL

GENDER

EDUCATION

Women   Man

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 2018 General Assembly will be held in 2019.

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

Our Company grew by 11% in 2018 and realized TL 1.669 million of premium production. We generated TL 64 million profit after tax as a result of this year's operations. At the end of 2018, our shareholders' equity reached TL 246 Million with our after-tax profit and Cash assets reached to TL 1,017 Million and Size Of Assets reached to 1,373 Million TL. With these results, our Company's equity profitability is recognized at 47% in 2018.

Coşkun Gölpınar
Board Member and General Manager

2.8. Business Continuity

In 2018, Doga Sigorta A.Ş. is accepted BS 25999 as the standard of business continuity. "Risk Analysis" and "Business Impact Analysis" to be updated on an annual basis are analyzed in compliance with the risk scenarios with various outcomes. Disaster recovery efforts are conducted with the Risk Management Unit in coordination with the Information Technologies unit. Business Continuity Committee will convene four times a year to assess periodic Business Continuity activities and maximize awareness of employees by tests and drills to be conducted with different scenarios each year.

2.9. Risk Management

Risk management policies and procedures of Doga Sigorta A.Ş. were designed to monitor, keep under control, and where necessary, modify, the company's future cash flows, their risk and return structure and the quality and level of activities related thereto.
The purpose of Risk Management, which is a part of all business processes in the Risk management standards of Doga Sigorta A.Ş., is to monitor financial, insurance and operational risk exposure collectively and to measure their impact on critical financial indicators (profitability, company value, capital, liquidity).

2.9.1 Risk Appetite Framework

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

2.9.2 Classification of Risks

2.9.2.1 Financial Risks

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

2.9.2.2 Insurance Risks

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

2.9.2.3 Operational Risks

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

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

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

<table>
<tr><th>Main Risk Group</th><th>Sub Risk Group</th><th>Subject of Risk</th></tr>
<tr><td rowspan="11">Financial Risks</td><td rowspan="9">Market Risks</td><td>Equity Risks</td></tr>
<tr><td>Real Estate Risk</td></tr>
<tr><td>Interest Rate Risk</td></tr>
<tr><td>Private Sector Bonds Risk</td></tr>
<tr><td>Asset Based Financial Investment Risk</td></tr>
<tr><td>Alternative Investment Risks</td></tr>
<tr><td>Currency Risk</td></tr>
<tr><td>Volatility Risk</td></tr>
<tr><td>Basis Risk</td></tr>
<tr><td>Credit risk</td><td>Counterparty Risks</td></tr>
<tr><td>Liquidity Risk</td><td>Liquidity Risk</td></tr>
<tr><td rowspan="7">Non-life Insurance Risks</td><td rowspan="2">Reserve Risk</td><td>Inadequate Reserve Risk</td></tr>
<tr><td>Rising Risk</td></tr>
<tr><td rowspan="3">Insurance Risk</td><td>Commercial Investment Risk</td></tr>
<tr><td>Pricing Risk</td></tr>
<tr><td>Customer Value Risk</td></tr>
<tr><td rowspan="2">Risk of Catastrophe</td><td>Risk of Catastrophe - Natural Disaster</td></tr>
<tr><td>Risk of Catastrophe - Human</td></tr>
<tr><td rowspan="17">Operational Risks</td><td>Internal Fraud</td><td>Internal Fraud and Unauthorized Operations</td></tr>
<tr><td>External Fraud</td><td>External Fraud and System Security</td></tr>
<tr><td rowspan="3">Workplace Safety and Employment Practices</td><td>Employee Relations, Discrimination</td></tr>
<tr><td>Safe Working Environment</td></tr>
<tr><td>Personnel Management (critical employee losses)</td></tr>
<tr><td rowspan="3">Customer, product and business practices</td><td>Compliance, notification and product responsibilities (wrong sales, aggressive sales, misdirected marketing material)</td></tr>
<tr><td>Unsuitable illegal business and market practices (antitrust, unlicensed sale, black money, legal incompatibilities)</td></tr>
<tr><td>Product Defects (Product deficiencies and model faults)</td></tr>
<tr><td>Possible Losses in Tangible Assets</td><td>Natural disaster and other man-made disasters</td></tr>
<tr><td rowspan="2">System Errors and Work Outages</td><td>Information Technologies</td></tr>
<tr><td>System Outages</td></tr>
<tr><td rowspan="6">Process, management and process faults</td><td>Transaction Errors (e.g. faulty claim payments)</td></tr>
<tr><td>Errors in Writing and Claim Processes</td></tr>
<tr><td>Public disclosure and reporting errors</td></tr>
<tr><td>Project Management Errors</td></tr>
<tr><td>Internal Service Providers' Errors and their poor performances (affiliated agencies, sales and provisioning teams)</td></tr>
<tr><td>Errors and poor performance of external service providers</td></tr>
</table>

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 since September 2016.

2018 Internal Audit Activities

Internal audits are conducted by the Internal Audit Unit that reports to the Board of Directors as per the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies". Internal Audit Department consisted of two people, one Internal Audit Manager and the Internal Audit Assistant Specialist in 2018.

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

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

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

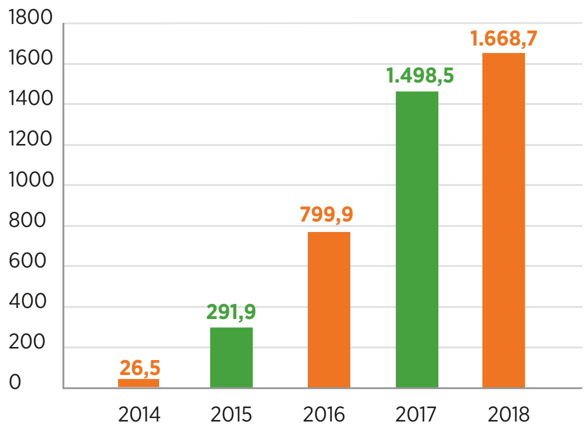
3.2 Disclosures Concerning Special Audit and Public Audit During the Reporting Period

The Audit of Financial Statements and Accounting Transactions (Technical and Financial Analysis Audit) of Doga Sigorta A.Ş. under the Second Term Operation Program pursuant to the Insurance Law no. 5684 and related regulations is in progress as per the Approval no. 2657 dated 10/26/2018 of the Under secretariat of Treasury.

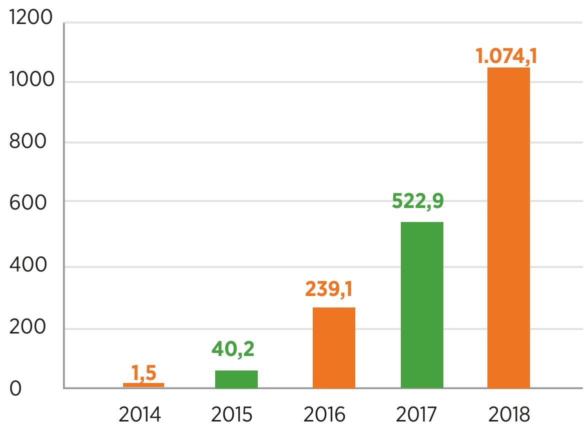
3.3Financial Information for Five Years Period Including the Report Period

5 Year Data (million TL)	2014	2015	2016	2017	2018
Premium	26,5	291,7	799,9	1.498,5	1.668,7
Claims Paid	1,5	40,2	239,1	522,9	1.047,1
Technical Profit/ Loss	2,7	3,3	51,9	46,3	(9,7)
Administration Expenses	3,1	14,2	38,0	74,0	79,4
Investment Incomes	0,0	2,1	14,9	75,6	204,2
Investment Expenses	0,1	0,4	1,0	5,0	9,7
Technical Profit/ Loss	(6,1)	(12,3)	37,7	50,1	64,1
Cash and Cash Equivalents	20,0	172,8	408,3	860,2	1.016,6
Size Of Assets	29,4	280,5	574,0	1.132,2	1.373,1
Long and Short Term Liabilities	11,1	93,4	98,2	191,3	121,2

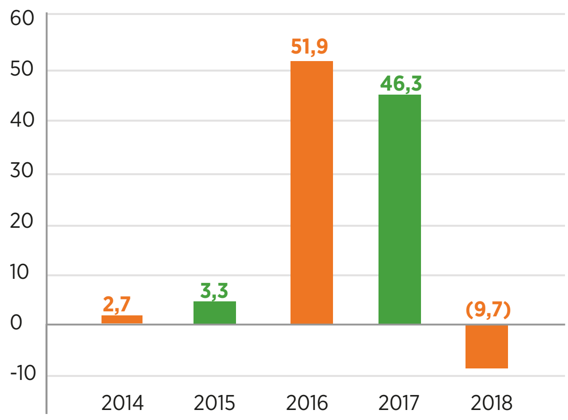
PREMIUM (Million TL)



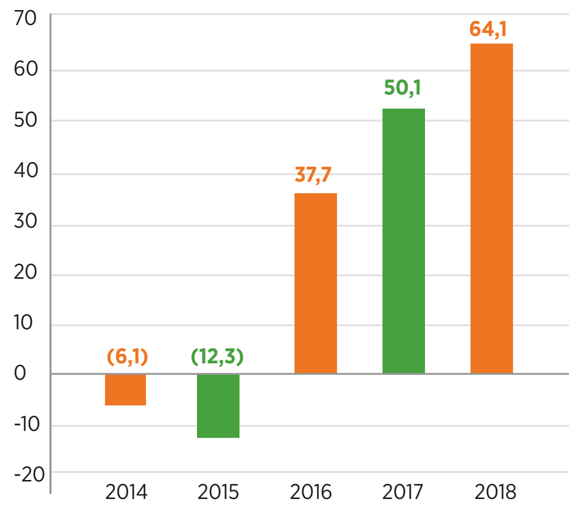
PAID CLAIM (Million TL)



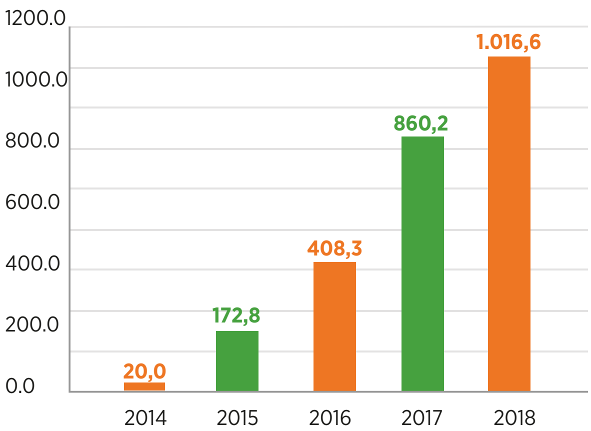
TECHNICAL PROFIT / LOSS (Million TL)



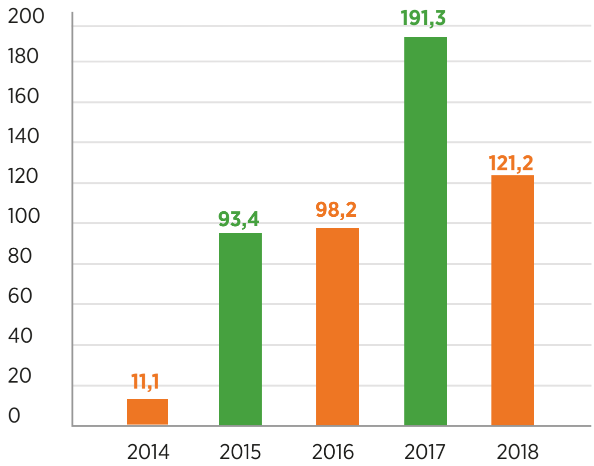
PROFIT / LOSS (Million TL)



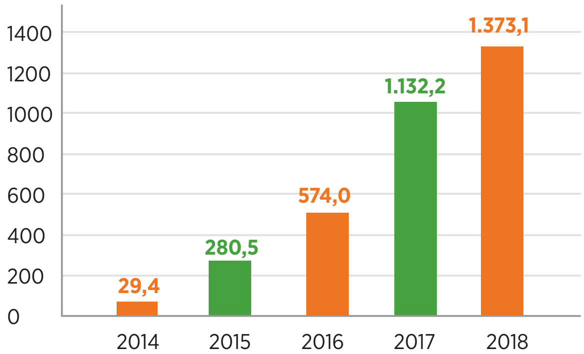
CASH AND CASH EQUIVALENTS (Million TL)



LONG AND SHORT TERM DEBTS (Million TL)



ASSET SIZE (Million TL)



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

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

Under article 17 entitled Guarantees of the Insurance Law No. 5684, non-life insurance companies shall establish a minimum guarantee fund which should not be less than one third of their capital requirement. In any period, the minimum guarantee fund should never be less than one third of the capital requirement requisite for each branch in which the company is operating. As of 12/31/2018, our Company has TL 76.507.239 blocked in favor of the Treasury.

According to the results of the capital adequacy statements measuring the amount of required equity capital for the company, the Company's capital adequacy dated 12/31/2018 was calculated as positive TL 35.555.709.

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

1st METHOD	31.Dec.15	31.Dec.16	31.Dec.16	31.Dec.18
Equity Capital Required for Non-Life Branches	22.401.879	22.401.879	111.182.848	106.971.386
Equity Capital Required for Life Branch	-	-	-	-
Equity Capital Required for Pension Branch	-	-	-	-
Total Required Equity Capital	22.401.879	22.401.879	111.182.848	106.971.386
2nd METHOD	**31.Ara.15**	**31.Ara.16**	**31.Ara.17**	**31.Ara.18**
Equity Capital Required for Active Risk	6.155.196	15.505.683	26.041.074	41.073.197
Equity Capital Required for Reinsurance Risk	5.989.347	28.043.976	38.501.402	40.052.668
Equity Capital Required for Excessive Premium Increase	-	-	-	-
Equity Capital Required for Outstanding Claims Reserve	2.390.789	10.303.909	20.271.796	38.093.815
Equity Capital Required for Underwriting Risk	451.078	33.285.189	82.530.153	91.511.716
Equity Capital Required for Interest Rate and Exchange Risk	46.016	115,476	232.899	1.326.794
Total Required Equity Capital	15.032.425	87.254.237	167.577.323	212.058.190
Shareholders' equities	37.623.267	95.534.093	180.780.135	245.533.483
Reserve for Balancing	128.229	386.345	1.054.661	2.260.415
Subsidiary Deducted from the Equity Capital				(180)
Total Required Equity Capital to Be Considered For Capital Adequacy	37.751.496	95.920.438	181.834.796	247.613.898
Capital Adequacy Result	10.380.975	8.666.201	14.257.473	35.555.708

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.

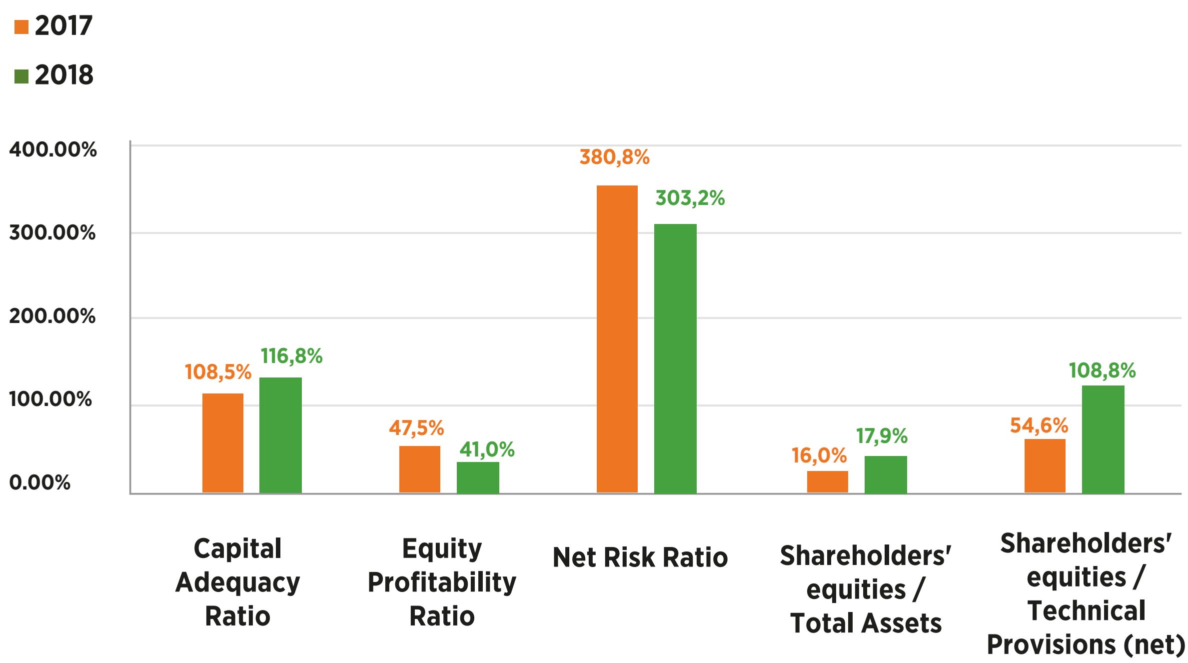
3.5 Financial Tables and Information About Financial Structure, and Evaluation of Financial Status Profitability and Ability to Pay Compensation

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in the tables enclosed. Previous term comparison was conducted based on the 2017 annual report data.

3.5.1 Capital Adequacy Result

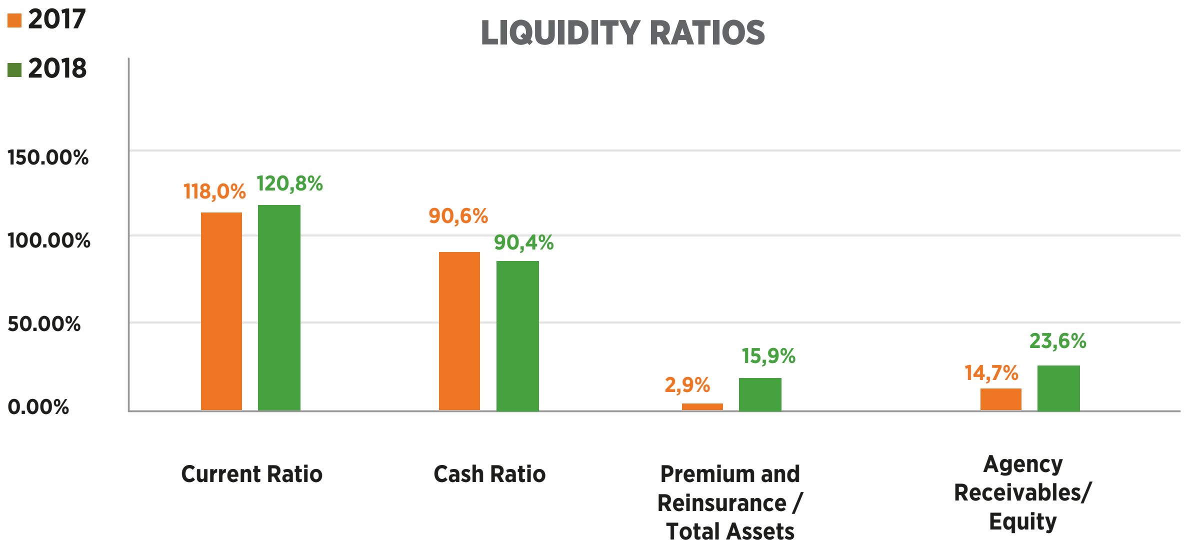
CAPITAL ADEQUACY RATIOS	2017	2018
Capital Adequacy Ratio	108,5 %	116,8 %
Equity Profitability Ratio	47,5 %	41,0 %
Net Risk Ratio	380,8 %	303,2 %
Shareholders' equities / Total Assets	16,0 %	17,9 %
Shareholders' equities / Technical Provisions (net)	54,6 %	108,8 %

Capital Adequacy Ratios



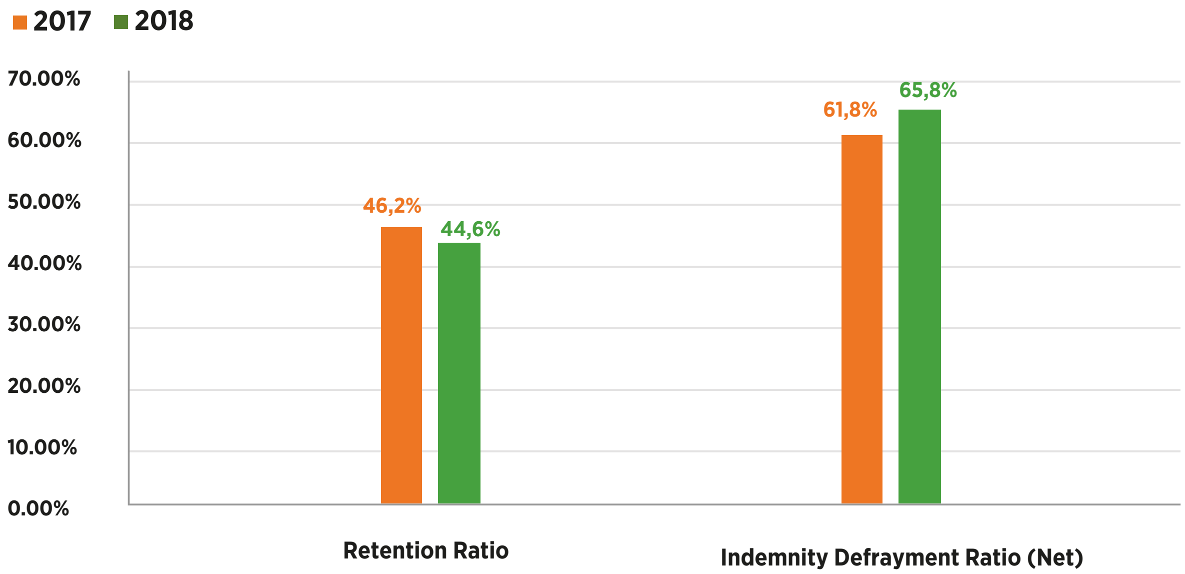
3.5.2 Liquidity

LIQUIDITY RATIOS	2017	2018
Current Ratio	118,0%	120,8%
Cash Ratio	90,6%	90,4%
Premium and Reinsurance / Total Assets	2,9%	15,9%
Agency Receivables / Equity	14,7%	23,6%



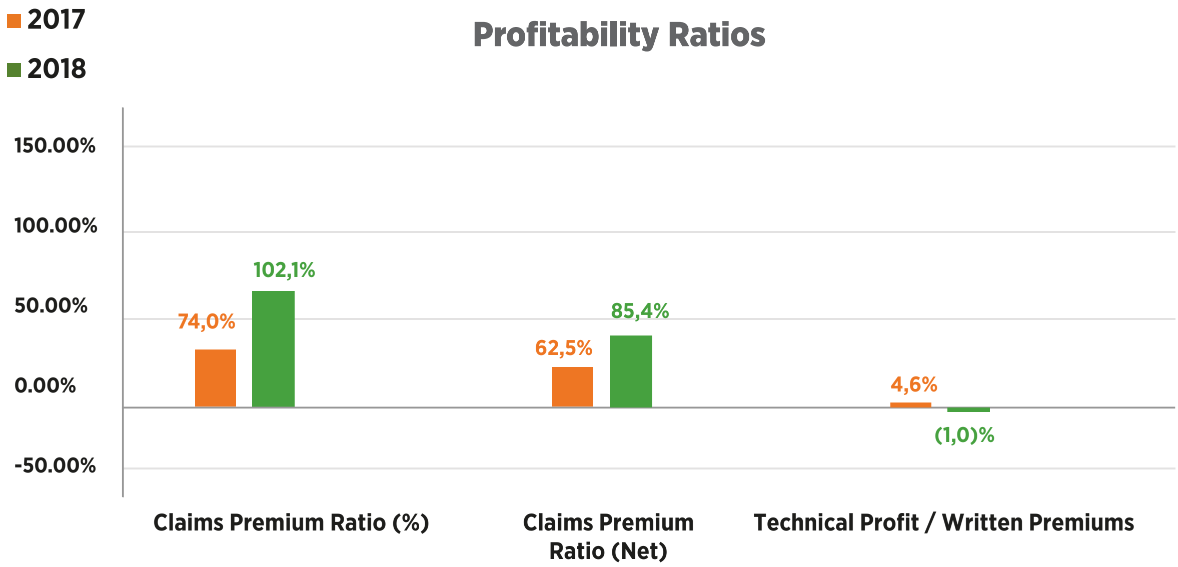
3.5.3 Operation

OPERATING RATIOS	2017	2018
Retention Ratio	46,2%	44,6%
Indemnity Defrayment Ratio (Net)	61,8%	65,8%



3.5.4 Profitability

PROFITABILITY RATIOS	2017	2018
Claims Premium Ratio (%)	74,0%	102,1%
Claims Premium Ratio (Net)	62,5%	85,4%
Technical Profit / Written Premiums	4,6%	(1,0)%



Our company continued to grow and announced its post-tax financial profit as TL 64.064.839. In the same period, there was a 37% decrease in long-term and short-term debts and realized as TL 121 million. The growth rate of cash and cash equivalents was 18%. In 2018, our industry premium production rank was 10th. We concluded 2018 by consolidating our financial adequacy and capital structure.

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

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

3.7 Information on Objectives and Achievement Evaluation

Our premium production increased by 92% in 2018, and as a result, increased claims paid, and the provisions reserved for claims realized above set targets. Volatility in foreign exchange rate and interest rate, and the fact that regulations made in 2017 directly and indirectly (price cap and pooling regulations for the Traffic division) affected the claims in 2018 played a significant role in this failure to achieve the objectives. While foreign exchange and interest rate volatilities affected sales and damage costs negatively, their positive effect on financial returns was able to eliminate adversities that could occur.

2018 Income - Expense Statements	2018 Target	2018 Realized	REALIZATION RATIO
Written Premiums	1.818.222.368	1.668.708.401	92%
Transferred Premium	(1.033.374.669)	924.136.739	89%
Kpk, Net	(59.603.611)	(27.807.834)	47%
Claims Paid, Net	(404.534.585)	(414.049.059)	102%
Outstanding Claim, Net	(60.601.941)	(190.325.076)	314%
Commission, Net	(159.167.715)	(108.676.619)	68%
General Expenses	(70.079.667)	(70.601.188)	101%
Other Technical Income /Provisions	(50.016.537)	(29.980.291)	60%
Financial Profit / Loss (+) (-)	60.000.000	182.295.280	304%
Before Tax Profit / loss (+) (-)	40.843.641	85.426.874	209%
Tax	(12.663.242)	(21.362.035)	169%
Net Profit	28.180.399	64.064.839	227%

As of 31 December 2018, the number of our employees has reached 256. As of 2018's end, we have 66 brokers and as of 1.655 agents 1.723 intermediaries, including two banks. In 2018, our company continued its operations within the scope of rendering of services throughout Turkey via 8 regional offices and a regional representative. 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 256 by 2018.

Our Black Sea Regional Office which had been operating as a Regional Representation Office promoted to a Regional Directorate in 2018. Maintaining its efforts to be closer to its policyholders with a growing sales network, the company established the Regional Representation Office of Bursa to serve its policyholders in the area better. Strengthened by these organizational changes, Doğa Sigorta managed to become profitable by the end of 2018 without a financial structure and capital adequacy deficit.

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

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

Our Company will render a decision at the general assembly to be held in late March regarding the distribution of 2018 profits.

3.9 Affiliation Report

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

3.10 Takaful

3.10.1 Introduction

The first time the Islamic finance was implemented in Turkey was in the finance industry. Then it stepped into the banking industry with Albaraka Türk in 1985. The share of five participation banks in operation in the banking industry as of the end of 2018 reached 6.7 percent.

		31.Ara.17
In The Fund Collected	6,7%	6,1%
In The Fund Made Available	5,1%	5,0%
In The Total Assets	5,3%	4,9%
In The Equities	4,0%	3,8%
IN THE NET PROFIT	4,0%	3,3%

Table 1: Participation Banking's share of the sector at the end of 2018
Source: Participation Banks Association of Turkey - comparative tables

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

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

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

	Total Takaful Production	Total Sector Production	Production Share
2014	383.722.042	22.709.549.092	1,69%
2015	533.253.025	31.025.897.629	1,72%
2016	1.045.611.280	40.486.796.941	2,58%
2017	1.315.855.322	46.554.689.545	2,83%
2018	2.231.560.711	54.656.028.968	4,08%

Table 2: The Share of Participation Insurance (Takaful) Production in the Overall Industry

The regulation on the code of practice of participation insurance business which took effect in October 2017 will allow the participation insurance business to grow faster and more strongly. The regulation enforces a duration limit of 3+2 years on the companies that operate in the participation insurance (Takaful) business by window model and requires that the system be turned into an independent insurance company or a full participation company, or the participation insurance business be left altogether.
The window model allowed the company to enter the participation insurance business and proved an important step for the Islamic Insurance business to grow.
Doga Sigorta A.Ş. has been one of the companies that helped the participation insurance (Takaful) industry grow by window model since 2015. In our country, the introduction of the window model and participation insurance was realized together with Doğa Sigorta.

		Doğa Premium Production	Total Sector Production	Production Share
2014	Doga Sigorta A.Ş.	26.476.772	22.709.549.092	0,12%
2015	Doga Sigorta A.Ş.	291.331.842	31.025.897.629	0,94%
2016	Doga Sigorta A.Ş.	799.901.975	40.486.796.941	1,98%
2017	Doga Sigorta A.Ş.	1.491.503.094	46.554.689.545	3,20%
2018	Doga Sigorta A.Ş.	1.668.705.527	54.565.028.968	3,06%

Table 3 : Doga Sigorta A.Ş. Sector share

	Doğa Sigorta A.Ş Sector Ranking in Total and Participation Production	Participation Insurance Total Sector Production (*)	Doğa Sigorta Production Share
2014		380.348.970	0,00%
2015	406.338	516.200.460	0,08%
2016	3.697.477	1.019.281.828	0,36%
2017	175.075.604	1.269.232.324	13,79%
2018	403.599.055	2.158.876.238	18,69%

Table 4 : Doga Sigorta A.Ş. Sector Share of Participation Production (*) Non-life total production

	Sector Ranking in Total Premium Production	Sector Ranking in Total Premium Production
2016	15	4
2017	9	2
2018	10	3

Table 5 : Doğa Sigorta A.Ş Sector Ranking in Total and Participation Production

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

3.10.2 Distribution Channels

Doğa Sigorta markets its Participation Insurance products in all its agencies in operation. 1.750 of our agencies in operation, including central production and bank production, played an active role in selling the participation products in 2018.
A collaboration has been started after an agreement with Turkey Finans Participation Bank within the scope of Bancassurance activities which initiated as of 3rd quarter of 2018. Meetings are also in progress with 2 participation banks.

In 2018, our 1.748 intermediaries have realized in total participation production in the regions.

	Agents
ADANA	293
ANKARA	330
ANTALYA	216
BURSA	102
MAJOR CUSTOMERS AND CORPORATE	64
ISTANBUL (Europe and Anatolia)	389
IZMIR	133
KARADENIZ	221
TOPLAM	1.748

Table 6 : Doga Sigorta A.Ş.   Number of Distribution Channel with the breakdown of the region which involve in Participation Insurance

The participation premium production of our intermediaries in the region / branch is TL 403.599.055.

	FIRE	MOTOR	NON-MOTOR	CARGO	ENGINEERING	HEALTH	TAR-SİM (AGRO)	DASK	TOTAL
ADANA	147.475	72.293.432	16.582	0	2.651	3.801.309	0	0	76.261.449
ANKARA	18.471	92.533.991	217,32	0	436.764	5.365.568	0	0	98.572.114
ANTALYA	6,07	31.651.775	1.591	267	1.262	1.921.790	0	0	33.582.755
BURSA	1.806	15.510.858	494	0	0	995.666	0	0	16.508.825
MAJOR CUSTOMERS AND CORPORATE	186.491	21.531.995	12.409	0	41.978	1.109.257	0	0	22.882.129
ISTANBUL (European and Anatolia)	629.183	96.741.371	178,43	13.606	886.083	4.603.042	0	0	103.051.715
İZMİR	9.106	31.232.277	2,57	49	205	2.055.276	0	0	33.299.483
KARADENİZ	5.709	18.411.071	946	187	183	1.022.488	0	0	19.440.585
TOPLAM	1.004.311	379.906.770	430.342	14,11	1.369.126	20.874.397	0	0	403.599.055

Table 7 : Distribution of Doga Sigorta A.Ş. Products by Branch and Region

3.10.3 Participation Management Model

The models used in Islamic insurance practices;

3.10.3.1 Mudabara Participation Model

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

3.10.3.2 Wakalah (Proxy) Takaful Participation

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

3.10.3.3 Hybrid Participation

Hybrid Takaful structure is a Takaful model created by using these two different Takaful structures together. In this model, there is both a wakalahand a mudabara contract. As the proxy for the owners of the funds, the company manages the funds in return for a proxy fees and receives its share from the resulting profit/loss in accordance with the contract made. Profit/loss sharing may vary based on the contracts made. This is the most frequently used model in the Takaful sector. It is widely used in Middle Eastern countries. In this structure, insurance activities are performed based with wakalah contracts whereas profit and loss to be obtained from investments are distributed based on mudabara contracts.
Since our company's field of activity is general Participation, and the Proxy (Wakalah) system is considered most suitable for this field, our company adopted Proxy Participation system. In the Proxy Model, the Operator Company collects the payments made by the participants in an insurance pool, insurance payments are made from the fund that is formed, and the balance is directed to investment. The fundamental principle of this model is that the Operator company acts like the proxy of the policyholder. The Operator Company carries out all procedures of the pool for a predetermined cost. No part of the Insurance fund formed, or the profit or loss of the funds directed to investment is transferred to the Operator company.

Our company is using Wakalah Model with below reason

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

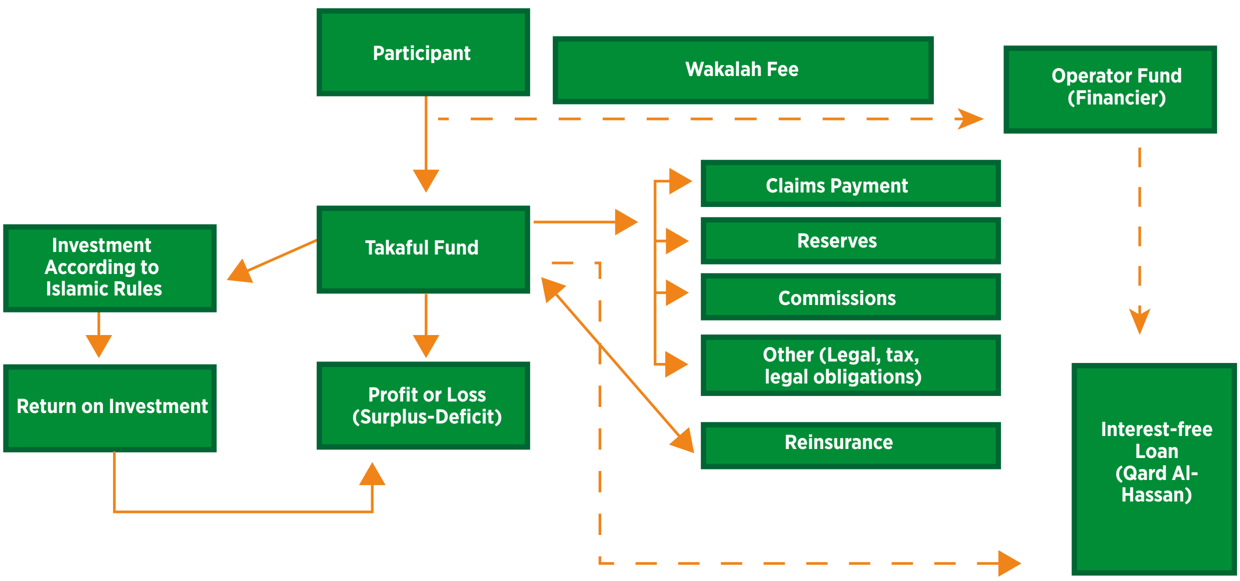


Table 8: Doga Sigorta A.Ş. Proxy Model (Wakalah) Work Flow

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

	Proxy (Wakalah) Rates	
2015	20%	maximum
2016	15%	maximum
2017	15%	maximum
2018	20%	maximum

Table 9: Doga Sigorta A.Ş. Service cost Rates

3.10.4 Organizational Structure

Within the year 2015 our company started studying the domestic and foreign applications of Participation Insurance, a branch which could not be widely and commonly implemented in Turkey, and only after completing the necessary infrastructure works, it started to operate in the field of participation insurance starting from June 2015.
The entire staff provides participation insurance service without an individual organizational structure in the existing structure.

3.10.5 Regional Directorates

Our company actively operates in participation insurance in seven regional directorates. Our regional employees visit policyholders that lean towards participation insurance with our agents and inform them about our company and operating conditions. Our regional directorates where participation insurance is in the greatest demand are in East Marmara, Central Anatolia and Adana areas.

3.10.6 Advisory Committee

Prof. Dr. Hayrettin Karaman, Prof. Dr. Vecdi Akyüz, And Assoc. Dr. İshak Emin Aktepe serve as the members of the advisory board.

Since the advisory committee took up position in 2015;

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

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

3.10.7 Personnel Competence and Training

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

3.10.8 Website

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

3.10.9 Separation of the Funds

Participation policy premiums issued from 2015 are kept in Participation Banks and directed to investment. Payments of claim, commission, return of premium, assistance services, reinsurance, etc. are entirely made from the risk pool. The risk pool is directed to investment in Participation banks, and participation returns are transferred to the Risk pool in cash if needed by the pool. As of the end of 2018, we are collaborating with 3 participation banks to spread the risk and maximize the revenue. The amounts belonging to the insurance fund are forwarded to investment in these banks.

	Amount Transferred to Risk Pool
2015	
2016	
2017	45.000.000
2018	199.500.000
Toplam	244.500.000

Table 11: Amounts Transferred to Doga Sigorta A.Ş. Insurance Fund

	Participation Income from Time Deposits	Participation Income from Lease Certificates	Total Income
2015			-
2016			-
2017	671.183		671.183
2018	19.201.748	346.962	19.548.710
Toplam	19.872.931	346.962	20.219.893

Table 12 : Doga Sigorta A.Ş. Insurance Fund Participation Income

3.10.10 Financial Statements

12/31/2018 INCOME STATEMENT - BRANCH BASED	Fire and Natural Disasters	Cargo	General Damages	Land Vehicles	Land Vehicles Liability	Accident	General Liability	Legal Protection	Disease / Health	Breach of Trust	Financial Losses	Total
TECHNICAL INCOME	1.157.549,87	3.066,34	385.675,44	2.514.345,31	139.434.386,02	415.297,53	193.849,22	527.168,85	5.570.712,12	207,11	4,80	150.202.262,61
A. WRITTEN PREMIUMS (NET)	711.151,21	4.232,92	555.364,30	5.034.770,52	192.152.660,43	233.385,52	198.430,95	649.557,23	20.874.977,79	212,22	6,86	220.414.749,95
a.) Written Premiums (Gross)	1.753.091,48	14.109,71	1.359.892,37	8.037.091,40	368.749.818,14	419.669,58	225.326,25	2.164.355,21	20.874.977,79	700,38	22,84	
i.) Written Premiums Direct	1.753.091,48	14.109,71	1.359.892,37	8.037.091,40	368.749.818,14	419.669,58	225.326,25	2.164.355,21	20.874.977,79	700,38	22,84	403.599.055,15
ii.) Written Premiums Indirect	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
iii.) Written Premiums Indirect Pool	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
b.) Ceded Premiums to Reinsurers (-)	-1.041.940,27	-9.876,79	-804.528,07	-3.002.320,88	-141.453.464,72	-186.284,06	-26.895,30	-1.514.797,98	0,00	-488,16	-15,98	-148.040.612,21
c.) Premiums Transferred to the SGK (-)	0,00	0,00	0,00	0,00	-35.187.586,08	0,00	0,00	0,00	0,00	0,00	0,00	-35.187.586,08
d.) Premiums Transferred to the Pool (-)	0,00	0,00	0,00	0,00	43.893,09	0,00	0,00	0,00	0,00	0,00	0,00	43.893,09
B. PROVISIONS FOR UNEARNED PREMIUMS (NET)(-)	-452.327,67	-1.892,23	-234.635,66	-2.758.910,62	-109.694.007,22	-155.833,79	-7.116,40	-383.584,18	-15.304.265,67	-72,26	-2,06	-128.992.647,76
C. PROVISIONS FOR UNEARNED PREMIUMS CARRIED FORWARD (NET)	898.726,33	725,65	64.946,80	1.297.233,34	56.975.732,81	337.745,80	2.534,67	261.195,80	0,00	67,15	0,00	59.838.908,35
D. PROVISION FOR UNEXPIRED RISKS (NET)(-)	0,00	0,00	0,00	-1.605.564,48	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-1.605.564,48
E. PROVISION FOR UNEXPIRED RISKS CARRIED FORWARD (NET)	0,00	0,00	0,00	546.816,56	0,00	0,00	0,00	0,00	0,00	0,00	0,00	546.816,56
F. INVESTMENT INCOMES TRANSFERRED FROM NON-TECHNICAL DEP.	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
G. OTHER TECHNICAL INCOMES	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
H. ACCRUED SALVAGE AND SUBROGATION REVENUESHNICAL INCOME	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
TECHNICAL EXPENDITURE	-341.964,70	-1.985,27	-424.983,54	-5.808.603,28	-139.926.932,39	-54.173,72	-50.162,71	-28.822,27	-2.357.783,39	-91,35	-0,86	-148.995.503,51
A. CLAIMS PAID (NET) (-)	-48.030,19	-70,80	-8.812,05	-3.940.124,00	-68.750.720,10	-160.464,12	-116,74	0,00	0,00	0,00	0,00	-72.908.338,00
B. OUTSTANDING CLAIMS RESERVE (NET) (-)	-294.847,00	-2.250,38	-436.837,52	-2.580.872,24	-87.166.534,97	-89.256,85	-55.015,01	-345.196,83	-3.329.387,03	-111,70	-3,64	-94.300.313,18
a.) Outstanding Claim Reserve (Gross)(-)	-634.984,79	-4.765,78	-1.192.478,32	-5.310.795,46	-182.003.149,28	-212.722,62	-139.698,64	-731.045,55	-7.050.857,22	-236,56	-7,71	-197.280.741,94
i) File Outstanding Claims Reserve (Gross) (-)	-42.850,14	0,00	-733.152,95	-2.596.139,45	-57.452.007,54	-70.972,52	-63.591,10	0,00	0,00	0,00	0,00	-60.958.713,70
ii) File Outstanding Claims Reserve Indirect	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
iii) File Outstanding Claims Reserve Indirect (POOL)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
iv) Statistical Outstanding Claim Reserve (Gross) (+/-)	-789.413,31	-6.353,57	-612.356,60	-3.619.084,91	-166.047.247,21	-188.976,31	-101.463,92	-974.604,48	-9.399.957,44	-315,38	-10,28	-181.739.783,41
v) Statistical Outstanding Claims Reserve Indirect (POOL)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
vi) Discount Arising from Cash Flow (Gross)	197.278,66	1.587,79	153.031,23	904.428,90	41.496.105,47	47.226,20	25.356,38	243.558,93	2.349.100,22	78,82	2,57	45.417.755,17
vii) Discount Arising from Cash Flow Indirect (POOL)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
b.) Outstanding Claim Reserve (Reinsurance)	340.137,79	2.515,40	755.640,80	2.729.923,23	94.836.614,31	123.465,77	84.683,63	385.848,72	3.721.470,19	124,86	4,07	102.980.428,76
i) File Outstanding Claims Reserve (Reinsurance)(+)	27.606,79	0,00	513.207,06	1.297.117,10	28.595.512,75	48.649,51	44.513,77	0,00	0,00	0,00	0,00	30.526.606,98
ii) Statistical Outstanding Claims Reserve (Reinsurance)(+/-)	419.384,61	3.375,41	325.321,26	1.922.679,15	88.214.448,91	100.395,77	53.903,84	517.769,48	4.993.832,05	167,55	5,46	96.551.283,50
iii) File Outstanding Claims Reserve (Pool) (+)	0,00	0,00	0,00	0,00	502.518,81	0,00	0,00	0,00	0,00	0,00	0,00	502.518,81
iv) Discount Arising from Cash Flow (Reins.)	-106.853,61	-860,01	-82.887,52	-489.873,03	-22.475.866,16	-25.579,50	-13.733,98	-131.920,76	-1.272.361,87	-42,69	-1,39	-24.599.980,53
v) Discount Arising from Cash Flow (Pool)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
C. OUTSTANDING CLAIMS RESERVE CARRIED FORWARD (NET)	136.982,08	1.031,75	122.940,92	1.047.174,74	31.612.366,66	111.090,83	16.866,62	158.264,96	1.526.448,87	51,21	1,67	34.733.220,31
a) Outstanding Claims Reserve Carried Forward (Gross)	324.043,18	2.492,20	299.167,93	2.559.946,26	76.331.834,56	342.136,84	41.099,40	382.290,28	3.687.149,46	123,71	4,03	83.970.287,85
i) File Outstanding Claim Reserve Carried Forward (Gross)(+)	14.394,45	0,00	58.970,00	1.140.353,98	11.199.516,50	268.010,56	1.300,00	0,00	0,00	0,00	0,00	12.682.545,49
ii) File Outstanding Claim Reserve Carried Forward Indirect	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
iii) File Outstanding Claim Reserve Carried Forward Indirect (POOL)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
iv) Statistical Outstanding Claims Reserve Carried Forward (Gross) (+/-)	419.777,23	3.378,57	325.625,82	1.924.479,13	88.297.033,46	100.489,76	53.954,30	518.254,21	4.998.507,18	167,71	5,47	96.641.672,82
v) Statistical Outstanding Claims Reserve Indirect Carried Forward (POOL)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
vi) Discount Arising from Cash Flow Carried Forward (Gross)	-110.128,50	-886,37	-85.427,89	-504.886,85	-23.164.715,39	-26.363,47	-14.154,90	-135.963,92	-1.311.357,72	-44,00	-1,43	-25.353.930,46
vii) Discount Arising from Cash Flow Indirect Carried Forward (POOL)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
b) Outstanding Claims Reserve Carried Forward (Reins. Share) (-)	-187.061,10	-1.460,45	-176.227,01	-1.512.771,51	-44.719.467,90	-231.046,01	-24.232,78	-224.025,32	-2.160.700,59	-72,49	-2,36	-49.237.067,54
i) File Outstanding Claim Reserve Carried Forward (Reins.) (-)	-5.604,34	0,00	-35.469,00	-680.878,50	-6.372.743,68	-187.607,39	-910,00	0,00	0,00	0,00	0,00	-7.283.212,91
ii) Statistical Outstanding Claims Reserve Carried Forward (Reinsurance)(+/-)	-248.570,87	-2.000,62	-192.819,16	-1.139.579,34	-52.285.043,46	-59.504,96	-31.949,01	-306.883,96	-2.959.863,48	-99,31	-3,24	-57.226.317,41
iii) File Outstanding Claim Reserve Carried Forward (Pool) (+)	0,00	0,00	0,00	0,00	-178.638,10	0,00	0,00	0,00	0,00	0,00	0,00	-178.638,10
iv) Discount Arising from Cash Flow Carried Forward (Reins.)	67.114,11	540,17	52.061,16	307.686,32	14.116.957,33	16.066,33	8.626,23	82.858,64	799.162,89	26,81	0,87	15.451.100,88
G. OTHER TECHNICAL EXPENSES	-136.069,59	-695,84	-102.274,89	-334.781,79	-15.622.043,98	84.456,42	-11.897,58	158.109,60	-554.845,23	-30,86	1,11	-16.520.072,63
a.) Production Commission Expenses (-)	-343.299,51	-3.174,71	-223.986,23	-1.043.721,35	-38.387.362,63	-65.854,33	-41.603,67	-222.093,06	-2.083.900,74	-176,35	-2,48	-42.415.175,06
b.) Production Commission Expenses For Future Months (-)	230.643,01	1.419,18	101.073,73	650.067,74	21.044.660,57	43.729,90	29.560,60	131.337,37	1.529.055,51	61,86	0,74	23.761.610,21
c.) Deferred Commission Expenses Carried Forward (-)	-138.090,47	-544,24	-14.921,89	-417.286,28	-11.825.406,59	-115.346,98	-2.084,22	-87.925,18	0,00	-56,93	0,00	-12.601.662,78
d.) Reinsurance Commissions Income (+)	213.326,46	2.008,62	161.854,90	600.464,30	21.918.283,22	35.758,30	5.403,63	342.289,92	0,00	130,76	3,96	23.279.524,07
e.) Reinsurance Commissions Income For Future Months (-)	-141.585,86	-883,02	-136.683,03	-368.532,61	-12.359.836,51	-25.689,17	-4.416,76	-187.669,98	0,00	-40,41	-1,11	-13.225.338,46
f.) Deferred Commission Incomes Carried Forward (+)	42.936,78	478,33	10.387,63	244.226,41	7.668.416,48	211.858,70	1.242,84	182.170,53	0,00	50,21	0,00	8.361.767,91
g.) Reinsurance commission provisions (-)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
h.) Reinsurance Commission Provisions Carried Forward (+)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
ı.) Other Technical Expenses (-)	0,00	0,00	0,00	0,00	-3.680.798,52	0,00	0,00	0,00	0,00	0,00	0,00	-3.680.798,52
TECHNICAL PROFIT / LOSS	815.585,17	1.081,07	-39.308,10	-3.294.257,97	-492.546,37	361.123,81	143.686,51	498.346,58	3.212.928,73	115,76	3,94	1.206.759,11

Doga Sigorta A.Ş. 2018 Technical Income / Expense Statement with Branch Breakdown

The financial returns item under the financial income item is exclusively made up of the participation income made from the Participation Insurance (Takaful) fund return.
On the other hand, financial expenditures are reflected to the financial statement based on the share of participation production in the total production.

	OPERATING EXPENSES
Staff Expenses	(5.870.258)
Administration Expenses	(8.278.758)
Research and Development Expenses	-
Marketing Expenses	(2.467.386)
Outsourcing Use and Service Expenses	(1.542.011)
Other Operating Expenses	(2.265.345)
TOTAL	(20.423.758)

Table 14: Doga Sigorta A.Ş. 2018 Operating Expenses Participation Share

3.10.11 Retekaful

Our company transfers the Participation Insurance (Takaful) production to the Reinsurance Companies that provide takaful reinsurance service. Our Retakaful contracts have been renewed each June since June 2015 when we started our operations. We cooperated with SWISS RE, GIC RE, AFRICA RE, SCR MAROC, CCR ALGERIA, TUNIS RETAKAFUL, ARAB RE, NEW INDIA and HANNOVER RETAKAFUL in 2018.

Reinsurer	Ratings
Swiss Retakaful	A+(Excellent) by Fitch
GIC Re	A- (Excellent) by AM Best
Africa Re	A (Excellent) by AM Best
SCR Maroc	BBB by S&P, B++ by AM Best (Good)
CCR Algeria	B+ Good by AM Best
Tunis Retakaful	B+ Good by AM Best
Arab Re	B+ by AM Best
New India	A- (Excellent) by AM Best
Hannover Retakaful	A+ by S&P

Table 15: Doga Sigorta A.Ş. 2018 Re Tekaful Reinsurers

3.10.12. Objectives and Strategies for the Upcoming Period

- Designing projects under social responsibility projects inside and outside the industry to raise awareness about the Islamic Insurance system principles of practice in the uninsured segments of the society which avoid insurance because of certain sensitivities but hold considerable potential as future policyholders
- Being one of the leading companies in the participation insurance market
- Increasing participation production in 2019 and carrying it to TL 800 million
- To become one of the pioneers of the sector in Participation Insurance by establishing a Participation Insurance Company in the next 3 years
- Accelerating the growth and development of a participation insurance (Takaful) industry in Istanbul in line with the vision to make the city a financial center, based on our idea that participation insurance is an important instrument in creating funds to grow and develop the Islamic finance industry demanded by both Turkish and foreign investors and utilizing such funds in Islamic finance instruments to maximize investment alternatives

3.10.13 Declaration of Conformity of Advisory Committee For Participation Insurance

بسم الله الرحمن الرحيم

الحمد لله الصلاة والسلام على رسول الله

DOGA SİGORTA A.Ş. DECLARATION OF ADVISORY COMMITTEE

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

The transactions of Doğa Sigorta which are within the scope of the Participation Insurance are carried out in 2018 have been implemented in accordance with the Islamic Principles and we declare that the auditing of the transactions within the scope of the Participation Insurance was carried out by us.

DOĞA SİGORTA A.Ş.
Advisory Comitee 08 March 2019

Prof. Dr. Hayreddin Karaman

Prof. Dr. Vecdi Akyüz

Prof. Dr. İshak Emin Aktepe

3.10.14 Permission (İcazet) Document for Participation Insurance Tekaful Transactions

بسم الله الرحمن الرحيم

الحمد لله الصلاة والسلام على رسول الله

DOĞA KATILIM SİGORTA "güven doğasında var"

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

Prof. Dr. Hayreddin Karaman	Prof. Dr. Vecdi Akyüz	Doç. Dr. İshak Emin Aktepe

3.11 2018 Declaration of Conformity for The Annual Report

We hereby represent that the content of the Board of Directors' 2018 Annual Report, in relation the activities of our Company is drawn up in compliance with the principles and procedures set out by "Regulation on the Determination of the Minimum Content of Annual Activity Reports of Companies" issued by the Ministry of Customs and Trade which entered in to force after it was published in the Official Gazette dated 28 August 2012 and No. 28395. And by the "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" issued by the Under secretariat of Treasury which entered into force after it was published in the Official Gazette date 7 August 2007 and No. 26606..

İstanbul, 31 December 2018

3.12 Assent of Audit Company

ANIL
Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

Member of
Antea
Alliance of independent firms

INDEPENDENT AUDITOR'S REPORT RELATED TO THE ANNUAL REPORT OF THE GENERAL ASSEMBLY

To the Attention of the General Assembly
of Doga Sigorta Anonim Şirketi

We have audited the annual report of Doga Sigorta Anonim Şirketi for the financial year ended on (31 December 2018).

Responsibility of the General Assembly for the Annual Report

Under the Article 514 of Turkish Commercial Code (TCC) no 6102, company management is responsible for preparing an annual activity report in a way that is consistent with financial statements and that reflects the facts and is responsible for making internal control required to ensure the preparation of such annual activity report.

Responsibility of Independent Auditor

Based on the independent audit that we have performed in relation with the annual report of the company within the framework of the Article 397 of TCC, our responsibility is to provide an opinion on whether the financial information contained in this annual report is consistent with the financial statements of the Company and whether it reflects the facts.

The independent audit that we have performed has been carried out in accordance with the regulations on independent audit principles under the Insurance legislation and the Independent Audit Standards as part of the Turkish Audit Standards as published by the Public Oversight, Accounting and Auditing Standards Authority. These standards require us to comply with ethical provisions and to plan and perform the independent audit in a way to obtain reasonable assurance whether the financial information contained in the annual report are consistent with the financial statements and whether they reflect the facts.

Independent audit involves the implementation of audit procedures for the purpose of collecting audit evidence regarding the historical financial information. The selection of those procedures is based upon the professional judgement of independent auditor.

We believe that the independent audit evidences that we have acquired during the independent audit constitute adequate and suitable basis to form our opinion.

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.
Merkez : Kartaltepe Mah. Alem Sok. Billursaray Apt. No:3 K:4-5 D:14-16 34145 İncirli - Bakırköy / İstanbul
Tel : +90 212 660 98 12 Fax : +90 212 660 86 11
Trakya Ofis : Orta Cami, Yaşar Konak İş Merkezi No:5/404 Tekirdağ
Tel : +90 533 720 49 08- +90 282 260 55 77- 262 58 11
e-mail : info@anilymm.com web : www.anilymm.com

ISO 9001 UKAS

ANIL
Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

Member of Antea Alliance of independent firms

Opinion

In our opinion, the financial information contained in the annual report of the General Assembly is substantially consistent with the audited financial statements and reflects the facts.

Other Obligations Arising from the Legislation

In accordance with the Article 402 of the Turkish Commercial Code ("TCC") No 6102; the General Assembly of the Company has provided us with the explanations required within the scope of the audit and has submitted the documents requested by us. In addition, no material issue has been found that the book keeping method in the financial year ended on 31 December 2018 does not comply with the provisions of TTC and the provisions of the articles of association of the Company regarding financial reporting.

ANIL YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ
DENETİM ANONİM ŞİRKETİ

NAZIM ANIL, YMM
Responsible Auditor
İstanbul, 08 March 2019

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.
Merkez : Kartaltepe Mah. Alem Sok. Billursaray Apt. No:3 K:4-5 D:14-16 34145 İncirli - Bakırköy / İstanbul
Tel : +90 212 660 98 12 Fax : +90 212 660 86 11
Trakya Ofis : Orta Cami, Yaşar Konak İş Merkezi No:5/404 Tekirdağ
Tel : +90 533 720 49 08- +90 282 260 55 77- 262 58 11
e-mail : info@anilymm.com web : www.anilymm.com

ISO 9001 UKAS QUALITY MANAGEMENT

3.13 31.12.2018 Independent Audit Report

ANIL
Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

Member of Antea Alliance of independent firms

INDEPENDENT AUDITOR REPORT

To: Doga Sigorta Anonim Şirketi General Assembly

A) Independent Audit of Non-consolidated Financial Statements

1) Opinion

We have audited the accompanying financial statements of Doga Sigorta Anonim Şirketi (the "Company") consisting of its non-consolidated balance sheet dated December 31, 2018, its non-consolidated income statement, non-consolidated change in shareholders' equity statement and non-consolidated cash flow statement for the accounting period ending on the same date and notes and other explanatory notes summarizing its significant accounting policies.

According to our opinion, the accompanying non-consolidated financial statements reflect the non-consolidated financial condition of the company as of December 31, 2018 and its non-consolidated financial performance and non-consolidated cash flows for the accounting period ending on the same date in all material aspects in accordance with the regulations in force in connection with accounting and financial reporting as per the insurance legislation and "Insurance Accounting and Financial Reporting Legislation" including the provisions of the Turkish Accounting Standards on any issues not regulated by them.

2) Basis of the Opinion

Our independent audit has been conducted in accordance with the regulations regarding the independent audit principles in force as per the insurance legislation and Independent Auditing Standards ("BDS") being a part of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). Our responsibilities in the scope of these standards are detailed in the section of our report related to the Responsibilities of the Independent Auditor for Independent Audit of Financial Statements. We declare that we are independent from the company in accordance with the ethics provisions included in the Ethical Rules for Independent Auditors, published by the KGK, (Ethical Rules") and legislation regarding independent audit of financial statements. The responsibilities for ethics in the scope of these rules and legislation have also been fulfilled by us. We believe that the independent audit evidence that we obtained in the course of independent audit constitute a sufficient and appropriate basis for our opinion.

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.
Merkez : Kartaltepe Mah. Alem Sok. Billursaray Apt. No:3 K:4-5 D:14-16 34145 İncirli - Bakırköy / İstanbul
Tel : +90 212 660 98 12 Fax : +90 212 660 86 11
Trakya Ofis : Orta Cami, Yaşar Konak İş Merkezi No:5/404 Tekirdağ
Tel : +90 533 720 49 08- +90 282 260 55 77- 262 58 11
e-mail : info@anilymm.com web : www.anilymm.com

3) Key Audit Objects

The key audit objects are the issued mostly important in independent audit of the non-consolidated financial statements for the current period according to our professional judgment. The key audit objects have been considered within the framework of the independent audit of the non-consolidated financial statements as a whole and in creation of our opinion regarding the non-consolidated financial statements and we do not present a separate opinion in respect of these issues.

Key Audit Object	How the key audit issue has been considered in the audit
Estimate used in calculation of the technical provisions of insurance contracts	
The company made insurance technical provision totally at the amount of TRY 837,122,486- as of 31.12.2018 as explained in notes 2 and 17. The company makes provision for outstanding indemnity for the indemnity amounts, accrued and calculated but not actually paid in the previous periods and current period or estimated amounts if this sum has not been calculated and indemnity amounts accrued but not reported. The company made a provision for outstanding losses at the amount of TRY 430,835,454- net as of 31.12.2018 and made a provision at the amount of TRY 311,522,769- net for the losses realized but not reported. The reason for our concentration on these issues in our audits is that this issue has been selected as a key audit issue as it involves the significant estimates and management judgment used in calculation of the provisions for outstanding indemnity including indemnity amounts realized but not reported.	We have conducted the audit procedures related to the assumptions used in calculation of the provision for outstanding loss and provision for outstanding loss for unreported losses (IBNR) among the insurance technical provisions detailed in Notes 2 and 17 with the Actuary certified as an independent expert as a part of our team. We have examined the data set regarding the outstanding files and paid loss files subject to the IBNR account of the company and controlled them with the trial balances for the relevant period. We have controlled the IBNR amounts for the branches in terms of their compliance with the legislation according to the method determined by the company by the recalculation method. We have examined the opening history of the development coefficients, final H/P premium rates, outstanding files and controlled their conformity with the branch nature and company experience. We have checked interest calculations of the disputed files. We have checked reflection of total disputed provision for outstanding amounts to the financial statements and data set subject to the IBNR account. We have examined the loss analyses conducted by the company actuary and questioned their compliance and consistency with the legislation and company experience and we have evaluated if the associated disclosures are sufficient in the note disclosures being a part of the financial statements.

ANIL
Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

Member of
Antea
Alliance of independent firms

4) Responsibilities of the Management and Top Management in respect of the Non-consolidated Financial Statements

The company management is responsible for preparation of the non-consolidated financial statements in accordance with the Insurance Accounting and Financial Reporting Legislation, their presentation according to the facts and the internal control required by them for preparation of them without a material misstatement arising from error or fraud.
In preparation of the non-consolidated financial statements, the management is responsible for evaluation of its ability to maintain its continuity, disclosing any issues related to continuity if required and using the going concern basis unless it is required or intended to liquidate the company or cease its business activity.

The top management is responsible for supervision of the financial reporting process of the Company.

5) Responsibilities of the Independent Auditor for Independent Audit of the Non-Consolidated Financial Statements

Our purpose is to obtain a reasonable assurance regarding if the non-consolidated financial statements contain a material misstatement arising from error or fraud and issue an independent auditor report including our opinion. A reasonable assurance, provided as a result of an independent audit conducted in accordance with the regulations in respect of the independent audit principles in force as per the insurance legislation and BDSs being a part of the Turkish Auditing Standards published by the KGK, is a high level of assurance but it does no guarantee to detect an existing major error all the time. If the errors are reasonably expected to affect any economic decisions to be made by users of the financial statements based on these non-consolidated financial statements, these errors are considered as material.

As required by an independent audit conducted in accordance with the regulations regarding the independent audit principles in force as per the insurance legislation and BDSs being a part of the Turkish Auditing Standards published by the KGK, we use our professional judgment and continue our professional skepticism during the independent audit. In addition, we:

- Detect and evaluate risks of "significant misstatement" arising from error or fraud in the non-consolidated financial statements, design and implement the audit procedures meeting such risks and obtain sufficient and appropriate audit evidence to constitute a basis of our opinion (as fraud may include acts of collusion, fraud, intentional negligence, misstatement or breach of internal control, risk of inability to detect a significant error caused by fraud is higher than the risk to detect a significant mistake caused by error).
- Internal control is evaluated in connection with audit in order to design the audit procedures appropriate under the circumstances, not to present an opinion on efficiency of the internal control of the company.
- It is evaluated if the accounting policies, used by the management, are appropriate and if the accounting estimates and associated disclosures are reasonable.

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.
Merkez : Kartaltepe Mah. Alem Sok. Billursaray Apt. No:3 K:4-5 D:14-16 34145 İncirli - Bakırköy / İstanbul
Tel : +90 212 660 98 12 Fax : +90 212 660 86 11
Trakya Ofis : Orta Cami, Yaşar Konak İş Merkezi No:5/404 Tekirdağ
Tel : +90 533 720 49 08- +90 282 260 55 77- 262 58 11
e-mail : info@anilymm.com web : www.anilymm.com

ANIL
Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

Member of Antea Alliance of independent firms

- It is concluded based on the audit evidence obtained regarding if there is a significant uncertainty related to the events or conditions which may cause a serious doubt regarding the ability of the company to maintain its continuity and regarding appropriateness of the use of the going concern principle by the management. If we conclude that there is a significant uncertainty, we are required to attract attention to the relevant disclosures in the non-consolidated financial statements in our report or present an opinion other than a positive opinion if such disclosures are insufficient. Our conclusions are based on the audit evidence obtained up to the date of the independent auditor report. However, any future events or conditions may cease the continuity of the company.

- It is considered if the non-consolidated financial statements, including disclosures, reflect its general presentation, structure and contents and transactions and events constituting basis of these statements in a manner to ensure presentation according to the facts.

We submit the important audit findings with the planned scope and timing of the independent audit including the internal control deficiencies that we detected in the course of the audit in addition to the other issues to the top management.

We have submitted our compliance with the provisions regarding independence to the top management. In addition, we have submitted the precautions related to all relationship and other issues, which may be considered as the issues to have an effect on the independence, to the top management.

The issues which are mostly important in independent audit of the non-consolidated financial statements for the current period among the issues reported to the top management, namely the key audit issues. Where the legislation does not permit public disclosure of the issue or in highly exceptional cases where it is reasonably expected for adverse consequences of the public disclosure of the issue to exceed the public benefit of the public disclosure, we may decide to present the relevant issue in our independent auditor report.

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.
Merkez : Kartaltepe Mah. Alem Sok. Billursaray Apt. No:3 K:4-5 D:14-16 34145 İncirli - Bakırköy / İstanbul
Tel : +90 212 660 98 12 Fax : +90 212 660 86 11
Trakya Ofis : Orta Cami, Yaşar Konak İş Merkezi No:5/404 Tekirdağ
Tel : +90 533 720 49 08- +90 282 260 55 77- 262 58 11
e-mail : info@anilymm.com web : www.anilymm.com

ANIL
Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

Member of
Antea
Alliance of independent firms

B) Other obligations arising from the legislation

1) No important issue was found showing that the bookkeeping order and financial statements are not consistent with the provisions of the TTK (Turkish Commercial Code and articles of association of the company regarding financial reporting in the accounting period of the company for January – December 31, 2018 in accordance with the fourth paragraph of article 402 of the TTK.
2) The Board of Directors has provided us with the disclosures and required documents in the scope of the audit in accordance with the fourth paragraph of article 402 of the TTK.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.

Nazım ANIL
Responsible Auditor
March 8, 2019
Istanbul, Turkey

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.
Merkez : Kartaltepe Mah. Alem Sok. Billursaray Apt. No:3 K:4-5 D:14-16 34145 İncirli - Bakırköy / İstanbul
Tel : +90 212 660 98 12 Fax : +90 212 660 86 11
Trakya Ofis : Orta Cami, Yaşar Konak İş Merkezi No:5/404 Tekirdağ
Tel : +90 533 720 49 08- +90 282 260 55 77- 262 58 11
e-mail : info@anilymm.com web : www.anilymm.com

ISO 9001 UKAS

1.Financial Statements

a) Financial Statements As Of 31 December 2018 Solo Balance Sheet

(All Figures Are Expressed In Turkish Lira "TL".)

ASSETS			
I- Current Assets	Dip Note	Independent The items has been subjected to the audit 31 December 2018	Independent The items has been subjected to the audit 31 December 2017
A- Cash and Cash Equivalents		**1.016.627.186**	**860.188.905**
1- Cash	14	-	42.713
2- Cheques Received		-	-
3- Banks	14	657.423.541	553.949.827
4-Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months	14	359.203.645	306.196.365
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	-	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		**214.219.770**	**132.410.941**
1- Receivables from Insurance	12	191.179.372	125.626.298
2- Provision for Insurance Transaction Receivables (-)	12	(4.903.248)	(1.731.983)
3- Receivables from Reinsurance Transactions	12	27.943.646	8.516.626
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	8.714.825	2.448.681
10- Provisions for Doubtful Receivables Arising From Real Operations (-)	12	2.448.681	(2.448.681)
D- Receivables From the Related Parties		**57.487**	**-**
1- Receivables from Shareholders		-	-
2- Receivables from Associates	4	57.487	-
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		**584.663**	**-**
1- Leasing Receivables		-	-
2- Unearned Lease Interest Incomes (-)		-	-
3- Deposits Paid and Guarantees Given		-	-
4-Other Miscellaneous Receivables (+/-)	4	594.890	-
5-Rediscount On Other Miscellaneous Receivables (-)	4	(10.227)	-
6-Doubtful Other Receivables		-	-
7- Provision for Doubtful Other Receivables (-)		-	-
F- Short-Term Prepaid Expenses and Accrued Income		**123.418.658**	**103.592.866**
1- Deferred Production Costs	17	95.934.510	92.319.196
2- Accrued Interest and Rental Income		-	-
3- Accrued Revenue Receivables		-	-
4- Short-Term Prepaid Expenses and Accrued Income	17	27.484.148	11.273.670
G- Other Current Assets		**3.402.967**	**3.480.414**
1- Required Stocks For Future Months		-	-
2- Prepaid Taxes and Funds	35	3.176.876	3.126.531
3- Deferred Tax Assets		-	-
4- Work Advances	4	222.654	348.652
5- Advances to Personnel	4	3.437	5.231
6-Inventory and Delivery Shortages		-	-
7-Other Miscellaneous Current Assets		-	-
8-Provisions for Other Current Assets (-)		-	-
I- Total Current Assets		**1.358.310.731**	**1.120.899.763**

Footnotes offer supplementary information about the financial statement.

b) Financial Statements As Of 31 December 2018 Solo Balance Sheet
(All Figures Are Expressed In Turkish Lira "TL".)

ASSETS			
II- Non-Current Assets	Dip Note	Independent The items has been subjected to the audit 31 December 2018	Independent The items has been subjected to the audit 31 December 2017
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		**520.902**	**165.982**
1- Leasing Receivables		-	-
2- Unearned Lease Interest Incomes (-)		-	-
3- Deposits Paid and Guarantees Given	4	520.902	165.982
4-Other Miscellaneous Receivables		-	-
5-Rediscount On Other Miscellaneous Receivables (-)		-	-
6-Doubtful Other Receivables		-	-
7- Provision for Doubtful Other Receivables (-)		-	-
D- Financial Assets		**730.032**	**393.007**
1-Long term securities	9	430.032	393.007
2- Associates		-	-
3-Capital Commitments to Associates (-)		-	-
4- Subsidiaries	9	300.000	-
5- Capital Commitment To Subsidiaries (-)		-	-
6- Receivables from Group Companies		-	-
7- Capital Commitment To Receivables from Group Companies (-)		-	-
B- Financial assets and Financial Investments of which the Risks are Undertaken by the Policyholders		-	-
9-Other Miscellaneous Financial Assets		-	-
10-Provision For Impairment of Inventory (-)		-	-
E- Tangible Assets		**8.840.884**	**8.483.494**
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	4.641.115	3.811.151
6- Motor Vehicles	6	780.644	723.705
7- Other Tangible Assets (Leasehold Improvement Amount Is Included)	6	7.914.298	6.143.557
8- Acquired Tangible Assets By Leasing		-	-
9- Accumulated Depreciation (-)	6	(4.495.173)	(2.194.919)
10- Advances For Tangible Assets (Investments In Progress Are Included)		-	-
F- Other Intangible Assets	8	**744.776**	**856.164**
1- Rights	8	2.496.928	2.026.281
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	(1.752.152)	(1.170.117)
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		**3.983.053**	**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	3.983.053	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		**14.819.647**	**11.346.945**
Total Current Assets (I + II)		**1.373.130.377**	**1.132.246.709**

Footnotes offer supplementary information about the financial statement.

c) Financial Statements As Of 31 December 2018 Solo Balance Sheet
(All Figures Are Expressed In Turkish Lira "TL".)

LIABILITIES			
III- Short Term Liabilities	Dip Note	Independent The items has been subjected to the audit 31 December 2018	Independent The items has been subjected to the audit 31 December 2017
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		**75.728.060**	**136.476.970**
1- Payables from Insurance Operations	19	22.369.824	17.796.100
2- Receivables from Reinsurance Transactions	10,17,19	43.537.042	118.680.870
3- Deposits On Behalf Of Insurance and Reinsurance Companies	10,19	9.821.194	-
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		**952.416**	**144.919**
1. Due To Shareholders		-	-
2-Payables to associates		-	-
3- Payables to subsidiaries		-	-
4- Receivables from Group Companies		-	-
5. Due To Personnel	45	952.416	144.919
6- Receivables from Other Related Parties		-	-
D- Other Payables		**44.198.749**	**54.337.224**
1-Deposits and Guarantees Received	19	7.087.058	3.720.603
2- SSI Debts Related to Treatment Expenses	19	24.742.660	32.119.116
3-Other Miscellaneous Payables	19	12.369.031	18.537.505
4- Rediscount On Other Miscellaneous Payables (-)		-	-
E- Insurance technical reserves		**834.862.071**	**602.641.867**
1- Provisions for Unearned Premiums - Net	17	394.963.976	367.156.142
2- Provision for Unexpired Risks - Net	17	9.062.641	2.465.134
3- Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims and Compensations - Net	17,42	430.835.454	233.020.591
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		**33.795.151**	**30.059.604**
1. Taxes and Dues Payable	23	33.385.300	26.797.394
2. Social Security Withholdings Payable	23	409.851	371.828
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	21.362.035	5.618.165
6- Prepaid Taxes and Other Legal Liabilities on Profit (-)	23	(21.362.035)	(2.727.783)
7- Provision for Other Taxes and Liabilities Payable		-	-
G- Provisions for Others Risks		**3.117.723**	**542.999**
1- Provisions for termination indemnities	23	400.500	237.295
2- Provision For Social Support Fund Deficits		-	-
3- Provision For Cost Expenses	23	2.717.223	305.704
H- Deferred Income and Expense Accruals For Future Months		**83.989.701**	**86.282.124**
1- Deferred Commission Incomes	19,17	83.989.701	86.282.124
2. Expense Accruals		-	-
3- Deferred Income and Expense Accruals For Future Months		-	-
I- Other Short Term Liabilities		**47.686.111**	**39.127.791**
1- Deferred Tax Obligation			
2- Inventory and Delivery Surplus		-	-
3- Other Miscellaneous Short Term Liabilities	17, 10	47.688.111	39.127.791
III- Total of Short Term Liabilities		**1.124.331.982**	**949.653.499**

Footnotes offer supplementary information about the financial statement.

d) Financial Statements As Of 31 December 2018 Solo Balance Sheet
(All Figures Are Expressed In Turkish Lira "TL".)

LIABILITIES			
IV- Long Term Liabilities	Dip Note	Independent The items has been subjected to the audit 31 December 2018	Independent The items has been subjected to the audit 31 December 2017
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		337.747	336.843
1. Due To Shareholders	45	337.747	336.843
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		2.260.415	1.054.661
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	2.260.415	1.054.661
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		574.971	421.570
1- Provisions for termination indemnities	23	574.971	421.570
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		91.778	-
1- Deferred Tax Obligation		-	2.546.555
2- Other Long Term Liabilities		91.778	-
IV- Total of Long Term Liabilities		3.264.911	1.813.074

Footnotes offer supplementary information about the financial statement.

e) Financial Statements As Of 31 December 2018 Solo Balance Sheet
(All Figures Are Expressed In Turkish Lira "TL".)

EQUITY CAPITAL			
V- Equity Capital	Dip Note	Independent The items has been subjected to the audit 31 December 2018	Independent The items has been subjected to the audit 31 December 2017
A- Paid in capital		70.000.000	5.250.700
1- Nominal Capital	2, 15	70.000.000	6.000.700
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	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	87.551.992
C-Profit reserves		15.137.143	14.901.882
1-Legal Reserves	15	1.050.140	753.389
2- Statutory reserves	-	-	-
3-Extraordinary Reserves	15	6.780.498	6.780.498
4- Special funds (Reserves)	15	7.384.087	7.384.087
5- Valuation of Financial Assets	-	-	-
6- Other profit reserves	15-21	(77.582)	(16.092)
D. Previous Years' Profits		8.779.510	22.939.236
1- Previous Years' Profits		8.779.510	22.939.236
E- Previous Years' Losses (-)	-	-	-
1- Previous Years' Losses	-	-	-
F- Net Profit for the Period		64.064.838	50.136.326
1- Net Profit for the Period		64.064.838	50.136.326
2- Net Loss For The Period (-)			
Total Shareholders' Equity		245.533.483	180.780.135
Total Sum of Liabilities (III + IV + V)		1.373.130.377	1.132.246.709

Footnotes offer supplementary information about the financial statement.

f) Accounting Period Ending On 31 December 2018 Solo Income Statement

(All Figures Are Expressed In Turkish Lira "TL".)

I- TECHNICAL DEPARTMENT	Dip Note	Independent The items has been subjected to the audit 1 January- 31 December 2018	Independent The items has been subjected to the audit 1 January- 31 December 2017
A- Non-Life Technical Income		**805.160.556**	**545.090.223**
1- Earned Premiums (Net of Reinsurance Share)		710.166.321	491.992.281
1.1- Written Premiums (Net of Reinsurance Share)	17	744.571.662	692.404.578
1.1.1- Gross Written Premiums (+)		1.668.708.401	.498.476.692
1.1.2- Ceded Premiums to Reinsurers (-)	17	(817.931.196)	(706.417.980)
1.1.3- Premiums Transferred to SSI		(106.205.543)	(53.122.755)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(27.807.834)	(198.448.601)
1.2.1- Provisions for Unearned Premiums (-)		(52.764.008)	(367.242.735)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17	22.961.621	143.220.687
1.2.3- SSI of Unearned Premiums Reserve		1.994.553	25.573.448
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(6.597.507)	(1.963.697)
1.3.1- Provision for Unexpired Risks (-)		(11.991.576)	(3.986.044)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)		5.394.069	2.022.347
2- Investment Incomes Transferred From Non-Technical Department	4.2.	87.198.804	51.372.284
3- Other Technical Incomes (net of reinsurance share)		305.644	-
3.1- Other Gross Technical Incomes (+)		305.644	-
3.2- Reinsurance Share In Other Gross Technical Incomes (-)		-	-
4- Accrued Salvage and Subrogation Revenues		7.489.787	1.725.659
B- Non-Life Technical Expenditure (-)		**(814.830.158)**	**(498.746.059)**
1- Realized Claims (Net of Reinsurance Share)		(611.863.922)	(307.911.823)
1.1- Claims Paid (Net of Reinsurance Share)	29	(414.049.059)	(175.010.074)
1.1.1- Gross Claims Paid (-)		(982.864.320)	(489.893.093)
1.1.2- Reinsurance share of claims paid (+)	17	568.815.260	314.883.019
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(197.814.863)	(132.901.749)
1.2.1- Outstanding Claims Reserve (-)		(469.550.001)	(289.947.774)
1.21- Reinsurance Share of Outstanding Claims Reserve (+)	17	271.735.138	157.046.025
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	(1.205.753)	(668.316)
4- Operating Expenses (-)	32	(188.085.626)	(176.774.867)
5- Other Technical Provisions		(13.674.856)	(13.391.053)
C- Technical Profit- Non-Life (A – B)		**(9.669.602)**	**46.344.164**
D- Life - Technical Income		-	-
1- Earned Premiums (Net of Reinsurance Share)		-	-
1.1- Written Premiums (Net of Reinsurance Share)		-	-
1.1.1- Gross Written Premiums (+)		-	-
1.1.2- Ceded Premiums to Reinsurers (-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
1.2.1- Provisions for Unearned Premiums (-)		-	-
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)		-	-
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
1.3.1- Provision for Unexpired Risks (-)		-	-
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income of Life Branch		-	-
3- Unrealized Investment Gains		-	-
4- Other Technical Incomes (net of reinsurance share)		-	-

Footnotes offer supplementary information about the financial statement.

I- TECHNICAL DEPARTMENT	Dip Note	Independent The items has been subjected to the audit 1 January- 31 December 2018	Independent The items has been subjected to the audit 1 January- 31 December 2017
E- Life - Technical Expenditure		-	-
1- Realized Claims (Net of Reinsurance Share)		-	-
1.1-Indemnities Paid (Net of Reinsurance Share)		-	-
1.1.1- Gross Indemnities Paid (-)		-	-
1.1.2- Reinsurance share of paid indemnities (+)		-	-
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
1.2.1- Gross Outstanding Claims Reserve (-)		-	-
1.21- Reinsurance Share of Outstanding Claims Reserve (+)		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurance share and the Trans-ferred 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)			

Footnotes offer supplementary information about the financial statement.

g) Accounting Period Ending On 31 December 2018 Solo Income Statement
(All Figures Are Expressed In Turkish Lira "TL".)

I-NON-TECHNICAL DEPARTMENT	Dip Not	Independent The items has been subjected to the audit 1 January- 31 December 2018	Independent The items has been subjected to the audit 1 January- 31 December 2017
C- Technical Department Balance- Non-Life (A – B)		**(9.669.602)**	**46.344.164**
F- Technical Department Balance- Life (D – E)		**-**	**-**
I- Technical Department Balance- Pension (G – H)		**-**	**-**
J- General Technical Department Balance (C+F+I)		**(9.669.602)**	**46.344.164**
K- Investment Incomes		**204.216.351**	**75.631.629**
1- Yield From Financial Investments	4, 26	87.198.804	51.372.384
2- Yield From Liquidation Of Financial Investments		-	-
3- Valuation Of Financial Investments		-	-
4- Foreign Exchange Profits	4, 36	29.761.446	7.785.588
5- Dividend Incomes from Associates	4, 36	66.620	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.	87.189.481	16.333.146
10- Transferred Investment Income From Technical Life Department		-	-
L- Investment Expenses (-)		**(96.902.889)**	**(56.341.531)**
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.	(87.198.804)	(51.372.384)
5- Losses Arising From Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	4.2 ,36	(6.763.689)	(3.003.945)
7- Depreciation Expenses (-)	4.2 , 6	(2.940.396)	(1.965.202)
8- Other Investment Expenses (-)		-	-
M- Income and Profit, Expenditure and Loss Pertaining To Other Operations and Extra Ordinary Operations (+/-)		**(12.216.987)**	**1.311.685**
1- Reserves Account (+/-)	47	(8.876.533)	(137.436)
2- Rediscount Account (+/-)	47	(4.560.631)	(3.172.569)
3- Qualifying Insurance Account (+/-)			
4- Inflation Adjustment Losses (+/-)		-	-
5- Deferred Tax Assets Account (+/-)	35	2.519.381	3.992.076
6- Deferred Tax Obligation Expenditure (-)		-	-
7- Other Income and Profits		316.997	710.282
8- Other Ordinary Expenses and Losses (-)		(1.564.774)	(80.668)
9- Previous Period's Income and Profits		-	-
10- Previous Period's expenses and losses (-)		(51.427)	-
N- Net Profit / Loss for the Period		**64.064.838**	**50.136.326**
1- Profit and Loss for the Period	37	85.426.873	66.945.948
2- Provision for tax and other legal liabilities on profit (-)	35	(21.362.035)	(16.809.622)
3- Net Profit or Loss For The Period	37	64.064.838	50.136.326
4- Inflation Adjustment Account		-	-

Footnotes offer supplementary information about the financial statement.

h) Accounting Period Ending On 31 December 2018 Solo Cash Flow Statement

(All Figures Are Expressed In Turkish Lira "TL".)

A. CASH FLOWS ARISING FROM REAL OPERATIONS	Dip Note	Independent The items has been subjected to the audit 1 January- 31 December 2018	Independent The items has been subjected to the audit 1 January- 31 December 2017
1. Cash flows derived from insurance operations		765.372.645	729.724.302
2. Cash flows derived from reinsurance operations		-	-
3. Cash flows derived from pension and retirement operations		-	-
4. Cash outflow derived from insurance operations (-)		(806.633.888)	(375.063.776)
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)		**(41.261.243)**	**354.660.526**
8. Interest incomes (-)		-	-
9. Income tax payments (-)		(24.302.762)	(19.644.048)
10. Other cash inflows		12.226.109	62.008.344
11. Other cash outflows (-)		(7.159.484)	(5.898.242)
12. CASH FLOWS ARISING FROM REAL OPERATIONS		**(60.497.380)**	**391.126.580**
B. CASH FLOWS ARISING FROM INVESTMENT OPERATIONS			
1. E- Intangible Fixed Assets	6	65.104	17.756
2. E- Intangible Fixed Assets	6	(3.256.109)	(7.807.540)
3. Acquisition of financial assets (-)		(35.716.308)	(21.226.637)
4. Sales of financial assets		57.937.664	
5. Interests received		86.204.085	51.372.384
6. Dividends received		-	-
7. Other cash inflows		117.334.546	28.961.604
8. Other cash outflows (-)		(8.741.713)	(7.664.120)
9. Cash flows arising from investment operations		**213.827.270**	**43.653.447**
C. CASH FLOWS ARISING FROM FINANCE OPERATIONS			
1. Sales of share certificates	15	750.000	5.278.592
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 (-)		-	-
7. Cash flows arising from investment operations		**750.000**	**12.662.679**
D. EFFECT OF CASH DIFFERENCES TO CASH AND CASH EQUIVALENTS		**-**	**-**
Net increase in cash and cash equivalents (A12+B9+C7+D)		**154.079.890**	**447.442.705**
F. Cash and Cash Equivalents availability in the beginning of the period	**14**	**855.732.685**	**408.289.979**
G. Cash and Cash Equivalents availability at the end of the period (E+F)	**14**	**1.009.812.575**	**855.732.685**

Footnotes offer supplementary information about the financial statement.

i) Accounting Period Ending On 31 December 2018 Solo Table of Changes in Equity

(All Figures Are Expressed In Turkish Lira "TL".)

	Capital	Stock Certificates of the incorporation (-)	Revaluation increase in assets	Inflation Adjustment differences of capital	Foreign currency exchange differences	Other capital reserves	Legal reserves
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	753.389
II - Outstanding balance at the end of the previous period (31.12.2017)	**5.250.700**	**--**	**--**	**--**	**--**	**87.551.992**	**753.389**
I - Outstanding balance at the end of the previous period (31.12.2017)	**5.250.700**	**--**	**--**	**--**	**--**	**87.551.992**	**753.389**
II - Amendments Pursuant To The Errors	**--**	**--**	**--**	**--**	**--**		
III - New Balance (I + II) (01/01/2018)	**5.250.700**	**--**	**--**	**--**	**--**	**87.551.992**	**753.389**
A- Capital increase	750.000	--	--	--	--		--
1- Cash	750.000	--	--	--	--		--
2- From internal resources	63.999.300	--	--	--	--		296.751
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 (31.12.2018)	**70.000.000**		**--**	**--**	**--**	**87.551.992**	**1.050.140**

Footnotes offer supplementary information about the financial statement.

j) Accounting Period Ending On 31 December 2018 Solo Cash Flow Statement

(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 (31.12.2016)	**--**	**(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)	--	(12.333.354)	--
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**
I - 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**
II - Amendments Pursuant To The Errors	**--**	**--**	**--**	**--**	**--**	**--**
III - New Balance (I + II) (01/01/2018)	**7.384.087**	**6.764.406**	**50.136.326**	**22.939.237**	**--**	**180.780.135**
A- Capital increase	--	--	--	--	--	750.000
1- Cash	--	--	--	--	--	750.000
2- From internal resources	--	--	(50.136.326)	--	--	--
B- Purchase of own stock certificates	--	--	--	--	--	--
C- Earnings and losses not included in the Income Statement	--	(61.490)	--	--	--	(61.490)
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	--	--	64.064.838	--	--	64.064.838
I- Distributed Dividend	--	--		--	--	--
J- Transfer (*)	--	--				--
II - Outstanding balance at the end of the previous period (31.12.2018)	**7.384.087**	**6.702.916**	**64.064.838**	**8.779.510**	**--**	**245.533.483**

Footnotes offer supplementary information about the financial statement.

k) Accounting Period Ending On 31 December 2018 Profit Distribution Rate Statement

(All Figures Are Expressed In Turkish Lira "TL".)

	Footnote	Independent The items has been subjected to the audit 1 January- 31 December 2018	Independent The items has been subjected to the audit 1 January- 31 December 2017
I. DISTRIBUTION OF THE PROFIT OF THE PERIOD			
1.1. PROFIT FOR THE PERIOD	37	85.426.873	66.945.948
1.2. TAXES PAYABLE AND OTHER FISCAL LIABILITIES		(21.362.035)	(16.809.622)
1.2.1. Corporate Tax (Income Tax)	35	(21.362.035)	(16.809.622)
1.2.2. Income Tax Deduction		-	-
1.2.3. Others Tax and Legal Liabilities		-	-
A Net Profit for the Period (1.1 - 1.2)		**64.064.838**	**50.136.326**
1.3. PREVIOUS YEARS' LOSS (-)		-	
1.4. PRIMARY RESERVE		3.203.242	296.751
1.5. STATUTORY SAVING FUNDS (-)		-	
B DISTRIBUTABLE NET PROFIT OF THE PERIOD[(A - (1.3 + 1.4 + 1.5)]		**60.861.597**	**49.839.575**
1.6. FIRST DIVIDENDS TO THE SHAREHOLDERS (-)		-	-
1.6.1. To the owners of the share certificates		-	-
1.6.2. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
Holders of Redeemed Shares		-	-
1.6.4 Holders of Participation Bond		-	-
1.6.5 Holders of Profit and Loss Sharing Certificate		-	-
1.7. DIVIDEND TO EMPLOYEES (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDENDS TO THE SHAREHOLDERS (-)		-	-
1.10.1. To the owners of the share certificates		-	-
1.10.2. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
1.10.3. Holders of Redeemed Shares		-	-
1.10.4. Holders of Participation Bond		-	-
1.10.5. Holders of Profit and Loss Sharing Certificate		-	-
1.11. . SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES(-)		-	-
1.13. . EXTRAORDINARY RESERVES		-	-
OTHER RESERVES		-	-
1.15- Special funds		-	-
II. DISTRIBUTION FROM RESERVES		-	-
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. To the owners of the share certificates		-	-
2.3.2 Holders Of Preferred Capital Stock		-	-
2.3.3. Holders of Redeemed Shares		-	-
2.3.4 Holders of Participation Bond		-	-
2.3.5 Holders of Profit and Loss Sharing Certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. . DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
3.1. TO THE OWNERS OF THE SHARE CERTIFICATES		-	-
3.2. TO THE OWNERS OF THE SHARE CERTIFICATES (8%)		-	-
3.3. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
3.4. HOLDERS OF PREFERRED CAPITAL STOCK (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. . TO THE OWNERS OF THE SHARE CERTIFICATES		-	-
4.2. TO THE OWNERS OF THE SHARE CERTIFICATES (%)		-	-
4.3 HOLDERS OF PREFERRED CAPITAL STOCK		-	-
4.4. HOLDERS OF PREFERRED CAPITAL STOCK (%)		-	-

Footnotes offer supplementary information about the financial statement.

DOĞA SİGORTA ANONİM ŞİRKETİ
FOOTNOTES BELONG FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated, all figures are expressed in Turkish Lira (TL).)

1. GENERAL INFORMATION

1.1 The Parent Company's Name And The Last Owner Of The Group

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

1.2 Domicile And The Legal Structure Of The Company, Country And The Address Of The Registered Office (Address Of The Operating Center If It Is Different From The Registered Office)

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

1.3 The Company's Main Operations

The Company conducts its operations in accordance with the Insurance Law No. 5684 and other related 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 December 31, 2018, the Company has 1.723 sales channels. (31 December 2017: 1.413)

	31 DECEMBER 2018	31 DECEMBER 2017
Authorized Agency	1.655	1.354
Broker	66	58
Bank	2	1
Total	1.723	1.413

1.4 Description Of The Start-up Activities And Main Operations Of The Company

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

1.5 The Number Of The Personnel During The Period In Consideration Of Their Categories

	31 DECEMBER 2018	31 DECEMBER 2017
Senior Manager (*)	8	6
Officer	248	219
Total	256	225

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

1.6 Total Salaries And Benefits Paid To The Executive Management

	31 ARALIK 2018	31 ARALIK 2017
Board of Directors	1.818.076	1.730.291
Board of Supervisors	-	-
Executives	1.936.935	1.388.955
Total	3.755.011	3.119.246

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 2018.

1.9 Name Or Other Identifying Information Of The Reporting Enterprise And Changes In Such Information Since The Previous Balance Sheet Date

İlişikteki finansal tablolar sadece Doğa Sigorta Anonim Şirketi hakkındaki finansal bilgileri içermekte olup, Not 2.2'de daha detaylı anlatıldığı üzere 31.Aralık 2018 tarihi itibarıyla konsolide finansal tablolar hazırlanmamıştır.

Name / Commercial Title	Doğa Sigorta Anonim Şirketi
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 been no change in the Company's name and other company information as at the prior balance sheet date.

1.10 Events After The Balance Sheet Date

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

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, 2018, 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).

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 polices 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.

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

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) dated December 31, 2018, financial statement dated December 31, 2017, the statement of income, equity changes statement, and cash flow statement dated 31 December 2018, the statement of income, equity changes statement, and cash flow statement dated 31 December 2017, were presented in comparison.

2.2 Consolidation

The "Consolidation Communiqué" no. 27097 dated December 31, 2008, published by the Undersecretariat of Treasury requires insurance, reinsurance and pension companies to announce consolidated financial statements in addition to unconsolidated financial statements from March 31, 2009. In this sense, EDK Sigorta Anonim Şirketi, a subsidiary of the Company, which was founded on 04/11/2018 but has not engaged in any insurance activity, is classified as a Financial Asset in this financial statement since it does not have a material effect.

2.3 Segment Reporting

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

2.4 Foreign Currency Reserves

Transactions are recorded in TL, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates prevalent at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been 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 Ration (%) (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 2018, the Company does not own any Investment Properties. (31 December 2017: 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 have any financial assets held for trading. (31 December 2017: 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.

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. (31 December 2017: 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 Financial 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 47.4.

2.10 Derivative Financial Instruments

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

Derivative financial instruments are initially recognized based on their fair value.
The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts based on the contract amounts.

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

As of the reporting period, the Company does not have derivative financial instruments.
(31 December 2017: 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 December.2018 and 31.December.2017 are as follows.

Doğa Sigorta Anonim Şirketi	31.12.2018		31.12.2017	
Name, Last Name and Title of the Partner	Amount of Share (TL)	Share Portion (%)	Amount of Share (TL)	Share Portion (%)
Nihat KIRMIZI	23.330.611	33,329	2.000.000	38.090
Nabi KIRMIZI	23.330.611	33,329	1.250.000	23.806
Mustafa Arif KÜME	1.167	0,002	100	0,002
DoğaMed Sağlık Hiz. San ve Tic.A.Ş.	1.167	0,002	100	0,002
Doğa Akademi Ort. Sağ. Güv. Bir. Dan. A.Ş.	17.497.958	24,997	1.500.000	28.568
Berk Dan. ve Teks. San. Tic. A.Ş.	1.167	0,002	100	0,002
Mesleğim Eğitim Kurumları A.Ş.	5.832.653	8,332	500.000	9.523
Agroberk Gıda Ürünleri A.Ş	4.666	0,007	400	0,008
Paid-up Capital	70.000.000	100	5.250.700	100

As of 31.12.2018 the Company's share capital is TL 70,000,000 divided into 70,000,000 shares each having a nominal value of TL 1. The company set off the capital increase of 63,999,300 TL in that period from the previous year's profits. As of 31.12.2018 the company has no unpaid capital.

2.13.1. Information On Shareholders Owning 10% Or More Of The Equity

As of 31 December 2018, there are 8 shareholders of the Company. There are 3 shareholders owning more than 10% of the equity. (31 December 2017: There are 3 shareholders owning more than 10% of the equity.

2.13.2 Privileges On Common Shares Representing Share Capital

There are no preference stocks of the company.

2.13.4 Registered capital system in the Company

The company is not subject to the registered capital system.

2.14 Insurance And Investment Contracts - Classification

Insurance Contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) in order to cover the damages for which claims are set forth which may arise from one or more contracts. The insurance contracts and the reinsurance contracts hold by the Company are also included in the classification of insurance contracts.

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

Investment Contracts

Investment contracts do not transfer a significant insurance risk but they transfer financial risk. The Company does not have any investment contracts. (31 December 2017: 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. (31 December 2017: 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 (31 December 2017: None)

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

In Turkey, company profits are subject to 22-percent corporate tax (the Provisional Article 10 added to the Corporate Tax Law The 20-percent corporate tax rate will be taken 22 percent for the company's profit for the tax periods 2018, 2019 and 2020 (and accounting periods that start within the year for the organizations which are assigned a special accounting period) as per the item. 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.
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.Since the tax rate was amended as 22 percent for three years from 01/01/2018, the rate for provisional differences that are expected to be realized/closed within three years (2018, 2019 and 2020) for the taxes deferred as of 12/31/2018 was taken 22 percent. Nevertheless, a tax rate of 20 percent was used for the differences that are expected to be realized/closed after 2020.

Transfer Pricing

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

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 2018 is TL 5.434,42. (31 December 2017: TL 4,732.48)

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 2018, the Company has TL 574,971 benefit obligation. (31 December 2017: 421.570 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 2018 and 31 December 2017 are as follows:

	31 December 2018	31 December 2017
Discount Rate	8,73%	5,33%
Expected rate of salary/limit increase	7,03%	6,05%
Estimated employee Leaving Possibility	-	-

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

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 2018, the Company has TL 400,500 liabilities on account of the unused vacations. (31 December 2017: 237.295 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 865,636,220; reinsurance share of reserves for unearned premiums is TL 314,673,326; and the Social Insurance Institution's share for of reserves for unearned premiums is TL 56,313,048; Pool Share of Unearned Premiums Reserve is TL 99,685,869 and the Net Reserves for Unearned Premiums is TL 394,963,976. (31 December 2017: The reserves for unearned premiums 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.) (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.

In accordance with the legislation in force, the Company calculated a gross **TL 17,483,296** net total of **TL 9,062,641** on-going Risks Reserves in Land Vehicles and General Liability as of **12/31/2018**. (31.12.2017: Total gross **TL 5,491,720** net **TL 2,465,134)**

Gross Outstanding Claims Reserve

Pursuant to Article 7 of the Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves", the Companies account 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.

Pursuant to Article 7 of the Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves", the Companies must account 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 2,5%, 5%, 10% for 2015,**
- **by adding 7,5%, 7,5% %10%, 10% for 2016,**
- **by adding 12,5% 12,5% 15% 15% for 2017**
- **and by adding 20% 20% 25% 25% for 2018**
- **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".

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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. As of the account date, the estimated pool will reflect Incurred But Not Reported (IBNR) values to financials.

As of 31 December 2018, the Company calculated **TL 1.059.512.428** (31 December 2017: **TL 589.962.427**) for Gross Provision for Outstanding Claims, **TL 628.676.974** (31 December 2017: **TL 356.941.836**) for Reinsurance Share of Provision for Outstanding Claims, **TL 430.835.454** for Net Provision for Outstanding Claims (31 December 2016: TL **233.020.591**).

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.

The company had implemented a gradual transition of 80% in the 2017Q2 period whereas the gradual transition implemented in the periods 2017Q4 and 2018Q2 was 100%. The 100-percent gradual transition practice continued in the period 2018Q4. According to the statement made by the company, since it is compulsory to make discounts on the General Liability and Land Vehicles Liability branches pursuant to the Circular on Amendment of the Circular no. 2016/22 on Discounting the Net Cash Flows Arising from the Provisions for Outstanding Claims no. 2017/7 dated 09/15/2017, all branches were discounted and the rate of gradual transition was raised from 80 percent to 100 percent as per the resolution of the Company Management and the Authorized Actuary.

Outstanding Claims Provisions were discounted for the first time in Q3 2017. As of 31.12.2018, the gross discount amount was TL 184,519,445 and Discount Reinsurance portion (including the Risky Insurance Pool discount portion) was **TL 107,144,673**. The calculation method in the Table 57 was used for the tool for reporting to the Treasury in calculating the discounts.

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 31.12.2018, the Company Actuary calculated the pool IBNR and reflected it in financial statements. **51,022,052 TL** paid to, and **31,325,941 TL** received from, the Compulsory Traffic Insurance Pool was taken into account. H/P ratio for calculating the pool's IBNR was taken 80 percent.

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 TL-0.

According to this information, the gross IBNR amount calculated by the Company as of 31/12/2018 is **737,943,005 TL**, IBNR Reinsurance Share **426,420,234-TL** and net IBNR amount is **311,522,769-TL.**

As of 31 December 2018, the Company has **TL 430.835.454** Outstanding Claims Reserve (31 December 2017: **TL 233.020.591)** in Total: **TL 119,312,685** net File Outstanding Claims reserve (31 December 2017: **TL 67.266.340**), and **TL 311.522.769** Non Reported Claims Outstanding Claims Reserve (IBNR) (31 December 2017: **165.754.251**) and TL-0 net Outstanding Claims Adequacy Difference (31 December 2017: **(-) TL)** . (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.

The Company has calculated a Reserve for Balancing amounting to **TL 1,205,753** for the current period. As of 31 December 2018, the Company has **TL 2.260.415** equalization provision. (December 31, 2017: **1.054.661 TL**)

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 2018, net TL 11,067,343 subrogation receivable was recognized in the receivables from main operations account according to the said Circular. (Note 12) (31 December 2017: 5.657.718 TL) The Company provided allowance for uncollected subrogation receivables amounting to TL **4.903.248** in accordance with circular. (Note 12) (31 December 2017: **1.731.983 TL**)

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 8.714.825 TL** (31 December 2017: **2.448.681 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 2018, net salvage and subrogation income collected are **TL 27,931,706** in total. (31 December 2017: **11.630.271 TL**.)

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. (31 December 2017: 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 Newly Issued Standards and Comments

The accounting policies adopted in preparation of the non consolidated financial statements of the accounting period ending on 31 December 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2018 which are summarized below. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

a) The standards and amendments which are effective dating from January 1, 2018 are as follows:

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.
The company will benefit from the articles of provisional exemption from the TFRS 9 in the TFRS 4 until the effective date of the IFRS 17.

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 The company's transition to TFRS 15 was postponed to January 1, 2021, pursuant to the "Circular no. 2018/4 dated 10/23/2018 on the Date of Insurance and Pension Companies' Transition to TFRS 15" published by the Ministry of Treasury and Finance.

TMS (Turkish Accounting Standard) 4 changes in "Insurance Contracts"; are valid on January 1, 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.

These amendments are effective for annual periods beginning on or after 1 January 2018. The amendment did not have significant impact on the financial position or performance of the Company.

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. The amendment did not have significant impact on the financial position or performance of the Company.

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 The amendment did not have significant impact on the financial position or performance of the Company.

- TMS Annual Improvements – 2014–2016 Term

- 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.

The amendment did not have significant impact on the financial position or performance of the Company.

TMS (Turkish Accounting Standard) Comment 22 "Transactions in foreign currencies and advances payments";
Those 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.

The amendment did not have significant impact on the financial position or performance of the Company.

b) The Standards And Amendments Are Published As Of January 1, 2018 But No Effective

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 confirms 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. 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. The amendment did not have significant impact on the financial position or performance of the Company.

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 and 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.

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.

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

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

Generally, the Company's insurance contracts include 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:

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

31 December 2018			
Total Loss Liabilities	Gross Total Total Claims Liability	Total Loss Liabilities Reinsurance Share	Net Total Total Claims Liability
Accident	34.199.625	31.075.441	3.124.184
Land Vehicles (Own Damage)	245.713.127	138.885.589	106.827.538
Fire and Natural Disasters	24.211.332	15.680.349	8.530.983
Transportation	25.970.504	25.734.767	235.737
General Damages	7.817.640	5.395.950	2.421.690
Land Vehicles Liability	1.691.068.110	977.904.544	713.163.567
General Responsibility	4.948.358	2.365.604	2.582.754
Legal Protection	7.877	5.633	2.244
Health/Illness	8.414.591	426.450	7.988.140
Indemnity	25.584	17.909	7.675
Aircrafts	-	-	-
Aircrafts Responsibility	-	-	-
Watercrafts	-	-	-
TOTAL	2.042.376.748	1.197.492.234	844.884.514

31 December 2017			
Total Loss Liabilities	Gross Total Total Claims Liability	Total Loss Liabilities Reinsurance 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

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

31 December 2018			
Total Loss Liabilities	Gross Total Total Claims Liability	Total Loss Liabilities Reinsurance Share	Net Total Total Claims Liability
Marmara Region(*)	(2.042.376.748)	1.197.492.234	(844.884.514)
TOTAL	(2.042.376.748)	1.197.492.234	(844.884.514)

31 December 2017			
Total Loss Liabilities	Gross Total Total Claims Liability	Total Loss Liabilities Reinsurance 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

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

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

31 Aralık 2018			
Total Loss Liabilities	Gross Total Total Claims Liability	Total Loss Liabilities Reinsurance Share	Net Total Total Claims Liability
Turkish Liras	(2.042.376.748)	1.197.492.234	(844.884.514)
American Dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
TOTAL	(2.042.376.748)	1.197.492.234	(844.884.514)

31 Aralık 2017			
Total Loss Liabilities	Gross Total Total Claims Liability	Total Loss Liabilities Reinsurance 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

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:

	31 December 2018	31 December 2017
Cash and cash equivalents (Note 14)	1.016.627.186	860.188.905
Financial assets	-	21.226.637
Receivables From Real Operating Income (Note 12.1)	214.219.770	132.410.941
Reinsurance share of outstanding claims reserve, at the end of the period (Not 10), (Not 17.19)	628.676.974	356.941.836
Deposits and guarantees given	240.202	165.982
Advances to Personnel	3.437	5.231
Advance payments	222.654	348.652
Receivables from Associates	57.487	-
Other Miscellaneous Receivables	584.663	-
TOTAL	1.860.913.073	1.371.288.184

31 Aralık 2018 ve 31 Aralık 2017 tarihi itibarıyla Esas Faaliyetlerden Alacakların yaşlandırması aşağıdaki gibidir:

	31 December 2018		31 December 2017	
	Gross Amount	Reserve Allocated	Brüt Tutar	Ayrılan Karşılık
Undue receivables	189.889.209	-	115.504.041	-
Past due 0-30 days	18.166.466	-	12.939.451	-
Past due 31-60 days	-	-		-
Past due 61-180 days	-	-		-
Past due 181-365 days	-	-		-
Receivables will be overdue more than 1 year	-	-		-
TOTAL	208.055.675	-	128.443.492	-
Salvage and subrogation receivables	11.067.343	(4.903.248)	5.699.432	(1.731.983)
Doubtful receivables from main operations – subrogation receivables	8.714.825	(8.714.825)	2.448.681	(2.448.681)
TOTAL	227.837.843	(13.618.073)	136.591.605	(4.180.664)

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

	31 December 2018					
ASSETS	**Book Value**	**Up To 1 Month**	**1 - 3 Month(S)**	**3 - 6 Month(S)**	**6 - 12 Month(S)**	**Longer Than 1 Year**
Cash And Cash Equivalents	1.016.627.186	728.315.332	288.311.856	-	-	-
Receivables From Real Operating Income	214.219.770	31.737.619	33.860.702	127.680.869	20.940.581	-
Advances To Personnel	3.437	3.437	-	-	-	-
Advance Payments	222.654	222.654	-	-	-	-
Receivables From Associates	57.487	-	-	-	57.487	-
Receivables From Associates	584.663	-	584.663	-	-	-
Other Miscellaneous Receivables	520.902	-	-	-	-	520.902
Deposits And Guarantees Given	1.232.236.099	222.654	322.757.221	127.680.869	20.998.068	520.902
LIABILITIES	**Book Value**	**Up To 1 Month**	**1 - 3 Month(S)**	**3 - 6 Month(S)**	**6 - 12 Month(S)**	**Longer Than 1 Year**
Real Operating Liabilities	75.728.060	39.522.830	-	36.205.230	-	-
Liabilities Due To Related Parties	1.290.163	952.416	-	-	-	337.747
Other Payables	44.198.749	2.119.830	34.991.861	-	7.087.058	-
Insurance Technical Reserves (*)	837.122.486	111.575.092	537.248.094	89.123.730	95.818.304	3.357.267
Reserves For Taxes And Other Similar Obligations	33.795.151	12.059.733	21.735.418	-	-	-
Provisions For Other Risks	3.692.694	-	-	-	400.500	3.292.194
Other Long-Term Liabilities	91.778	-	-	-	-	91.778
Total Monetary Assets	995.919.081	166.229.901	593.975.373	125.328.960	103.305.862	7.078.986

	31 December 2017					
ASSETS	**Book Value**	**Up To 1 Month**	**1 – 3 Month(S)**	**3 – 6 Month(S)**	**6 – 12 Month(S)**	**Longer Than 1 Year**
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	**Book Value**	**Up To 1 Month**	**1 – 3 Month(S)**	**3 – 6 Month(S)**	**6 – 12 Month(S)**	**Longer Than 1 Year**
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 Other 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

(*) 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:

31 December 2018			
ASSETS	**USD**	**Euro**	**TOTAL**
Cash And Cash Equivalents	4.671.403	23.475.063	28.146.466
Total Foreign Currency Assets	4.671.403	23.475.063	28.146.466
LIABILITIES	**USD**	**Euro**	**TOTAL**
Real Operating Liabilities	(3.810.416)	(1.417.519)	(5.227.936)
Total Foreign Currency Liabilities	(3.810.416)	(1.417.519)	(5.227.936)
Balance Sheet Position	860.987	22.057.543	22.918.530

31 December 2017			
ASSETS	**USD**	**Euro**	**TOTAL**
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	**USD**	**Euro**	**TOTAL**
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

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 2018 and 31 December 2017 are as follows:

	USD	Euro
31 December 2018	5,2609	6,0280
31 December 2017	3,7719	4,5155

Exposure To Foreign Currency Risk

A 10 percent depreciation of the TL against the following currencies as of 31 December 2018 and 31 December 2017 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 10 percent appreciation of the TL against the following currencies, the effect will be in the reversed direction and equal to the corresponding sum.

	31 December 2018		31 December 2017	
	Income Statement	Shareholders' equities (*)	Income Statement	Shareholders' equities (*)
USD	86.099	86.099	91.230	91.230
Euro	2.205.754	2.205.754	4.079.652	4.079.652
TOTAL, NET	2.291.853	2.291.853	4.170.882	4.170.882

(*) 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 2018 and 31 December 2017; 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:	31 December 2018	31 December2017
Interbank Deposits (Note14)	651.617.405	540.101.687
Payables to shareholders (Not 45)	-	336.843
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).

Lvel 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs). Classification requires using observable market data if available.
In this context, the fair value classification of financial assets and liabilities measured at fair value in this framework is as follows.

31 December 2018	1.Rank	2.Rank	3.Rank	TOTAL
Financial Assets	-	-	-	-
Financial Assets Held for Trading	-	-	-	-
Financial Assets	-	-	-	-

31 December 2017	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 2018, and 31 December 2017, the Company's capital adequacy is as follows.

1st METHOD	31 Aralık 2018	31 Aralık 2017
Equity Capital Required for Non-Life Branches	106.971.386	111.182.848
Equity Capital Required for Life Branch		
Equity Capital Required for Pension Branch		
TOTAL REQUIRED EQUITY CAPITAL	106.971.386	111.182.848
2st METHOD		
Equity Capital Required for Active Risk	41.073.197	26.041.074
Equity Capital Required for Reinsurance Risk	40.052.668	38.501.402
Equity Capital Required for Excessive Premium Increase		
Equity Capital Required for Outstanding Claims Reserve	38.093.815	20.271.796
Equity Capital Required for Underwriting Risk	91.511.716	82.530.153
Equity Capital Required for Interest Rate and Exchange Risk	1.326.794	232.899
TOTAL REQUIRED EQUITY CAPITAL	212.058.190	167.577.323
Shareholders' equities	245.533.483	180.780.135
Reserve for Balancing	2.260.415	1.054.661
Subsidiary Deducted from the Equity Capital	(180.000)	
Total Required Equity Capital to Be Considered For Capital Adequacy	247.613.898	181.834.796
Capital Adequacy Result	35.555.708	14.257.473

In the capital adequacy table dated 31 December 2018, the Company's Capital Adequacy was accounted as TL 35,555,708. (31 December 2017: Capital Adequacy TL 14,257,473)

Gains And Losses From Financial Instruments

Financial gains and losses recognized in the statement of income	31 December 2018	31 December 2017
Interest Incomes	87.198.804	51.372.384
Foreign Exchange Profits	29.761.446	7.785.588
Dividend Incomes From Associates	66.620	140.511
Other Investments	87.189.481	16.333.146
Investment Incomes	204.216.351	75.631.629
Depreciation Expenses	(2.940.396)	(1.965.201)
Foreign Exchange Loss	(6.763.689)	(3.003.945)
Investment Expenses	(9.704.085)	(4.969.146)
Investment Revenues Originating From Financial Assets	194.512.266	70.662.483

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 2018 is presented below:

Cost Value	1 January 2018	Inputs	Correction	31 December 2018
Fixtures and furnitures	3.811.151	892.577	(62.613)	4.641.115
Motor Vehicles	723.705	122.144	(65.205)	780.644
Special Costs	6.143.557	1.770.741	-	7.914.298
TOTAL	10.678.413	2.785.462	(127.818)	13.336.057
B. Depreciation	1 January 2018	Inputs	Correction	31 December 2018
Fixtures and furnitures	(1.026.305)	(886.491)	48.425	(1.864.371)
Motor Vehicles	(158.567)	(133.302)	9.683	(282.186)
Special Costs	(1.010.047)	(1.338.569)	-	(2.348.616)
TOTAL	(2.194.919)	(2.358.362)	58.108	(4.495.173)
NET BOOK VALUE	8.483.494		(69.710)	8.840.884

Movement in tangible assets in the period from 1 January to 31 December 2017 is presented below:

Cost Value	1 January 2018	Inputs	Correction	31 December 2018
Fixtures and furnitures	1.494.167	2.337.013	(62.613)	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	7.143.893	(20.029)	10.678.413
B. Depreciation	1 January 2018	Inputs	Correction	31 December 2018
Fixtures and furnitures	(404.603)	(623.975)	2.273	(1.026.305)
Motor Vehicles	(32.667)	(125.900)	-	(158.567)
Special Costs	(320.618)	(125.900)	-	(1.010.047)
TOTAL	(757.888)	(1.439.304)	2.273	(2.194.919)
NET BOOK VALUE	2.796.661		(69.710)	8.483.494

6.2 All Depreciation, Amortization And Depletion Expenses Of Current Year:

	1 January - 31 December 2018	1 January - 31 December 2017
DEPRECIATION EXPENSES	(2.358.362)	(1.439.304)
Amortization and depletion expenses	(582.034)	(525.898)
Total	(2.940.396)	(1.965.202)

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. (31 December 2017: Not applicable)

6.4 Movement In Tangible Assets In The Current Period

	31 December 2018	31 December 2017
a) Cost of the tangible fixed assets purchased, produced, or constructed:	2.785.462	7.143.893
b) Cost of sold or scrapped tangible fixed assets:	(127.818)	(20.029)
c) Amount of Revaluation Increase in Current Period:	-	-
- In cost of assets (+):	-	-
-In accumulated depreciations (-):	-	-
d) d) Characteristics, total amount, start and end date and progress of ongoing investments:	-	-

6.5 Total Insurance Amount For Tangible Assets

Type	31 December 2018	31 December 2017
Fixtures And Funnitures	6.381.467	4.711.000
TOTAL	6.381.467	4.711.000

7. INVESTMENT PROPERTY

As of 31 December 2018, the Company does not have any investment properties. (31 December 2017: 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 2018 is presented below:

Cost Value	1 January 2018	Inputs	Outputs	31 December 2018
Software	2.026.281	470.647	-	2.496.928
Total	2.026.281	470.647	-	2.496.928
B. Depreciation	1 January 2018	Inputs	Outputs	31 December 2018
Software	(1.170.117)	(582.036)	-	(1.752.153)
Total	(1.170.117)	(582.036)	-	(1.752.153)
Net Book Value	856.164	-	-	744.776

Movement in intangible assets in the period from 1 January to 31 December 2017 is presented below:

Cost Value	1 January 2018	Inputs	Outputs	31 December 2018
Software	1.362.632	663.647	-	2.026.281
Total	1.362.632	663.647	-	2.026.281
B. Depreciation	1 January 2018	Inputs	Outputs	31 December 2018
Software	(644.220)	(525.898)	-	(1.170.117)
Total	(644.220)	(525.898)	-	(1.170.117)
Net Book Value	718.412	-	-	856.164

8.2 Business Combinations

Not applicable. (31 December 2017: Not applicable)

9. INVESTMENTS IN AFFILIATES

	31 December 2018		31 December 2017	
	Book Value	Share Value %	Book Value	Share Value %
Tarım Sigortaları Havuz İşletmesi A.Ş.(*)	430.032	4,71	393.007	4,71
Long Term Securities	430.032	4,71	393.007	4,71
EDK Sigorta A.Ş.(**)	300.000	60	-	-
Subsidiary Companies Net	300.000	60	-	-
Total Financial Asset	730.032	60	393.007	-

(*) 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.

(**) Article 474 of the Turkish Commercial Code Number 6102. Pursuant to the item, the amount of capital in the company's affiliate is 300,000 TL after the capital reduction.

10. REINSURANCE ASSETS

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

REINSURANCE ASSETS	31 December 2018	31 December 2017
Reinsurance share of unearned premiums reserve (Note – 17.16)	314.673.326	344.805.601
Reinsurance share of outstanding claims reserve,	628.676.974	356.941.836
Receivables from reinsurers related to commissions and paid-up claims (Note 12)	27.943.646	8.516.626
Reinsurance Share of Unexpired Risks Reserve (Note – 17.16).	8.420.655	3.026.586
Reinsurance Share of Equalization Reserve (Note 17.16)	5.173.772	2.533.989
TOTAL	984.888.373	715.824.638

There is not any impairment losses recognized for reinsurance assets.

REINSURANCE LIABILITIES	31 December 2018	31 December 2017
Payables to the reinsurers related to ceded premiums (Note 19)	43.537.042	118.680.870
Deferred Commission Incomes (Note 19)	83.989.701	86.282.124
Reinsurance Commission Provisions	47.688.111	39.127.791
Deposits From Reinsurance Companies (Note 19)	9.821.194	-
TOPLAM	185.036.047	244.090.785

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

	31 December 2018	31 December 2017
Ceded Premiums To Reinsurers During The Period (Note 17)	(621.099.094)	(635.275.818)
Reinsurance Share Of Outstanding Claims Reserve, At The Beginning Of The Period (*)	(344.805.801)	(248.176.887)
Reinsurance Share Of Unearned Premiums Reserve, At The End Of The Period (Note 17)	314.673.326	344.805.601
Reinsurance Share Of Earned Premiums (Note 17)	(651.231.369)	(538.647.104)
Reinsurance Share Of Claims Paid, During The Period (Note 17)	568.815.260	314.883.019
Reinsurance Share Of Outstanding Claims Reserve, At The Beginning Of The Period (*)	(356.941.836)	(199.895.811)
Reinsurance Share Of Outstanding Claims Reserve, At The End Of The Period (Note 17)	628.676.974	356.941.836
Reinsurance Share Of Claims Paid, During The Period (Note 17)	840.550.398	471.929.043
Commission Income Accrued From Reinsurers During The Period	186.952.635	96.664.148
Deferred Commission Incomes In The Beginning Of The Period (Note 17)	86.282.124	63.678.884
Deferred Commission Incomes At The End Of The Period (Note 17)	(83.989.701)	(86.282.124)
Commission Provisions In The Beginning Of The Period	39.127.791	-
Reinsurance Commission Provisions	(152.166.970)	(39.127.791)
Commission Income Earned From Reinsurers (Note 32)	76.205.880	34.933.117
Reinsurance Share Of Unexpired Risks Reserves	5.394.069	2.022.347
Reinsurance Share Of Equalization Reserve (Note 17.19)	5.173.772	2.533.989
Total, Net	276.092.750	(27.228.608)

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

11. FINANCIAL ASSETS

11.1 Classification of the Financial Assets

	31 December 2018		31 December 2017	
Financial assets held for trading	-		21.226.637	
	Nominal Value	Cost Accounting	Fair Value Measurement	Book Value
Borrowing Instruments				
Private sector Bonds and Securities	-	-	-	-
TOTAL	-	-	-	-

11.2 Marketable Securities Issued During The Year Other Than Share Certificates

Not applicable. (31 December 2017: Not applicable)

11.3 Securities Representing Redeemable Debt During The Year

Not applicable. (31 December 2017: 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. (31 December 2017: Not applicable)

11.6 Value Increase On Financial Assets In The Last Three Years

Not applicable. (31 December 2017: Not applicable)

11.7 Financial Instruments

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

11.8 Effects of Exchange Rate Differences

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	31 December 2018	31 December 2017
Receivables from insurance operations (*)	-	21.226.637
TOTAL	214.219.770	132.410.941

(*) The details of the Company's receivables from insurance operations as of 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018	31 December 2017
Receivables From Agencies, Brokers And Intermediaries	55.189.100	26.732.668
Receivables From Reinsurance Transactions	27.943.646	8.516.626
Bank Guaranteed Credit Card Receivables	124.922.929	93.235.914
Salvage And Subrogation Receivables	11.067.343	5.657.716
Total Receivables From Insurance Operations, Net	219.123.018	134.142.924
Doubtful Receivables Arising From Real Operations	8.714.825	2.448.681
Provisions For Doubtful Receivables Arising From Real Operations	(8.714.825)	(2.448.681)
Salvage And Subrogation Receivables	(4.903.248)	(1.731.983)
Receivables From Real Operating Income	214.219.770	132.410.941

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 2018.

12.3 Total Amount Of The Mortgages And Other Securities Received Against Receivables

Type Of Pledge And/or Guarantee	31 December 2018	31 December 2017
Letter of guarantee	14.664.472	7.718.488
TOTAL	14.664.472	7.718.488

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 20,221,804 as of 31 December 2018. (31 December 2017: TL 13,081,700).

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 2018, see Note 4.2. Exposure to Foreign Currency Risk. Exposure to foreign currency risk

13. DERIVATIVE FINANCIAL INSTRUMENTS

Not applicable. (31 December 2017: Not applicable)

14. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash	-	42.713
Cash Deposits with Banks	657.423.541	553.949.827
Bank Guaranteed Credit Card Receivables with maturities less than 3 months	657.423.541	306.196.365
Given cheques and payment orders (-)	-	-
Total	1.016.627.186	860.188.905
Blocked Amounts	(7.117)	(7.117)
Interbank Deposits Interest Rediscounting	(6.807.494)	(4.449.103)
Cash and Cash Equivalents in the Cash Flow Table	1.009.812.575	855.732.685

As of 31 December 2018, and 31 December 2017, bank deposits respectively are further analyzed as follows:

TL Interbank Deposits	31 December 2018	31 December 2017
Having A Fixed Term	651.617.405	540.101.687
On Demand	5.806.136	13.848.140
TOTAL	657.423.541	553.949.827

Amounts Of Blocked Deposits With The Banks

The Company has TL 7.117 blocked in deposits. (31 December 2017: The Company has TL 7,117 blocked in deposits.) The amount of 7,117 TL is a blockage for the Undersecretariat of Treasury for necessity of insurance activities. (31 December 2017: The total amount of 7,117 TL is a blockage for the Undersecretariat of Treasury for necessity of insurance activities.)

Time deposits consist of TL and EURO bank placements; the TL maturity range is between 2 January 2019 and 26 February 2019. The applied interest rate is between 22% and 24.30% for TL time deposits and between 2,75 % and 3,50% for EURO time deposits. The maturity range of TL time deposits is between 2 January 2019 and 28 January 2019. (31 December 2017: 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.)

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 31.12.2018, the Company has 8 shareholders. The Company has increased its capital with the Trade Registry Gazette dated 14.06.2018 and numbered 9600. The Company's new share capital is TL 70,000,000 divided into 70,000,000 shares each having a nominal value of TL 1. The entire subscribed capital was paid. The capital increase in the amount of TL 63.999.300 made this time has been paid from the profits from the previous year.

	31.12.2018		31.12.2017	
Name, Last Name and Title of the Partner	Amount of Share (TL)	Share Portion (%)	Amount of Share (TL)	Share Portion (%)
Nihat KIRMIZI	23.330.611	33,329	2.000.000	38.090
Nabi KIRMIZI	23.330.611	33,329	1.250.000	23.806
Mustafa Arif KÜME	1.167	0,002	100	0,002
DoğaMed Sağlık Hiz. San ve Tic.A.Ş.	1.167	0,002	100	0,002
Doğa Akademi Ort. Sağ. Güv. Bir. Dan. A.Ş.	17.497.958	24,997	1.500.000	28.568
Berk Dan. ve Teks. San. Tic. A.Ş.	1.167	0,002	100	0,002
Mesleğim Eğitim Kurumları A.Ş.	5.832.653	8,332	500.000	9.523
Agroberk Gıda Ürünleri A.Ş	4.666	0,007	400	0,008
Paid-up Capital	70.000.000	100	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

	31 December 2018	31 December 2017
Capital Amount at the Beginning of the Period	5.250.700	87.524.100
Disposals during the period	-	(86.522.950)
Capital Increase Within the Period	63.999.300	4.999.550
Capital Payment Within the Period	750.000	-
Non-paid Capital	-	(750.000)
Period End Paid-up Capital	70.000.000	5.250.700

As of 31.12.2018 the Company's share capital is TL 70,000,000 divided into 70,000,000 shares each having a nominal value of TL 1. The company set off the capital increase of 63,999,300 TL in that period from the previous year's profits. As of 31.12.2018 the company has no unpaid capital.

15.3 For Each Class Of Share Capital

15.3.1 The Explanation About The Number Of Capital Shares

Not applicable. (31 December 2017: 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. (31 December 2017: 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 70,000,000, and it consists of 70,000,000 shares, each with a nominal value of TL 1. The company has no unpaid capital. (31 December 2017: 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.)

15.3.4 Reconciliation Of The Number Of The Equity Shares At The Beginning And Ending Of The Period

	31 December 2018	31 December 2017
Number of Shares per each Period	5.250.700	2.000.700
Capital Payment Within the Period	750.000	3.250.000
Increase / Decrease within the Period	63.999.300	-
Number of Shares at the End of the Period	70.000.000	5.250.700

As of 31.12.2018 the Company's share capital is TL 70,000,000 divided into 70,000,000 shares each having a nominal value of TL 1. The company set off the capital increase of 63,999,300 TL in that period from the previous year's profits. As of 31.12.2018 the company has no unpaid capital.

15.3.5 Disclosure Of Rights, Privileges And Restrictions (Restrictions) On Such Capital Class, Including The Distribution Of Dividends And The Restrictions On Repayment Of Capital.

Not applicable. (31 December 2017: Not applicable)

15.3.6 Explanations Regarding The Equity Shares Held By The Company, Its Affiliates Or Its Subsidiaries

Not applicable. (31 December 2017: 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. (31 December 2017: Not applicable)

15.3.8 Other Capital Reserves

Other capital reserves are made up of the amount which was resolved to be kept as Capital reserve in the Equity in previous years and transferred to Equity Development fund pursuant to the resolution 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.

The movement of the legal reserves is as follows:

	31 December 2018	31 December 2017
Legal Reserves At The Beginning Of The Period	753.389	-
Transfer From Profit	296.751	753.389-
Period End Legal Reserves	1.050.140	753.389-

15.4.2 Extraordinary Reserves

The movement of extraordinary reserves is as follows:

	31 December 2018	31 December 2017
Extraordinary Reserves at the Beginning of the Period	6.780.498	-
Transfer from profit	-	6.780.498
Number of Shares at the End of the Period	6.780.498	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 2018, other profit reserves consist of a total net of TL 77.582 which is the actuarial loss and gain amount found by re-measuring the net benefit liability defined according to TAS 19. (31.12.2017: (16.092)TL)

15.4.5 Previous Years Profits /(Losses)

	31 December 2018	31 December 2017
Previous Year Profits / Losses	22.939.236	(7.202.204)
Amount Transferred From The Net Profit Of The Period	50.136.326	37.675.326
Capital Increase Covered From Previous Year Profits	(63.999.300)	-
Legal Reserves	(296.752)	(7.533.886)
TOTAL	8.779.510	22.939.236

15.5 Share Based Payments

Not applicable. (31 December 2017: Not applicable)

15.6 Matters pertaining to the Events after the Balance Sheet Date

Not applicable. (31 December 2017: 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. (31 December 2017: 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. (31 December 2017: Not applicable)

16.3 Hedging For Forecasted Transactions And Net Investment Hedging

Not applicable. (31 December 2017: Not applicable)

16.4 Hedging Against Financial Risks

Not applicable. (31 December 2017: Not applicable)

16.5 Income And Loss Related To Affiliates Recognized Directly In Equity In The Current Period

Not applicable. (31 December 2017: Not applicable)

16.6 Revaluation Increase In Tangible Fixed Assets

Not applicable. (31 December 2017: Not applicable)

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

17.1 Details of the Company's technical reserves as of 31 December 2018 and 31 December 2017 are below:

	31 December 2018	31 December 2017
Gross Unearned Premiums Reserve	865.636.220	812.872.212
Reinsurance Share Of Unearned Premiums Reserve (Note 10)	(314.673.326)	(344.805.601)
Ssi Of Unearned Premiums Reserve	(56.313.048)	(54.318.496)
Pool Unearned Premiums Reserve	(99.685.869)	(46.591.973)
Provisions For Unearned Premiums - Net	394.963.976	367.156.142
Provisions For Gross Suspending Indemnities	1.059.512.428	589.962.427
Reinsurance Share Of Outstanding Claims Reserve (Note 10)	(628.676.974)	(356.941.836)
Gross Outstanding Claims Reserve, Net	430.835.454	233.020.591
Gross Unexpired Risks Reserve	17.483.296	5.491.720
Reinsurance Share Of Unexpired Risks Reserve (Note 10)	(8.420.655)	(3.026.586)
Provision For Unexpired Risks - Net	9.062.641	2.465.134
Reserve For Balancing, Net	2.260.415	1.054.661
Mathematical Life Provision, Net	-	-
Total Technical Reserves, Net	837.122.486	603.696.529
Short-term	834.862.071	602.641.868
Medium- And Long-term	2.260.415	1.054.661
Total Technical Reserves, Net	837.122.486	603.696.529

17.2 Number Of Life Insurance Policies, Additions, Disposals In The Current Period, And Current Life Insurees And Their Mathematical Reserves

Not applicable. (31 December 2017: Not applicable)

17.3 Insurance Guarantees Given To Non-life Insurances Based On Insurance Branches

BRANCH	31 December 2018	31 December 2017
Land Vehicles Liability	7.478.041.147.000	7.322.729.275.000
Accident	19.327.794.861	50.073.299.823
Land Vehicles Liability	26.372.286.925	32.144.679.427
Fire and Natural Disasters	67.208.276.924	45.393.753.504
Transportation	5.757.239.089	3.433.136.484
General Damages	27.527.428.546	23.433.922.039
General Responsibility	12.814.518.527	12.013.395.253
Legal Protection	2.628.062.569	3.002.334.474
Health Illness	214.200.267.768	189.903.215.558
Indemnity	226.997.719	116.197.497
Aircrafts	4.985	4.985
Aircrafts Responsibility	482.718	295.932
Watercrafts	5.622.560	3.000
Total	7.854.110.130.191	7.682.243.512.975

17.4 Pension Investment Funds Established By The Company And Their Unit Prices

Not applicable. (31 December 2017: Not applicable)

17.5 Number And Amount Of Participation Certificates In Portfolio And Circulation

Not applicable. (31 December 2017: Not applicable)

17.6 Number Of Portfolio Amounts Of Additions, Disposals, Reversals, And Current Individual And Group Pension Participants

Not applicable. (31 December 2017: Not applicable)

17.7 Valuation Methods Used In Profit Share Calculation For Life Insurances With Profit Shares

Not applicable. (31 December 2017: Not applicable)

17.8 Number Of The Additions And Their Group Or Individual Gross And Net Share Participations In The Current Period

Not applicable. (31 December 2017: 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. (31 December 2017: 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. (31 December 2017: 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. (31 December 2017: 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. (31 December 2017: 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. (31 December 2017: Not applicable)

17.14 Profit Share Distribution Rate Of Life Insurees In The Current Period

Not Applicable. (31 December 2017: Not Applicable)

17.15 Explanation Of Information That Describes Amounts Arising From Insurance Agreements

Not applicable. (31 December 2017: Not applicable)

17.16 Assets, Liabilities, Income, Expense And Cash Flows From Insurance Contacts Recognized When The Insurer Is A Ceding Company

	31 December 2018	31 December 2017
Liabilities due to Reinsurance Companies	43.537.042	118.680.870
Deposits From Reinsurance Companies	9.821.194	-
Net Receivables /(Debt)	53.358.236	118.680.870

	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2018
Ceded Premiums to Reinsurers	(621.099.094)	(635.275.818)
Premiums Transferred to the Pool	(196.832.102)	(71.142.162)
Reinsurance Share of Unearned Premiums Reserve	314.673.326	344.805.601
Pool Share of Unearned Premiums Reserve	99.685.869	46.591.973
Reinsurance Share of Unexpired Risks Reserve	8.420.655	3.026.586
Reinsurance Share of Claims Paid	68.815.260	314.883.019
Provision for Outstanding Claims and Compensations	628.676.974	356.941.837
Reinsurance Share of Equalization Reserve	5.173.772	2.533.989
Net Income / (Expenditure)	807.514.660	362.365.024

17.17 Comparison Of Incurred Claims With Past Estimations

Development table for incurred claims is disclosed in Note 4

17.18 Effects Of Changes In The Assumptions Used In The Measurement Of Insurance Assets And Liabilities, Showing The Effects Of Each Change That Has Significant Effect On The Financial Statements Separately

Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately are disclosed in Note 4.

17.19 Other Required Explanations Regarding Liabilities Originating From Insurance Contracts

As of 31 December 2018, and 31 December 2017, the movement table of insurance liabilities and reinsurance assets is as follows:

	31 December 2018				
PROVISIONS FOR UNEARNED PREMIUMS	Gross	Reinsurer Share	SSI Share	Pool Share	Net
Unearned Premiums Reserve at the beginning of the period	812.872.212	(344.805.601)	(54.318.496)	(46.591.973)	367.156.142
Premiums written during the period	1.668.708.401	(621.099.094)	(106.205.543)	(196.832.102)	744.571.662
Premiums earned during the period	(1.615.944.393)	651.231.369	104.210.990	143.738.206	(716.763.828)
Unearned Premiums Reserve at the beginning of the period	865.636.220	(314.673.326)	(56.313.048)	(99.685.869)	394.963.976

	31 December 2017				
PROVISIONS FOR UNEARNED PREMIUMS	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)	(99.654.133)	(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

	1 January 2018 -31 December 2018		
OUTSTANDING CLAIMS RESERVE	Gross	Reinsurance Share	Net
Beginning of the Period	589.962.427	(356.941.836)	233.020.591
Claims Paid	(982.864.320)	568.815.260	(414.049.059)
- Current period outstanding claims	1.304.433.745	(771.072.000)	533.361.744
- Previous years' outstanding claims	(589.962.427)	356.941.836	(233.020.591)
Outstanding claims at the end of the period	321.569.425	(202.256.740)	119.312.685
Incurred but not reported claims	737.943.003	(426.420.234)	311.522.769
Outstanding Claims Reserve Adequacy Difference	-	-	-
Total	1.059.512.428	(628.676.974)	430.835.454

	1 January 2017 -31 December 2017		
OUTSTANDING CLAIMS RESERVE	Gross	Reinsurance Share	Net
Beginning of the Period	300.014.654	(199.895.811)	100.118.842
Claims Paid	(489.893.093)	314.883.019	(175.010.074)
- Current period outstanding claims	691.601.322	(449.324.907)	242.276.415
- Previous years' outstanding claims	(300.014.654)	199.895.811	(100.118.842)
Outstanding claims at the end of the period	201.708.229	(134.441.888)	67.266.341
Incurred but not reported claims	388.254.198	(222.499.948)	165.754.251
Outstanding Claims Reserve Adequacy Difference	-	-	-
Total	589.962.427	(356.941.836)	233.020.591

	1 January 2018 -31 December 2018		
PROVISION FOR UNEXPIRED RISKS:	Gross	Reinsurance Share	Net
Beginning of the Period	5.491.720	(3.026.586)	2.465.134
Change in the Provision Added within the Period	11.991.576	5.394.069	6.597.507
Provision for Unexpired Risks in the End of the Period	17.483.296	(8.420.655)	9.062.641

	1 January 2017 -31 December 2017		
PROVISION FOR UNEXPIRED RISKS:	Gross	Reinsurance Share	Net
Beginning of the Period	31.685.524	(20.157.902)	11.527.622
Change in the Provision Added within the Period	(26.193.804)	17.131.316	(9.062.488)
Provision for Unexpired Risks in the End of the Period	5.491.720	(3.026.586)	2.465.134

RESERVE FOR BALANCING:	31 December 2018	31 December 2017
Beginning of the Period	1.054.661	386.345
Provision Added within the Period	1.205.754	668.316
End of the Period Reserve for Balancing	2.260.415	1.054.661

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 2018, the details of the prepaid expenses in the amount of TL 123.418.658 recorded in the currents assets are as follows (31 December 2017: TL 103.592.866) Prepaid expenses pertaining to future months; are consisting of deferred production commissions amount of TL 95.934.510 (December 31, 2017; 92.319.196 TL) and prepaid other expenses amount of TL 11.273.670.

DEFERRED REINSURANCE COMMISSIONS	31 December 2018	31 December 2017
Deferred production commissions at the beginning of the period	92.319.196	57.472.726
Commissions to intermediaries accrued during the period	188.497.813	172.504.572
Commissions expensed during the period (Note 32)	(184.882.499)	(137.658.102)
End of the Period	95.934.510	92.319.196

PREPAID EXPENSES PERTAINING TO FUTURE MONTHS	31 December 2018	31 December 2017
Prepaid Banking Commission Expenses	10.362.837	10.400.174
Prepaid Advertising, Promotion, Organization Expenses	1.284.371	470.849
Prepaid Newspaper, Magazine Subscription Expenses	105.802	79.166
Advance Paid Assistance Expenses	9.812.753	-
Printed Document Expenses Paid in Advance	295.962	-
Other Prepaid Expenses	156.499	323.481
Prepaid Commission Expenses	5.465.924	
End of the Period	27.484.148	11.273.670

DEFERRED REINSURANCE COMMISSIONS:	31 December 2018	31 December 2017
Reinsurance commissions deferred at the beginning of the period	(86.282.124)	(63.678.884)
Reinsurance commissions accrued during the period	(186.952.635)	(96.664.148)
Commissions recognized during the period (Note 32)	189.245.059	34.933.117
Reinsurance commission provision	(47.688.111)	(39.127.791)
End of the Period	(131.677.812)	(125.409.915)

BRANCH	31 December 2018 The Amount Guarantee Required	31 December 2018 The Amount Of Guarantee Provided	31 December 2017 The Amount Guarantee Required	31 December 2017 The Amount Of Guarantee Provided
Life	-	-	-	-
Non-Life	-	76.514.234	-	30.014.234
Total	-	76.514.234	-	30.014.234

18. INVESTMENT CONTRACT LIABILITIES

Not applicable. (31 December 2017: 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	31 December 2018	31 December 2017
Payables from Insurance Operations	22.369.824	17.796.100
Liabilities due to Reinsurance Companies	43.537.042	118.680.870
Deposits From Reinsurance Companies (Note 19)	9.821.194	-
Total	75.728.060	136.476.970

OTHER PAYABLES	31 December 2018	31 December 2017
Payables to SSI (Short term)	24.742.660	32.119.116
Payables to Suppliers	12.369.031	18.537.505
Deposits and Guarantees Received	7.087.058	3.720.603
Total	44.198.749	54.377.224

DEFERRED INCOMES	31 December 2018	31 December 2017
Deferred Commission Incomes	83.989.701	86.282.124
Total	83.989.701	86.282.124

20. LOANS

Not applicable. (31 December 2017: Not applicable)

21. DEFERRED INCOME TAX

As of 31 December 2018 and 31 December 2017, the items resulting in deferred tax assets and liabilities are as follows:

	31 December 2018	31 December 2017
	Deferred taxes assets / (Liabilities)	Deferred taxes assets / (Liabilities)
Provisions for termination indemnities	114.994	84.314
Unused Vacation Reserves	88.110	47.459
Discounted Cost of Receivables (120)	500.903	47.345
POS KK Discounted Cost	395.252	667.540
Personnel Lawsuits Reserve	97.789	61.141
Reserve for Balancing	191.687	98.363
Provision for Unexpired Risks	1.993.781	706.209
Provisions for Salvage Receivables	1.078.715	346.397
Depreciation TAS Correction Difference	(351.085)	(298.248)
Discounted Cost of Debts (320 HS)	(470.065)	(252.219)
Deposit Account Swap Valuation	-	(22.208)
Deposit Account Tax Procedure Law – IFRSS Exchange Rate Difference	(157.030)	(37.794)
Deferred taxes assets, net	3.983.053	1.448.299

As of 31 December 2018, the movement table of deferred Tax Assets is as follows.

	31 December 2018	31 December 2017
From January 1 on	1.448.299	(2.546.555
Deferred tax revenues / (expenses)	2.519.381	3.992.076
Deferred tax revenues / (expenses) recognized in equity	15.373	2.778
Deferred Tax Assets	3.983.053	1.448.299

22RETIREMENT AND WELFARE LIABILITIES

(Please see note - 33)

23. PROVISIONS FOR OTHER LIABILITIES AND EXPENDITURE

	31 December 2018	31 December 2017
Taxes And Funds Payable	33.385.300	26.797.394
Social Security Withholding Payable	409.851	371.828
Provisions For Taxes And Other Legal Liabilities On Profit	21.363.646	5.618.165
Prepaid Taxes And Other Legal Liabilities On Period Profit	(21.363.646)	(2.727.783)
Provisions For Other Risks	3.527.574	964.569
- Provisions For Termination Indemnities	574.971	421.570
- Holiday Pay Reserves	400.500	237.295
- Reserve For Lawsuits	2.717.223	305.704
Total	37.487.845	31.024.173

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

	31 December 2018	31 December 2017
Beginning of the Period	421.570	128.495
Cost of Services	198.963	327.495
Interest cost	22.470	5.975
Indemnities paid	(144.894)	(54.284)
Actuarial loss	76.862	13.889
End Of The Period	574.971	421.570

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

	31 December 2018	31 December 2017
Beginning of the Period	237.295	62.935
Increase/Decrease within the Period (note - 47.4)	163.205	174.360
End of the Period	400.500	237.295

24. NET INSURANCE PREMIUM REVENUE

The amounts calculated by deducting the reinsurance shares from gross premiums in the 1 January – 31 December 2018 and 1 January – 31 December 2017 periods are presented below.

NON-LIFE BRANCHES	1 January-31 December 2018	1 January-31 December 2017
Accident	20.800.172	37.865.035
Land Vehicles (Own Damage)	87.007.569	77.309.678
Fire and Natural Disasters	76.595.618	82.082.874
Land Vehicles Liability	499.478.429	468.452.291
General Responsibility	1.689.737	952.034
General Damages	3.863.034	4.273.136
Transportation	457.906	369.828
Legal Protection	2.027.001	4.829.155
Health Illness	52.562.187	16.257.056
Indemnity	28.600	7.950
Financial Risk	51.984	4.517
Aircrafts	499	499
Aircrafts Responsibility	249	249
Watercrafts	8.678	276
Total	744.571.662	692.404.578

25. FEE INCOME

Not applicable. (31 December 2017: 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).
(31 December 2017: Not applicable)

Investment Property

Not applicable. (31 December 2017: Not applicable)

29. INSURANCE RIGHTS AND CLAIMS

	31 December 2018	31 December 2017
Claims paid, net of reinsurance share	(414.049.059)	(175.010.074)
Change in Outstanding Compensations Reserve, Net of Reinsurance Share	(197.814.863)	(132.901.749)
Change in Earned Premiums, Net of Reinsurance Share	(27.807.834)	(198.448.601)
Changes in Unexpired Risks Reserve, Net of Reinsurance Share	(6.597.507)	(1.963.697)
Changes in equalization reserve, net of reinsurance share	(1.205.753)	668.316)
Total	(647.475.017)	(508.992.437)

30. INVESTMENT CONTRACT RIGHTS

Not applicable. (31 December 2017: 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 Jan- 31 Dec 2018	1 Jan- 31 Dec 2017
Commission expenses (-)	(184.882.499)	(137.658.102)
Commission income earned from reinsurers (Note 10 and 17.19)	76.205.880	34.933.117
Staff Expenses	(23.108.115)	(16.905.865)
Assistance Expenses	(8.807.819)	(18.852.405)
Banking and Commission Expenses	(16.846.938)	(11.782.241)
Registration and Announcement Expenses	(460.041)	(236.332)
Information technologies expenses	(3.220.969)	(3.831.393)
Representation, entertainment expenses	(1.971.580)	(1.897.793)
Office Rental Expenses	(1.717.393)	(1.103.400)
Office Expenses	(2.849.026)	(1.312.357)
Advisor and Consultancy services	(1.286.600)	(2.550.222)
Car Rental Expenses	(1.401.224)	(1.028.850)
Taxes, Duties and Fees	(4.688.943)	(2.727.395)
Transport Vehicles Expenses	(920.584)	(605.321)
Communication Expenses	(554.048)	(528.113)
Establishment and organization expenses	(156.900)	(144.567)
Interest Expenses Calculated for Shareholders	-	(9.264)
Fee Expenses	(425.560)	(357.913)
Advertising and Promotion expenses	(7.615.655)	(8.542.293)
Marketing Expenses	(1.321.962)	(-)
Others	(2.055.649)	(1.634.160)
TOTAL	(188.085.626)	(176.774.866)

33. EMPLOYEE BENEFIT EXPENSES

Details of the benefits provided to employees in the periods ending on 31 December 2018 and 31 December 2017 are presented below.

	31 December 2018	31 December 2017
Salary And Wages	(17.557.479)	(12.996.700)
Employer's Share In Social Security Premiums	(2.378.591)	(1.704.371)
Pension Fund Benefits	(2.373.042)	(1.268.608)
Other Benefits	(799.003)	(936.186)
Total	(23.108.115)	(16.905.865)

34.FINANCIAL COSTS

34.1 Financial Expenses Of Current Period

FINANCING EXPENSE	1 Jan- 31 Dec 2018	1 Jan- 31 Dec 2017
Shareholders Fee Interest Expenses	-	(9.264)
TOTAL	-	(9.264)

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 Jan- 31 Dec 2018	1 Jan- 31 Dec 2017
Nihat Kırmızı (Shareholder)	-	(6.774)
Doğamed Sağlık Hizm. San.ve Tic. A.Ş. (Shareholder)	-	(2.490)
TOTAL	-	(9.264)

35. INCOME TAX

Revenue tax expenses in the financial statements are presented below:

Reserve for Corporate Tax Expense	31 December 2018	31 December 2017
Corporate Tax Reserve	(21.362.035)	(16.809.622)
Deferred tax revenues / (expenses)		
Tax Revenue / (Expense) Originating from Deductible / Taxable Temporary Differences	2.519.381	3.992.076
Total Tax Income/ (Expense)	(18.842.654)	(12.817.546)

As of 31 December 2018, the Company's withholding tax expense originating from its TL denominated time deposit is TL 9,525,886. (31 December 2017: TL 2.727.783)

36. NET FOREIGN EXCHANGE GAINS

	1 Jan- 31 Dec 2018	1 Jan- 31 Dec 2017
Foreign Exchange Profits	29.761.446	7.785.588
Foreign Exchange Loss (-)	(6.763.689)	(3.003.945)
Net Foreign Exchange Change	22.997.757	4.781.643

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 Jan- 31 Dec 2018	1 Jan- 31 Dec 2017
Net loss for the period	64.064.838	50.136.326
Number of shares	70.000.000	5.250.700
Profit/Loss per Share	0,92	9,55

38. DIVIDENDS PER SHARE

38.1. Amount Of Dividend Accrued During The Period To Be Distributed And Dividend Amount Per Share

Not applicable. (31 December 2017: Not applicable)

38.2 Number 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. (31 December 2017: Not applicable)

39. CASH GENERATED FROM THE OPERATIONS

Please see Cash Flow Table

40. EQUITY SHARE CONVERTIBLE BONDS

Not applicable. (31 December 2017: Not applicable)

41. CASH CONVERTIBLE PRIVILEGED EQUITY SHARES

Not applicable. (31 December 2017: 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 .... and TL .... of this amount is the reinsurance share. (31 December 2017: TL 26,520,251)

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

CONTINGENT LIABILITIES	31 December 2018	31 December 2017
Outstanding Claims	119.312.685	67.266.341
IBNR	311.522.769	165.754.251
Outstanding Adequacy Difference	-	-
TOTAL	430.835.454	233.020.592

43. COMMITMENTS

43.1. Total Amount Of Mortgages Or Restrictions On Active Assets

GUARANTEES GIVEN	31 December 2018	31 December 2017
Letter of Guarantee	14.664.472	833.000
TOTAL	14.664.472	833.000

43.2. Total Amount Of Commitments Not Included In Liabilities

COMMITMENTS NOT INCLUDED IN LIABILITIES	31 December 2018	31 December 2017
Insurance Coverage Undertaken by the Company	7.854.110.130.191	7.682.243.512.975
TOTAL	7.854.110.130.191	7.682.243.512.975

43.3. The Amount Of Contractual Commitments For The Acquisition Of Property

Not applicable. (31 December 2017: Not applicable)

43.4. Contractual Commitments To Acquire Intangible Assets

Not applicable. (31 December 2017: Not applicable)

43.5. Contractual Commitments From Operating Leases

Not applicable. (31 December 2017: Not applicable)

44. BUSINESS COMBINATIONS:

Not applicable. (31 December 2017: 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 2018, and 31 December 2017, the related parties' balances are as follows.

	31 December 2018	31 December 2017
Other Short-term Receivables Due To Related Parties	57.487	-
Receivables From Subsidiaries	57.487	-
Other Short-term Liabilities Due To Related Parties	952.416	144.919
Payables To Employees	952.416	144.919
Other Long-term Liabilities Due To Related Parties	337.747	336.843
Payables To Shareholders(*)	337.747	336.843

(*) Of the TL 337,747 portion of the payable to the shareholders account, TL 145,243 consists of the interest applied to the principal.

Details of the payables due to shareholder are presented below.

	1 Jan- 31 Dec 2018	1 Jan- 31 Dec 2017
Nihat Kırmızı	271.106	270.202
Doğamed Sağlık Hizm. San.ve Tic.A.Ş.	66.641	66.641
TOTAL	337.747	336.843

45.1 The Number Of Doubtful Receivables And Payables From Shareholders, Subsidiaries And Joint Ventures

Not applicable. (31 December 2017: 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. (31 December 2017: 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. (31 December 2017: Not applicable)

45.4 Real Rights On Immovable And Their Values

Not applicable. (31 December 2017: 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. (31 December 2017: Not applicable)

46. BİLANÇO TARİHİNDEN SONRA ORTAYA ÇIKAN OLAYLAR

Not applicable.

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

47.1 Description And Amounts Of The Items Which Are Higher Than 5% Of The Total Assets In The Balance Sheet Or Higher Than 20% Of The Total Amount Of The Group Including The Items Phrased With "Other" In The Accompanying Financial Statements

	31 December 2018	31 December 2017
Balance sheet / Other Payables	520.902	165.982
Deposits and Guarantees Given	520.902	165.982
Balance sheet / Other Miscellaneous Payables	12.369.031	8.229.233
Payables to Suppliers	12.369.031	18.537.506
Balance Sheet / Other short term liabilities	47.688.111	39.127.791
Other Miscellaneous Short Term Liabilities	47.688.111	39.127.791
Balance Sheet/Other Long Term Liabilities	91.778	-
Other Long-Term Liabilities	91.778	-

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. (31 December 2017: Not applicable)

47.3 Subrogation Recorded In The Off-Balance Sheet Accounts

Not applicable. (31 December 2017: 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 2018 and 31 December 2017, details of discount and reserve expenses are as follows

	31 December 2018	31 December 2017
Provisions For Doubtful Receivables (Expenditure) / Revenue	(8.689.833)	315.446
Provisions For Termination Indemnities	(76.539)	(279.186)
Reserve For Lawsuits Filed By The Personnel	53.044	664
Reserve For Unused Vacation	(163.205)	(174.360)
Reserves Account	(8.876.533)	(137.436)
Rediscount Interest (Expenses)/incomes	(4.560.631)	(3.172.569)
Rediscount Account	(13.437.164)	(3.172.569)

We Protect Your Endeavours

Doğa sigorta
güven doğasında var

Maslak Mh. Büyükdere Cad. No:243 K:20 Spine Tower Sarıyer / Maslak - İSTANBUL
Tel : (0212) 212 36 42 Faks : (0212) 212 36 44

www.dogasigorta.com