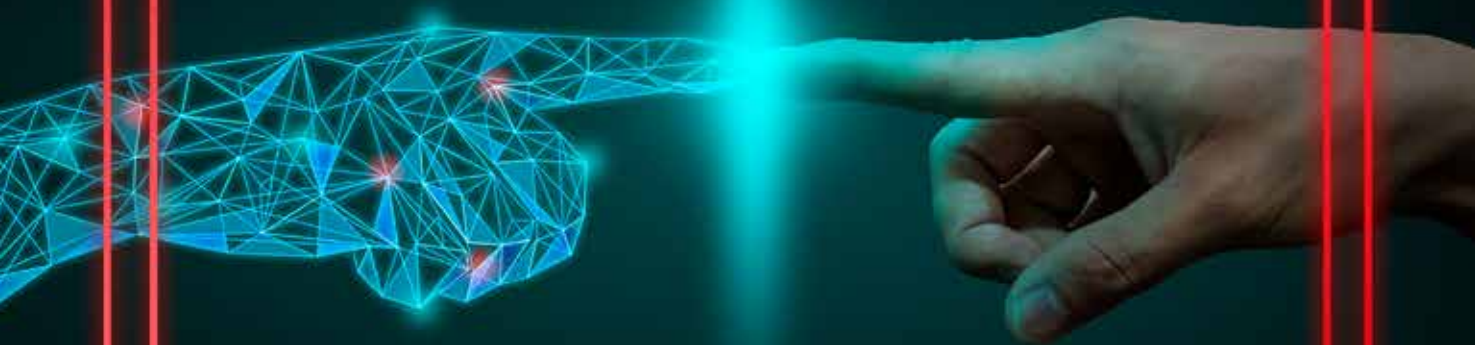


"BEYOND" SOLUTIONS TO DIGITAL RISKS



Annual Report 2020

AKSigorta
Beyond...

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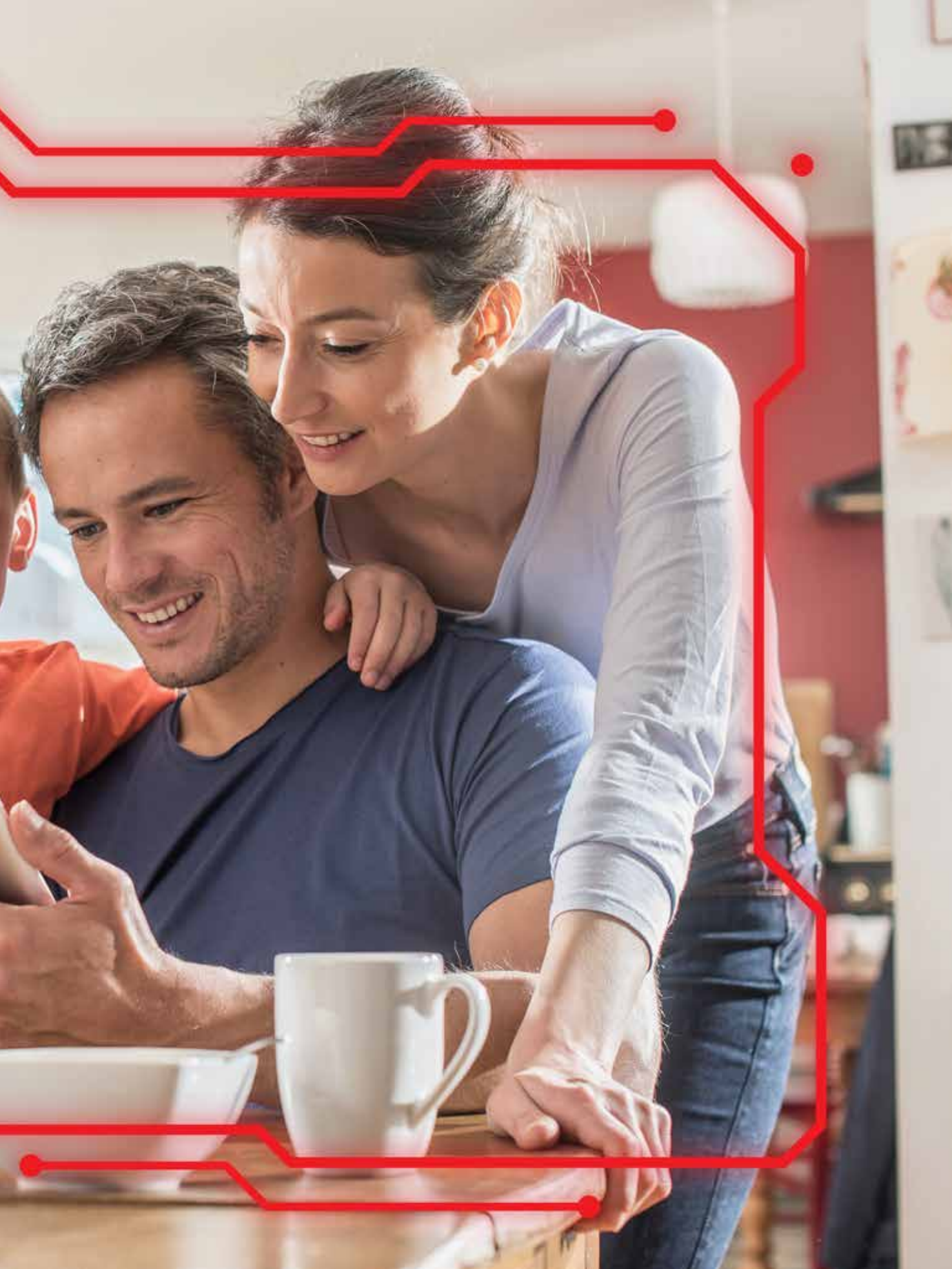
For over 60 years, we have made
your life more secure with our unique
insurance solutions.

In keeping with our motto, we develop
and implement diverse, sustainable
initiatives alongside our product
and services. As digitalization of life
continues to accelerate, we also
took a major step to raise awareness
of digital risks by creating Digital
Security Platform.

WE ARE RAISING AWARENESS OF DIGITAL RISKS IN THE COMMUNITY

Aksigorta is implementing another important social responsibility initiative in collaboration with Boğaziçi University. With the Digital Security Platform we have created, we aim to raise awareness of digital risks around the world with informative and helpful content, as well as online trainings for families and SMEs.







WE LAUNCH INNOVATIVE DIGITAL SOLUTIONS

By using the power of technology and digitalization, Aksigorta elevates the insurance experience. ADA, our digital insurance assistant, makes life easier for employees, customers, and agents.





WE ARE CREATING NEW GENERATION DIGITAL INSURANCE

Aksigorta creates new generation insurance by cooperating with other brand ecosystems. In collaboration with Fiat and Vodafone, leading global brands in their respective industries, we provide special insurance solutions in line with market dynamics while enriching the lives of consumers.





WE WORK IN OUR GREEN OFFICE SPACE AND SAFEGUARD THE ENVIRONMENT

Aksigorta embraced the Green Office program to ensure a greener world. With this effort, we have reduced natural resource use thanks to our conservation and energy-saving practices. We also received Green Office certification.



Aksigorta A.Ş. Agenda for Annual General Meeting 2020

AKSIGORTA ANONİM ŞİRKETİ BOARD OF DIRECTORS RESOLUTION

DATE OF MEETING : 15.02.2021
NUMBER DECISION : 15

ATTENDANTS OF THE MEETING

- Haluk DİNÇER
- Emmanuel Van GRIMBERGEN
- Kıvanç ZAIMLER
- Bülent OĞUZ
- Stefan Georges Leon BRAEKEVELDT
- Lütfiye Yeşim UÇTUM
- Emin Hakan EMİNSOY
- Uğur GÜLEN

AGENDA

Decision about the date, location and agenda of the Ordinary General Assembly Meeting.

RESOLUTION

It has been decided that the Ordinary General Assembly Meeting of the Company for 2020 to convene on March 16th, 2021 at 14:00 at the address of Istanbul, Beşiktaş, 4. Levent, Sabancı Center with the below agenda.

Agenda

1. Opening and formation of Meeting Chairmanship,
2. Reading and discussion of the Board of Directors' Annual Report for 2020,
3. Reading of the summary of Auditors' Reports for 2020,
4. Review and approval of Financial Statements for 2020,
5. Approval of the members of the Board who are appointed by the Board of Directors for the vacant memberships for the remaining duty period,
6. Release of the Board of Directors regarding their activities in 2020,
7. Decision about the allocation of annual profit of 2020, dividend pay-out rate and the terms of dividend payment,
8. Election of the Board Members and determination of their term of duty,
9. Determining the compensation plan of the members of the Board of Directors,
10. Election of the Auditor,
11. Informing the General Assembly regarding the Donations granted in 2020,
12. Determination of donation limits of the company for the year 2021,
13. Approval of amendment of the articles of 8 of our Articles of Association in accordance with the text approved by Capital Markets Board, T.C. Insurance and Private Pension Regulation and Supervision Agency and T.C. Ministry of Commerce,
14. Granting permission to the Chairman and members of the Board of Directors to carry out the transactions written in Articles 395 and 396 of Turkish Commercial Code,
15. Wishes and opinions.

Chairman
Haluk DİNÇER

Vice Chairman
Emmanuel Van GRIMBERGEN

Board Member
Bülent OĞUZ

Board Member
Kıvanç ZAIMLER

Board Member
Stefan Georges Leon BRAEKEVELDT

Independent Board Member
Lütfiye Yeşim UÇTUM

Independent Board Member
Emin Hakan EMİNSOY

Board Member,
General Manager
Uğur GÜLEN

Aksigorta

2020 Figures

Aksigorta recorded a total premium production of TL 5.3 billion and market share of 8.3% at end-2020.



5,620
TL million

Total Assets

695
TL million

Technical Profit

1,123
TL million

Shareholders' Equity

432
TL million

Net Profit

5,272
TL million

Premium Production

8.3%

Market Share

Our Vision, Our Mission, Our Values, Our Priorities, Our Strategy



Our Vision

To make the insurance experience simple, understandable and accessible by using data and technology






Our Mission

To support continuity and ease of life by creating value for all stakeholders*

*Customers, employees, distributors, partners, shareholders and the community

Our Values

-  Self-Development
-  Result Orientation
-  Cooperation

Our Priorities

-  Customer Focus
-  Innovation
-  Analytics
-  Digital
-  New Technologies



Our Strategy

Our Choices

In accordance with customer needs, we will improve our balanced product and channel portfolio; and focus on customer acquisition. We will use technology and digital operations.

Our Priorities

We will improve employee awareness and skills. In parallel with the changing and evolving world; innovation, customer focus, analytics and digitalization will remain our strategic priorities.

Our Goals

We will create value for our shareholders based on sustainable profitability and competitive advantages.

Aksigorta Beyond

What can people expect from an insurance company that goes beyond?

In short, can it meet the needs of people with completely different views of insurance?

To see their true needs, to provide a different set of products and services?

So, can an insurance company meet the requests of people who want completely different things from them?

To look at life from a different perspective, not as an insurer but through their own eyes.

People have a different set of priorities from their insurance, not just on the bad days. But, what can you expect if an insurance company is there for the good days too?



There is an insurance company that lives
to answer these questions.

With Aksigorta, everything is beyond
what you expect because
Aksigorta is always going beyond!

Corporate Profile

As an insurance company that supports its customers and creating solutions for their needs, Aksigorta brings a new approach to the sector.

Leaving behind its 60th year in the sector, Aksigorta is taking its customer-oriented and innovative vision forward with steady steps with its experience and knowledge since the day it was founded. While placing the corporate emphasis on customer satisfaction, Aksigorta adheres to all national and international insurance laws, rules, regulations and standards in line with its vision, mission and values. The Company serves individual and corporate customers with 10 regional offices, 668 employees, 3,231 independent agencies, 715 Akbank branches, 102 brokers and near 6 thousand contracted institutions.

Increasing its brand recognition every day following the partnership of Sabancı Holding and Belgian Ageas, Aksigorta focuses on customer-orientation, digitalization and innovation values. Aiming to increase its market share by continuing to grow with innovative steps it takes, the Company continues to contribute to the development of the sector and the country's economy.

Aiming to make insurance popular in Turkey and to ensure that the assets are secured, Aksigorta focused its efforts on simple,

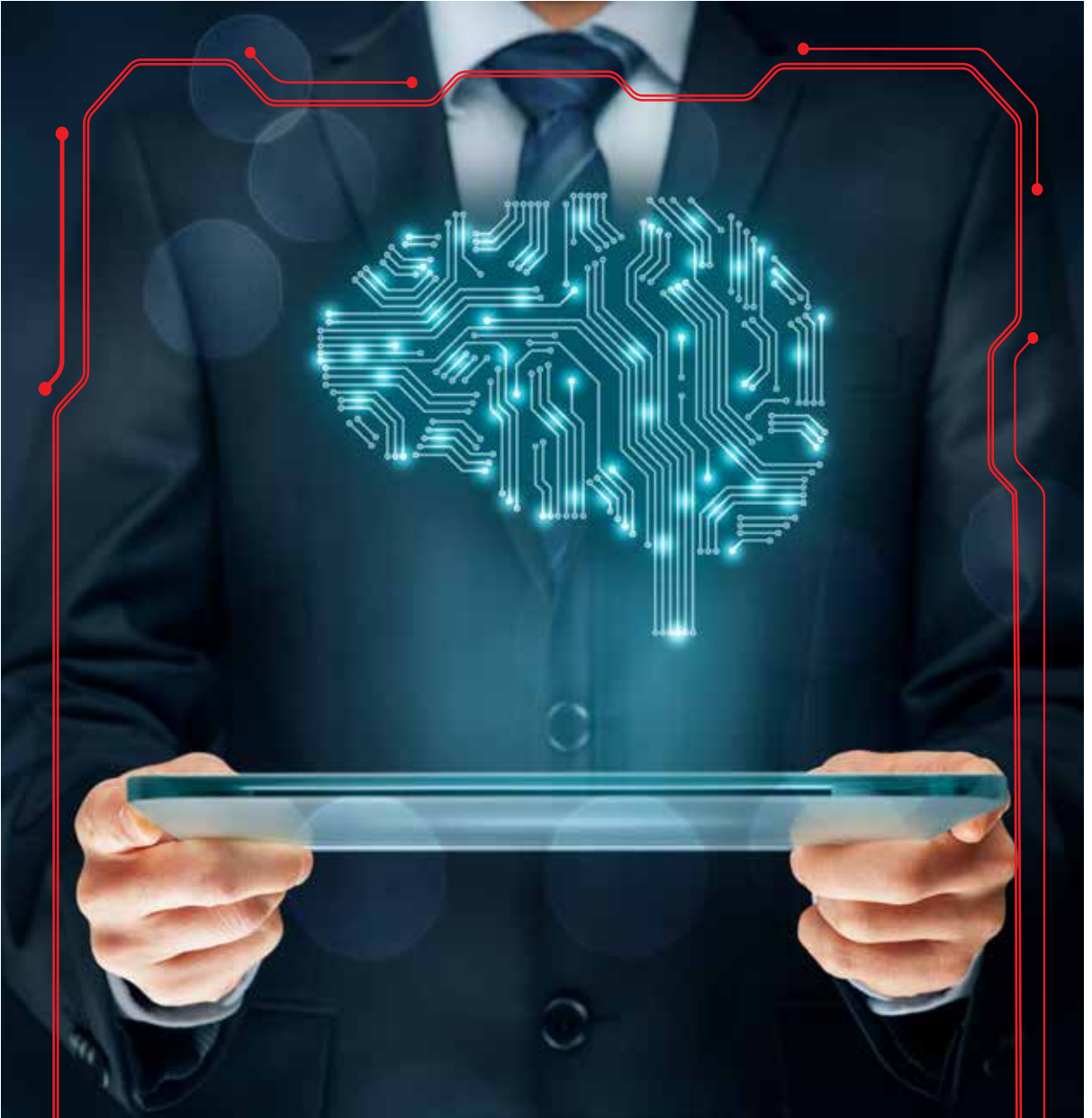
—○—
3.3
million
Customers

—○—
Aksigorta focuses on
customer-orientation,
digitalization and
innovation values.

—○—
10
Regional
directorates

understandable and accessible products and services after embracing the concept of "Next-Generation Insurance." Aiming to push the limits of insurance and bring a new approach to insurance by looking from the customer's perspective, the Company is making significant investments in the fields of customer-orientation, digitalization, innovation, analytics, new technologies and artificial intelligence. In addition to being the first company to use robots in Turkey, Aksigorta introduced the application of artificial intelligence to the sector. As an insurance company that supports its customers and creating solutions for their needs, Aksigorta brings a new approach to the sector.

The major shareholders of Aksigorta, whose shares are publicly traded on the BIST National Market under the AKGRT ticker, Are H.Ö. Sabancı Holding (36% stake) and Ageas Insurance International N.V. (36% stake). Aksigorta achieved strong financial results in the challenging 2020. As of year-end, the Company's total assets reached TL 5,620 million and a net profit of TL 432 million was generated. Aksigorta recorded a total premium production of TL 5,272 million, 18% more compared to the same period last year. Aksigorta recorded market share of 8.3% at end-2020.



Aksigorta aims to make insurance popular in Turkey and
to ensure that the assets are secured.

Management's Assessment

Backed by the strong reputation of Sabancı Group and the ongoing support of Ageas, Aksigorta has led the industry for 60 years thanks to its employees, customers and business partners.

Esteemed Shareholders,

When we look back at 2020, we can see that the coronavirus outbreak in China affected the entire world. Social mobility was sharply curtailed while social isolation gripped much of the globe due to the outbreak, which caused the most severe economic depression of the last century. Countries closed their borders and restricted activities in some sectors of the economy resulting in serious economic repercussion around the world. Quarantine measures led to a major decline in production, widespread loss of employment and plummeting confidence indices.

Central banks of many countries reduced interest rates in hopes of softening the pandemic's economic devastation on supply chains and production capacity. Nations around the world, including emerging markets, implemented asset purchase programs, liquidity support, lending and other economic assistance programs on an unprecedented scale.

In the pre-pandemic period, international forecast institutions expected that the global economy would expand by 3% in 2020. These

5,3
TL billion

Aksigorta
premium production

During the year, Aksigorta introduced many innovative applications to support its customers to stay safely at home. In particular, we launched the "emergency medical assistance hotline" in 2020.

4
Million+

Transactions made
with ADA in 2020

projections were revised downward to a 5% contraction following the outbreak.

Pre-emptive government measures taken in Turkey even before there were any coronavirus cases, made the country more prepared than many. The Turkish government implemented many economic assistance efforts and announced support packages to minimize the impact of the pandemic on both the public and private sector. As a result, OECD revised upward its 2020 forecast for the Turkish economy from a contraction of 4.8% to negative growth of 2.9%. OECD also revised its 2021 forecast for Turkey from positive growth of 4.3% to 3.9%.

The insurance sector, which is directly affected by the dynamics of the real economy, is also undergoing a turbulent period. All sector representatives, especially TSB (Insurance Association of Turkey), are working together in cooperation and solidarity. Thanks to the various steps and measures taken in 2020, remote insurance premium collection and expert report generation are now standard operating procedures. Similar positive developments have been recorded in terms of insurance business operations and service continuity.

Aksigorta leads the industry in terms of digital transformation.



Meanwhile, the establishment of the Insurance and Private Pension Regulatory and Supervisory Authority (IRSA) was very important in terms of bridging the regulator gap in the market, which has been an issue in the Turkish insurance industry for a long time. With a team that understands all the needs of the sector, IRSA will maintain a balanced competitive environment in terms of implementing the reactions towards needs.

Health and Cyber Risks

2020 was a year where we became acutely aware of health risks as well as digital risks. Payment of epidemic related claims from the coronavirus outbreak triggered a sharp rise in claims in the health branch.

During the year, Aksigorta introduced many innovative applications to support its customers to stay safely at home. In particular, we launched the "emergency medical assistance hotline" in 2020. Customers can now dial 444 27 27 to obtain information and guidance from Aksigorta doctors and healthcare personnel regarding their

health-related issues. With the latest updates to the Aksağlık mobile application, customers can monitor the pre-approval stages for examinations they receive at contracted institutions. Aksigorta customers simply upload the image of the invoice and complete their application to receive payment after they are examined in a non-contracted institution. As a result, we have eliminated the need for customers to send the original invoices for healthcare ex-penses up to TL 20,000. In addition, we decided to conduct transactions online for customers who want to obtain health insurance coverage during this period. Rather than original signatures, we receive online approvals from customers at the policy issuance stage.

Our awareness of digital risks rose to a much higher level compared to the previous year. Both the issues and digital dangers we experienced while working from home helped us to develop this heightened awareness.

Aksigorta offers coverage against a wide range of digital risks with its Cyber Protection Insurance.

These include illegal electronic transfers from bank accounts, unauthorized changes to the insured individual's personal data, and ransom demands made with the threat of damaging computer systems.

Additionally, we continued to support SMEs with Government Supported Credit Insurance by covering their receivables that may pose a risk. This year, Aksigorta saw a rise in credit insurance claims.

Investment in Digital

Aksigorta leads the industry in terms of digital transformation. We introduced digital momentum to the sector with the digital transformation initiatives we commenced two years ago and our artificial intelligence (AI) application, ADA. We have now completed digital transformation in all our business processes. Transactions such as proposal processes and policy creation, which formerly took about two hours, were reduced to only two minutes. We have completed 3 million successful transactions with this new process. With price determination included where AI

Management's Assessment

We are committed to investing in innovation,
data analytics, artificial intelligence
and new technologies.

is used, Aksigorta can deliver the most appropriate products to customers with affordable prices.

60th Anniversary

In 2020, Aksigorta commemorated its 60th year by holding a celebration in the digital environment. Backed by the strong reputation of Sabancı Group and the ongoing support of Ageas, Aksigorta has led the industry for 60 years thanks to its employees, customers and business partners. Without a doubt, our employees, business partners and stakeholders have helped make Aksigorta the most reliable and the most profitable insurance company in Turkey.

Changes in Claims Processing

Aksigorta launched an online expert report program that makes it possible to perform motor and non-motor expert claims reporting procedures remotely. We make life easier with remote expert reports by receiving documents or videos, when necessary, via WhatsApp. With the Pick-Up & Delivery Service, Aksigorta provides free valet and towing services to damaged vehicle owners as well as any necessary vehicle service,

maintenance and repair. In addition, we increased our claims review limits.

Innovative Collaborations

In 2020, Aksigorta achieved another first in motor own damage policies. As a result of our collaboration with Fiat, the customer insurance price is determined according to the number of days of vehicle use with data obtained via Fiat Yol Arkadaşım Connect app. Drivers using this app enjoy discounts of more than 10% on motor own damage policies depending on the duration of vehicle use.

Collaborating with Vodafone to make sure that even more people enjoy its services, Aksigorta launched the Telcosurance Project and started to integrate into different ecosystems. Within the scope of the project, Vodafone Insurance Agency issues insurance policies with the assurance of Aksigorta.

Customer First

Thanks to its Customer First team, Aksigorta created a new structure where it provides support to customers until their problems are fully resolved. The dedicated

team delivers a reliable and easy complaint delivery and resolution experience. We analyze complaint data in detail and receive valuable customer insights. Aksigorta prepares and publishes customer stories and designs new processes in accordance with customer expectations. Meetings are held with business units on areas for development based on these customer stories.

Support Campaigns

Aksigorta gives a 15% discount on select insurance products to healthcare professionals, who have made great sacrifices during the coronavirus outbreak. Furthermore, we provide customers who have financial difficulties with the opportunity to postpone installment payments for one month.

During the year, Aksigorta developed a Covid-19 support package in order to assist its corporate and commercial customers as well as its individual customers. This specially designed package provides up to TL 20,000 coverage in the event company employees require intensive care as part of their coronavirus treatments. As a result, we make

sure that corporate enterprises with 20 or more staff members can deliver sufficient support to their employees during these difficult days.

In 2020, a time when we stayed home for much of the time, Aksigorta donated a total of 6 tons of food to stray animals in Istanbul, Ankara, Bursa and Gaziantep. We also presented the first gold coin to the children of mothers who gave birth during Mother's Day week to consolidate our family bonds.

To mark our 60th anniversary on May 1, Aksigorta sent gift cards to over 10 thousand employees in all our agencies and received a great response. Two days later, we gave the agencies an unconditional gold award to show how much we care about them. Aksigorta further supported its agencies with "I'm on Your Side," "I'm with Your Business" and "I'm with Your Future" support packages.

Aksigorta sees each one of its agencies as a crucial business partner. We aim to grow with our agencies by using different channels. Aksigorta's approach to digitalization includes its agencies; we do not leave them behind. To support our agencies working remotely, we made sure that our stakeholders can access the corporate system from their homes or from secure locations in the event of an emergency. Aksigorta defined Mobile Static IP numbers equal to the number of technical personnel registered under TOBB. As a company that prioritizes agency training, we provided development trainings in a wide range of relevant subject areas to some 1,000 agencies with our pre-recorded Training Webinar.



We were awarded **"Turkey's Best Workplace"** under scope of the researches of Aon Hewitt measuring workplace excellence.

We want our agencies and customers to emerge from this negative pandemic environment with a very different experience. To this end, Aksigorta launched the series #evdebambaşkadeneyimler (completely different experience at home) by collaborating with experts in their respective fields through our social media accounts.

Aksigorta Digital Security Platform

Launching a major sustainability project in the field of digital security, Aksigorta established the Digital Security Platform to prepare the society against the risks of the digital world of the future. Free online digital security trainings, informative videos and news can be found in this platform with the collaboration of Boğaziçi University.

After a Successful Year

In parallel with its aim to achieve profitable growth, Aksigorta plans to deliver even more value to its shareholders in the future. We are committed to investing in innovation, data analytics, artificial

intelligence and new technologies. Aksigorta aims to continue valuing its people, supporting its employees and agencies, and making their lives easier. We are focused on building and designing the future, as we have through these unprecedented times.

Throughout its 60 year history, Aksigorta has invested in its country, business partners and stakeholders. We will continue to do so in the coming years with our adaptable organizational structure and our innovative approach, without compromising on beyond insurance concept. We would like to extend our sincerest thanks to all our shareholders, especially our main shareholders Sabancı Holding and Ageas.

Respectfully yours,

Haluk Dinçer

Chairman of the Board of Directors

Uğur Gülen

Board Member and General Manager

Financial Highlights

Financial Indicators (TL Million)	2019	2020
Premium Production	4,474	5,272
Incurred Claims	1,544	1,781
Technical Profit (Technical Part Balance)	584	695
Profit Before Tax	474	555
Net Profit	366	432
Capital	306	306
Shareholders' Equity	899	1,123
Total Assets	4,608	5,620
Capital Solvency Ratios	2019	2020
Written Premiums/Shareholders' Equity	498%	469%
Shareholders' Equity/Total Assets	20%	20%
Solvency Ratio	129%	128%
Operational Ratios (Non-Life)	2019	2020
Retention Ratio	58%	56%
Loss Ratio (Net)	69%	65%
Combined Ratio (Net)	95%	89%
Profitability Ratios	2019	2020
Technical Profit (Technical Part Balance)/Written Premiums	13%	13%
Profit Before Tax/Written Premiums	11%	11%
Net Profit/Written Premiums	8%	8%
Return on Equity (RoE)	45%	43%
The Number of Employees	664	668

Aksigorta

Partnership Structure

Registered Capital

Aksigorta A.Ş. changed to the registered (authorized) capital system pursuant to the provisions of Turkey's Capital Market Law (Statute 2499) as of 9 March 1995 and holds license number 301 from the Capital Markets Board. The Company's authorized capital ceiling is TL 500 million, and its paid-in capital is TL 306 million.

Capital Structure

No material changes have taken place in the capital structure of Aksigorta A.Ş., as shown in the table below. Both of the Company's major shareholders purchased the same volume of Aksigorta shares traded on the Borsa Istanbul; as a result, their stake in the Company increased

from 33.11% to 36% in 2012. There are no privileged shares holding special rights.

Management Methodology

Sabancı Holding and Ageas Insurance International N.V. retain control of the Company management on an equal basis.

Shareholders that Control more than a 10% Stake in the Company's Issued Capital

The names and shareholding interests of shareholders who hold more than a 10% stake in the Company's issued capital are shown in the following chart:

Shareholders	2019		2020	
	Share (%)	Amount (TL)	Share (%)	Amount (TL)
H.Ö. Sabancı Holding	36	110,160,000	36	110,160,000
Ageas Insurance International N.V.	36	110,160,000	36	110,160,000
Free Float	28	85,680,000	28	85,680,000
Total	100	306,000,000	100	306,000,000

Our Customer Relations Policy

Customer Experience Constitution

As proud members of the Aksigorta family, we, together with our employees, follow these principles in order to deliver a better experience to our customers:



Article 1

Aksigorta offers its customers a personalized, positive and warm experience that inspires them to tell their friends.



Article 4

Aksigorta communicates with its customers in a simple, easy-to-understand manner.



Article 6

The customers can quickly and easily access Aksigorta's expert team.



Article 2

Aksigorta adopts the approach of "putting itself in the customers' shoes" at every level of the organization.



Article 5

Aksigorta ensures that customers recognize potential risks and manage those risks effectively.



Article 7

Aksigorta does its best to enable policyholders to continue their lives as usual, no matter what.



Article 3

Together with its solution partners, Aksigorta owns the entire experience it delivers to policyholders.

Customer First Team

The Customer First Team gives support to Aksigorta customers until their problems are resolved by providing them with a reliable and easy complaint resolution experience. The dedicated team analyzes complaint data in detail and obtains customer insights. The Customer First Team prepares and publishes customer stories and designs new processes in accordance with customer expectations. Meetings are held with business units on development areas based on these stories.



Together with its solution partners, Aksigorta works
to deliver a better experience to our customers.

An Adventure that Dates back to 1960...

Considering quality systems to be very significant, Aksigorta established the quality assurance system modeled on ISO 9001:1994 standards, and was also awarded BS EN 9001:1994 Quality Standard Certification.

1960s

First policy

The first policy was issued by Aksigorta in 1961.

First insurance agency

Lami Teymen opened the first Aksigorta agency in Adana in 1960s.

1980s

Beginning of bancassurance

Aksigorta brought the bancassurance concept to insurance literature in the early 1980s. Aksigorta issued the first insurance policy through an online connection in 1983. In a short period of time, all regional directorates started to work online. By 1989, the Company has started to provide faster services through utilizing technological platforms.

1990s

Public offering of Aksigorta

Aksigorta shares were offered to the public in 1994, and the shareholder base of the Company was broadened. Aksigorta moved its headquarters from the historic Minerva Han building in Karaköy to a new building located in Fındıklı, Istanbul in 1995.

Opening of the Fire and Earthquake Training Center

In 1996, Aksigorta signed up for a unique project and opened the Fire and Earthquake Training Center, which was built entirely with technological infrastructure developed in Turkey. The project proved its success, making an impression worldwide.

First website

In 1996, Aksigorta's first website was launched in line with its objective of serving customers more rapidly and effectively.

First online policy

Through the completion of the Bancassurance project in 1998, Aksigorta started cooperation with Akbank's nationwide branch

network. Accordingly, the first online policy in Turkey was issued by Aksigorta. Accordingly, the first online policy in Turkey was issued by Aksigorta. Online connections were set up with approximately 150 agencies in the same year, and Aksigorta reinforced its customer satisfaction by improving speed and efficiency within the scope of service

Considering quality systems to be very significant, Aksigorta established the quality assurance system modeled on ISO 9001:1994 standards, and was also awarded BS EN 9001:1994 Quality Standard Certification.

2000s

The certificate of authorization in the health branch

Aiming to increase diversity in its service portfolio, Aksigorta obtained a certificate of authorization for the health branch and began to issue health insurance policies in 2002, extending its line of business.

Opening of the Aksigorta Service Center

Also in 2002, in an effort to be more efficient for its customers and to communicate more actively with its agencies, the Aksigorta Service Center was opened, providing services for a complete range of fields from claim file notices to other insurance procedures on a 24/7 basis.

Transition to regional management

Renewing itself constantly in line with market conditions and demand, Aksigorta shifted its management strategy from central management to regional management in 2006 through revising its business and decision-making processes. Aksigorta created a widespread regional organization by strengthening the competency and capacity of the regional directorates, given that they are the Company's initial contact points with customers and agencies.

Merger between Ak Emeklilik and Aviva Hayat ve Emeklilik

Ak Emeklilik A.Ş., a subsidiary of Aksigorta, merged with Aviva Hayat ve Emeklilik A.Ş. in 2007 and carried out its operations under the name AvivaSA Emeklilik ve Hayat A.Ş. following the merger. Following the merger, the Company operated under the name AvivaSA Emeklilik ve Hayat A.Ş.

Harmonization with new legislation

In 2008, Aksigorta rapidly completed its efforts to bring itself in line with the newly implemented insurance business laws and regulations in Turkey. Renowned for its efforts to comply with new legal and regulatory requirements, Aksigorta became the leading company on KalDer's Turkish Customer Satisfaction List. During the same year, Tüketici Dergisi (Consumer Magazine) named Aksigorta the "Most Reliable Insurance Company for Quality" for the fourth consecutive year.

"Most Reliable Insurance Company"

As a testament to its success, Aksigorta was chosen by consumers as the "Most Reliable Insurance Company" in a research study conducted by AC Nielsen in 2009.

In a bid to achieve capital optimization and unlock the hidden value of its core insurance business, Aksigorta entered a spinoff process and transferred its participation portfolio to Sabancı Holding in 2010. Following the revisions to the Turkish Commercial Code, the transfer of Aksigorta's participations to Sabancı Holding was initiated and the process completed as of 14 January 2010 following the Extraordinary General Meeting held on 4 January 2010.

50TH ANNIVERSARY

50th Anniversary and Keep Living Turkey

Hosted by the Chairman of the Board of Directors, Güler Sabancı, and managers at Sabancı Holding, Aksigorta celebrated its 50th anniversary with an event attended by members of leading circles in business and society. At this event, artists who contributed to Aksigorta's "Risk and Trust"-themed art project were presented their awards and the "Keep Living, Turkey" project, initiated in cooperation with AKUT to raise awareness about natural disasters such as earthquakes, floods or fires across Turkey among 5 million people in 5 years, was also introduced.

Joining forces with Ageas

Ageas, a Belgium based international insurance company, became a strategic shareholder of Aksigorta in July 2011 as Sabancı Holding, which held a 62% stake in Aksigorta at the time, sold 31% of the shares to Ageas for USD 220 million to forge a strategic alliance for Aksigorta. The company has reinforced its strengths by including a global dimension, thanks to its new ownership structure.

After joining forces, Aksigorta initiated a transformation program. Accordingly, the Company reviewed its agency and bank channels, as well

An Adventure that Dates Back to 1960...

In line with the concept of nextgeneration insurance, Aksigorta shifted its focus from the product to the customer. The Company aimed to create a brand-new world that will lead the industry and bring a fresh perspective to the insurance sector.

as the claims processes, and undertook investments in line with sales, technology and digital developments.

Ageas is an international insurance group with a heritage spanning 180 years and has chosen to concentrate its business activities in Europe and Asia, which together make up the largest share of the global insurance market. These are grouped around four segments: Belgium, United Kingdom, Continental Europe and Asia.

Ageas operates successful partnerships in Belgium, the UK, Luxembourg, Italy, Portugal, Turkey, China, Malaysia, India and Thailand and has subsidiaries in France, Hong Kong and the UK. Ageas is the market leader in Belgium for individual life and employee benefits, as well as a leading Non-Life player through AG Insurance. Ageas is the market leader in Belgium for individual life and employee benefits, as well as a leading Non-Life player through AG Insurance. In the UK, Ageas is the sixth largest Non-Life insurer with a number three position in cars insured and has a strong presence in the over 50s

market. Ageas employs more than 13,000 people in the consolidated entities and over 30,000 in the non-consolidated partnerships, and has annual inflows of more than EUR 23 billion.

New regional structure

Aksigorta made changes in the regional structure to decrease the operational load and responsibility of agency sales teams and to help them focus more on sales in 2013. With the new structuring and organization, the existing 9 regional directorates and 2 representative offices became 16 in total, with the Denizli and Trabzon Representative offices turning into Regional Directorates and with the opening of Regional Directorates in Kocaeli, Çorlu, Gaziantep, Kayseri and Eskişehir.

Aksigorta's new office

Having decided to relocate in consideration of the expanding staff and technological infrastructure, Aksigorta left its headquarters in Fındıklı, Istanbul, in use since 1995; as of October 20, 2014, Aksigorta continues its operations at a new office, Buyaka Ofis Kuleleri, located in Ümraniye Tepeüstü.

55TH ANNIVERSARY

Celebrating its 55th anniversary in 2015, Aksigorta insures five customers, issuing seven policies every minute. Over the last 55 years, the Company paid TL 14 billion on a total of 9 million claims. Approximately 2.8 million of the customers insured by Aksigorta hold 1.3 policies on average. Aksigorta celebrated its 55th anniversary with its employees and managers, who have significantly contributed to the Company's success, at a cocktail reception held at its Headquarters building.

2017

New regional structure

Aiming to maintain its sustainable leadership position in the industry, Aksigorta restructured its Agencies and Retail Bank Insurance divisions and regional organizations, while transitioning from channel-based management to customer-focused management in line with the Company's strategies and priorities. Geographical coverage and the organizational

structures of the new regions were determined based on criteria such as profitability, production, location and potential. Accordingly, the Company closed 16 agencies and three regional bank offices, and instead established 10 regional retail sales offices.

2018

PURA: Innovation Platform

Aksigorta established PURA, a corporate innovation platform, in order to implement its innovation centered approach and methodology.

Ongoing Investments in Technology

In line with its digitalization strategy, Aksigorta launched ADA (Aksigorta Digital Assistant) – a first-of-its-kind artificial intelligence application in the sector.

Aksigorta “Goes Beyond”

In line with the concept of next-generation insurance, Aksigorta shifted its focus from the product to the customer. The Company aimed to create a brand-new world that will lead the industry and bring a fresh perspective to the insurance sector. Aksigorta adopted the slogan “Beyond” to

communicate its primary aim of closely supporting its customers and responding to their changing needs while expanding the boundaries of the insurance industry.

2019

Supplementary Health Insurance

With its Supplementary Health Insurance, Aksigorta provides assurance for the coverage of the difference in fees paid by customers seeking high-quality service – without waiting in line – in SSI-contracted private hospitals.

Cyber Protection Insurance

Pushing the boundaries of the insurance sector with a completely different perspective, Aksigorta provides protection against sanctions imposed within the scope of data violations and the Law on the Protection of Personal Data with its Cyber Protection Insurance, providing comprehensive coverage to consumers for a range of risks, including cyber blackmail, media liability, business interruptions and cybercrimes.

Credit Insurance

As a pioneer of Government Supported Credit Insurance, which is of great importance in terms of securing commercial risks, the maintenance of the economy, and trade development, Aksigorta supports the healthy growth of SMEs by assuring small and medium-sized enterprises against the risk of non-payment of receivables arising from their credit sales. Aksigorta protects these SMEs against unforeseen collection issues and strengthens their financial structures, by contributing to each company's risk management via customer analyses, and by monitoring their financial positions with the Government Supported Credit Insurance.

WhatsApp Business

Aiming to facilitate instant file tracking of customers, in addition to the image recognition and classification technology in claim files, Aksigorta broke new ground in the sector with its WhatsApp Official Business Account in 2019. Launching a new era in the insurance business, WhatsApp Business allows Aksigorta customers around-the-clock rapid access to ADA and their claim file status by messaging 444 27 27.

An Adventure that Dates Back to 1960...

In its 60th year in the sector, Aksigorta continues to make insurance experience easy, understandable and accessible with innovative and solution-oriented products and services.

60TH YEAR

60th Founding Anniversary

Aksigorta celebrated its 60th anniversary in the digital environment due to the Covid-19 pandemic. The celebratory online event was attended by Sabancı Holding Chairman of the Board of Directors Güler Sabancı; Sabancı Holding CEO Cenk Alper; Sabancı Holding Financial Services Group President and Aksigorta Chairman of the Board of Directors Haluk Dinçer; and Aksigorta senior executives, employees and business partners.

3,231 Agencies

Providing comprehensive support to its agencies, its most important distribution channel, Aksigorta continuously expanded its coverage area to include 3,231 agencies across Turkey as of year-end 2020.

Digital Infrastructure

In 2020, many business processes were transferred to digital platforms due to the coronavirus outbreak. Aksigorta easily adapted to this fast-evolving situation by preparing its digital infrastructure. Company operations were successfully carried out without disruption to its customers, employees or business partners. Aksigorta recorded a



Aksigorta continuously expanded its coverage area to include 3,231 agencies across Turkey as of year-end 2020.

boost in its financial performance as well as higher customer satisfaction. During the year, Aksigorta executed over 4 million transactions via its digital assistant ADA.

Green Office Program

The Green Office Program, launched by Aksigorta to ensure a greener world, was completed during the year. Thanks to its exceptional results in reducing natural resource use by conservation and best practices, Aksigorta was granted Green Office certification by WWF Turkey.

Six Tons of Food Donations for Stray Animals

During this period when everyone was encouraged to stay home due to the Covid-19 pandemic, Aksigorta launched a social responsibility initiative for stray animals in Turkey. Six tons of food was donated for stray animals in Istanbul, Ankara, Bursa and Gaziantep.

Aksigorta Digital Security Platform

Launching a major sustainability project in the field of digital security, Aksigorta established the Digital Security Platform to prepare the society against the risks of the digital world of the future. Free online digital security trainings, informative videos and news can be found in this platform with the collaboration of Boğaziçi University.



AKSigorta

Aksigorta established the Digital Security Platform
to prepare the society against the risks of the digital
world of the future.

Awards and Achievements

Bringing a “beyond” approach to the insurance industry, Aksigorta was named “Kincentric Best Employer” in 2020 as part of the Best Employers Awards organized by Kincentric.

Aksigorta received the “Excellent Customer Satisfaction – Gold Award in Elementary Insurance Category A.”

Best Employer in Turkey

This year, around 200 companies from 50 different sectors and 400 companies in the Turkey database were evaluated under the Kincentric Best Employer program. This competition has been held for 20 years around the world in 78 different markets. Companies that provide the best employee experience and working environment to their employees are presented with the “Kincentric Best Employer” award.

This prestigious award, which Aksigorta won for the second consecutive year, is presented based on the criteria of agility, engaging leadership and talent focus as well as employee engagement. Aksigorta embraces the principle of continuous development in all its human resources practices – from recruitment to career development, performance management to training and development opportunities. With this approach, Aksigorta aims to provide its employees with an environment where they can reach their full potential.

While implementing employee-oriented human resources practices, Aksigorta forms self-managing teams that adopt an agile work approach. Aksigorta targets becoming a connected and results-producing organization while investing in the future of its employees so they develop the skills and competencies required by today's world.

Excellent Customer Satisfaction

In 2020, at the A.C.E. Awards held by Sikayetvar.com, the first and only platform in Turkey that measures customer satisfaction, 54 national and international brands that best manage customer experience in 30 different industries were recognized for their excellence in this area. Pushing the boundaries in the insurance sector with its customer-oriented approach, Aksigorta received the “Excellent Customer Satisfaction – Gold Award in Elementary Insurance Category A.”

KINCENTRIC>

Best Employer

TURKEY 2019

Aksigorta won “Kincentric Best Employer” award for the second consecutive year, the award is presented **based on the criteria of agility, engaging leadership and talent focus as well as employee engagement.**

Two Stevie Awards

In 2020, Aksigorta won two awards at the Stevie Awards competition for its gamified sales incentive program, Aksigorta Games, and its Sales Manager Development Program designed for sales team competency development. Aksigorta was the only company in the insurance sector to receive two awards for its human resources practices. The Stevie Awards evaluates more than 2,600 projects of companies of all sizes from 48 different countries. Aksigorta garnered the Sales Development and Coaching Program of the Year and Sales Incentive Program of the Year awards at the prestigious competition. Aksigorta aims to provide its employees with a work environment where they can develop in cooperation, stay one

step ahead of the requirements of today's fast-changing world, achieve results and realize their potential.

Best Business Development Project of the Year

Bringing the concept of artificial intelligence to the Turkish insurance industry, Aksigorta started conducting risk pricing via AI – a major development for the end user. In 2020, Aksigorta began pricing its entire individual MTPL portfolio using artificial intelligence. With this effort, Aksigorta joined the ranks of just a few companies in the world to use AI for MTPL product pricing and the first in Turkey. In recognition of its use of AI in the pricing of MTPL and MOD products, Aksigorta won the “Best Business Development Project” award at the IDC CIO Awards.

Best Remote Team

After switching to the remote working model in March, when the first coronavirus case was detected in Turkey, Aksigorta went on to establish the Customer First Team in June. This dedicated complaint resolution management and satisfaction team was founded to complement its successful digital infrastructure investments. At the 13th Turkey Call Center Awards held by IMI Conferences, Aksigorta's Customer First Team was named the “Best Remote Team” established during the pandemic period in recognition of its successful projects and exceptional performance.

Sustainability Priorities

Aksigorta directly serves three of Sabancı Holding's sustainability priorities that are directly associated with Aksigorta's Sustainable Development Objectives.

Maintaining sustainability areas in parallel with Sabancı Group's priorities, Aksigorta considers digitalization, technology and innovation as important tools for sustainable development. In the age of society and business world being transformed by technology, practices like artificial intelligence and data analytics increase the efficiency of business processes, while big data allows more accurate decisions to be made. Thanks to the transforming processes through digitalization and technology, companies increase efficiency, and raise the potential for positive influence in environmental and social terms. In this context, managing data security alongside technological transformation is among the prominent risks. Technology and digitalization, while bringing numerous opportunities like competitiveness, efficiency and growth speed increase, also presents risks such as data confidentiality, data security and reliable infrastructure, which directly impact sustainable

Aksigorta considers digitalization, technology and innovation as important tools for sustainable development.

business models. Therefore, cyber security is the key component that ensures technology and digitalization contribute to the economy and the society, while establishing sustainable business models.

Digital Security Platform, directly associated with Aksigorta's Sustainable Development Objectives, directly serves three of Sabancı Holding's sustainability priorities. Group's "Human and Society" priorities include designing social investment programs creating mutual value; Digital Security Platform directly serves this purpose by raising awareness in the society against cyber risks. In the context of Environmental, Social and Governance Sustainability, Digital Security Platform is within the context of social benefits. Aksigorta considers ensuring the safety of individuals and entities in the virtual world, providing data privacy and data security as a social responsibility.



Aksigorta prioritizes social development as a pathway to sustainable development, **supporting active participation of individuals to social and cultural life.**

Aksigorta prioritizes social development as a pathway to sustainable development, supporting active participation of individuals to social and cultural life.

In addition to all of these, prioritizing the Group's "Environmental Consciousness" aspect covering the climate crisis

and circular economy objectives, Aksigorta has become involved in the Green Office program of WWF Turkey as part of its activities for more sustainable business environments. The scope of the program includes reducing resource consumption through effective waste management and increased recycling rate, preventing single-

use plastic pollution through drinking water treatment systems and ensuring energy savings through automated lighting and air-conditioning, particularly in the Head Office.

People and Community

Aksigorta prioritizes the development of society by managing the economic, social and environmental impacts of its business activities with a responsible approach.

Aksigorta embraces social responsibility in all its activities as a part of its core values of respect for people and social closeness. Aksigorta supports the active participation of people in cultural life with the aim of achieving sustainable development. Committed to providing value to society with its CSR investments, Aksigorta supports societal development with its various efforts in culture and arts.

Culture and Art Activities

Ekmekarası Theater Club, established by Aksigorta employees by combining amateur spirit and love for theater in 2008, took the stage in 2020 with Ray Cooney's comedy masterpiece "Run for Your Wife." Proceeds from the play were donated to help meet the needs of students with autism at Dereköy Ahmet Zeki Büyükkuşoğlu Elementary School. Plays performed by Ekmekarası Theater Club to date include: "A Midsummer Night's Dream," "Düdükcülerle Firıncıların Savaşı," "Ay Işığında Şamata," "The Miser," "Out of Order" and "Necati Bey'i Arıyorum."

Six Tons of Food Donations

To date, Aksigorta has launched numerous projects to support animal welfare. This year, Aksigorta gave a helping hand to stray animals in need of care due to the coronavirus pandemic. Aksigorta donated a total of six tons of food to stray animals in Istanbul, Ankara, Bursa and Gaziantep during the year. In addition to its focus on human health during this challenging period, Aksigorta provided much needed support to stray animals as well.

Contribution to Sports

Aksigorta provides ongoing sponsorship support to women athletes. Under the sponsorship of Aksigorta and in conjunction with KASIDER foundation, ITU GVO Sports Club athletes represented Turkey at the World Club Cup. The competition was held by the World Underwater Federation February 21-24, 2020 in Hungary/Eger. The athletes of ITU GVO Sports Club included 1,500 Meters World Junior Champion Ayşe Ceren Yeşilbaş, 50 Meters Underwater & 50 Meters Flag World Junior Runner Up Beril Ülker and National

Team Coaches Alper Erkmen and Eşref Ayvaz. These Turkish representatives participated in the World and European Championships with Aksigorta's sponsorship support.

Aksigorta is committed to fostering social development in addition to the new generation perspective it has brought to the insurance industry. To this end, Aksigorta sponsored the 20th TED Republican Girls International Tennis Tournament in 2020.

Sabancı Foundation

Aksigorta donates a certain amount of its profit before tax to the Sabancı Foundation every year. The activities of the Sabancı Foundation includes the following;

Embracing the late Hacı Ömer Sabancı's life philosophy of "sharing what we have obtained from this land with its people," the Sabancı family established the Hacı Ömer Sabancı Foundation (Sabancı Foundation) in 1974 to organize all their philanthropic activities under one organization.



In 2020, Aksigorta donated **a total of 6 tons of food to stray animals.**

Sabancı Group harnesses the power of its industrial and economic advancements to support social and cultural activities through the Sabancı Foundation. As such, it has become one of the leading family foundations in Turkey. Sabancı Foundation's financial resources consist of donations by the Sabancı Family and Sabancı Group, and revenues generated from the Foundation's various assets.

Sabancı Foundation has built more than 120 institutions all around Turkey in 78 residential areas, such as schools, dormitories, teachers' centers, medical facilities, sports complexes, cultural centers and social facilities for 46 years since its foundation. Since 2007, 173 projects of non-governmental organizations have been supported. In the field of culture and arts, long-term supports are being provided particularly for example to State Theaters - Sabancı International Adana Theater Festival which has been organized for 22 years. Having provided nearly 50

thousand scholarships in 46 years, Sabancı Foundation encourages success with awards in the fields of education, art and sports.

The vision of the Sabancı Foundation is "a society where all individuals enjoy their rights equally."

Education, social change, culture and the arts comprise the Foundation's main areas of activity. The Foundation particularly focuses on women, youth and persons with disabilities within these activities.

Digitalization and Innovation

Launching a major sustainability project in the field of digital security, Aksigorta prepares society against the risks of the digital world thanks to the Digital Security Platform.

Considering digital data as the most valuable asset of the generation, Aksigorta focuses on the development of next-generation technologies such as big data, advanced data analytics, cybersecurity, industrial IoT, robotic workforce, artificial intelligence and blockchain.

Digital Security Platform

The convenience provided by technology has accelerated the digital transformation process in Turkey, as well as all over the world. However, this situation brought along digital security risks. With 33% more data breaches occurred compared to the previous year, Turkey stands as the fourth country that is most exposed to cyber-attacks. More than 1 million people have suffered from these violations. Aiming to contribute to the development of the society it operates within, Aksigorta performed two separate researches regarding cyber risk/risk awareness, the security approach in this field and the issues experienced. These researches have shown that the meaning of cyber or digital risk is not known and that no measures were taken against them.

With the "Digital Security Platform," Aksigorta aims to establish new collaborations in the field of sustainability and digitalization.

In 2020, Aksigorta started the custom policy era with the "Fiat Yol Arkadaşım Connect MOD" project, which is a first in Turkey in the field of motor own damage policies in cooperation with Fiat.

Adapting to the ever-changing global conditions with its products and services, Aksigorta aims to carry out activities to raise the awareness of its customers and stakeholders against these emerging risks.

Launching the Digital Security Platform in order to fulfill its social responsibilities and contribute to the society in the new world impacted by technology and digitalization, Aksigorta considers the platform as a "must" in its sustainability approach. Collaborating with Boğaziçi University Lifelong Learning Center and Boğaziçi University Management Information Systems Cybersecurity Center in this regard, Aksigorta launched free online digital security trainings. In addition to the free online trainings prepared with different contents for the target audience (household and SME), Digital Security Platform aims to raise the awareness and knowledge of the society regarding digital risks and to make sure that institutions and individuals are prepared in this regard.

Digital Security Platform covers various subjects such as methods to protect against the risks that

individuals and institutions may encounter in the digital world, how safe children are on the internet and the issue to be paid attention when shopping on e-commerce websites.

With the Digital Security Platform is intended to be a platform where equal opportunities are provided for everyone to participate in high-quality digital security learning, the growth is supported by raising the awareness of the business world with regard to cyber-attacks and developing information technologies are contributed in terms of both households and SMEs. Furthermore, Aksigorta aims to establish new collaborations in the education and business world through Boğaziçi University collaboration and SME trainings within the scope of the program, and to lead the way to more partnerships in the field of sustainability and digitalization.

You can access the platform, which is an important reference and source of information on digital security and cyber-attacks, via www.dijitalguvenlikplatformu.aksigorta.com.tr. Workplaces and households are provided with free trainings that are determined according to the needs of the target audience. Trainings are held using Zoom meetings with the participation of 100 people in an interactive way that allows questions to be asked. Until the end of 2020, a total of 4 trainings were organized for workplaces and families. Those who want to participate in the training sessions must register on the website; a short version of the session is also prepared for those who are not able to participate online.

Latest news related to digital security, researches and reports from Turkey and abroad, articles, case studies from all over the



Collaborating with Vodafone, Aksigorta launched the Telcoinsurance Project and started to integrate into different ecosystems.

world as well as government policies and legislations are among the contents of the website.

Fiat Connect Collaboration

In 2020, Aksigorta started the custom policy era with the "Fiat Yol Arkadaşım Connect MOD" project, which is a first in Turkey in the field of motor own damage policies in cooperation with Fiat. Thanks to this technology, the motor own damage insurance fee is calculated taking into account the number of days of use and the driving score of the customer. The drivers using this app enjoy discounts of more than 10% on motor own damage policies depending on the duration of use of the vehicle, other than the driving score calculated by analyzing vehicle usage data. According to the system that performs an analysis before applying any additional cost to the policy, the data in question are evaluated by Aksigorta in the policy renewal period and

the MOD policy discounts are determined personally. Therefore, the relative risk cost included in the MOD insurance prices are not applied to drives who drive their vehicles well and the number of days of use is also taken into consideration in the calculation.

A Brand New Digital Sales Channel In Cooperation with Vodafone

Collaborating with Vodafone to make sure that even more people enjoy its services, Aksigorta launched the Telcoinsurance Project and started to integrate into different ecosystems. Within the scope of the project, Vodafone Insurance Agency issues insurance policies with the assurance of Aksigorta. Commencing the sales of DASK (Turkish Catastrophe Insurance Pool/TCIP) products via Vodafone Yanımda mobile app and the sales of Nolur Nolz (Just in Case) insurance through Vodafone Call Center, Aksigorta plans to add other products to the portfolio in 2021. Aksigorta developed APIs with the Vodafone

Digitalization and Innovation

Aksigorta directs its employees toward more value-added activities by making use of ADA in defined business processes.

Aksigorta broke new ground in the sector with its WhatsApp Official Business Account.



Introducing ADA (Aksigorta Digital Assistant), the first artificial intelligence application of the insurance sector, **Aksigorta realized more than 4 million successful transactions in the last two years.**

Yanımda mobile app in order to initiate and finalize the entire sales process in the digital platform.

ADA (Aksigorta Digital Assistant)

Introducing ADA (Aksigorta Digital Assistant), the first artificial intelligence application of the insurance sector, Aksigorta realized 3 million successful transactions in the last two years

and managed to increase its customer satisfaction point by 3 in 2020. Completing more than 70 business process in eight different departments, ADA was selected as the "Best Cost Reduction Project of the Year" by IDC.

Digitalizing the insurance experience with the power of technology, Aksigorta directs its employees toward more value-

added activities by making use of ADA in defined business processes. Aiming to facilitate instant file tracking of customers in addition to the image recognition technology in claim files with ADA, which reduces the response time of agency requests from 2 hours to 2 minutes, Aksigorta broke new ground in the sector with its WhatsApp Official Business Account. Therefore, Aksigorta customers can achieve rapid solutions with 24-hour access to ADA.

Chat-Fast Solutions

Aksigorta's ClaimsChat application provides a chat-fast return to the customer in case of claims and a WhatsApp group consisting of an expert, a filing officer, the service and the customer service representative is created by the AI. Transparent and fast communication is ensured with the WhatsApp group created shortly after the claim notice. The customer sends photographs of the damage to the WhatsApp group; then, the claim document is indexed automatically. Afterward, the expert asks customers questions to create the report. The file officer shares claims and payment information with the group. When the process is completed, the AI executes a sentiment analysis of the conversation and sends the data to the CRM system.

Digitalizing the quotation stage with its chatbot app, Aksigorta continues to make all its defined operational services faster and more reliable.

Mobile Applications

Building the insurance system of the future by using the power of technology, Aksigorta aims to make life easier for its customers, employees and agencies, and to

provide positive experiences by speeding up the processes with a mobile application such as Aksağlık, Agencies Beyond Club, Aksiyon and Pulse.

Aksigorta's Aksağlık mobile application, which can be downloaded to iOS and Android compatible smartphones, provides a wide range of services such as night-pharmacies, live support, policy details and contracted institutions. Thanks to this application, Aksigorta customers are able to call an ambulance with a single click in case of emergency, access the address details of contracted health institutions, receive directions and view policy information at any time. With the 2020 updates in the application due to the coronavirus outbreak, the customers are able to follow the pre-approval stages through the application for the examinations they receive at contracted institutions. Also, they can upload the image of the invoice and complete their application to receive payment after they are examined in a non-contracted institution. Eliminating the obligation to send the original invoices issued for health expenses up to TL 20,000, Aksigorta decided to carry out transactions online for its customers who want to have health insurance in this period. The company receives online approvals from the customers in the policy issuance stage rather than original signatures.

Aksiyon mobile application, which is a combination of the most recent CRM, mobile and artificial intelligence technologies, was designed to serve the sales team both in the field and at the office.

Supporting continuous improvement with its instant feedback and rewarding application Aksigorta Pulse, Aksigorta supports the improvement of its agencies and demonstrates togetherness with Agencies Beyond Club.

Artificial Intelligence Technologies

Bringing the concept of artificial intelligence to the Turkish insurance sector, Aksigorta started to carry out risk pricing processes with the support of artificial intelligence, which is a very important development for the end-user. Achieving yet another first in the insurance industry, the Company started to price its entire individual MTPL portfolio through artificial intelligence in 2020 and earned the "Best Business Development Project" award at the IDC CIO Awards. Managing pricing processes with artificial intelligence especially in motor third party liability insurance, which has a very important place in the sector, Aksigorta aims to utilize AI-supported pricing for other products as well in the next year.

Data Analytics

Finalizing its advanced data analytics investments, Aksigorta conducted studies together with Sabancı University and SabancıDx on agency behavior prediction and MOD potential analysis. Establishing a data governance structure within the scope of its research, Aksigorta made sure that data ownership is achieved throughout the company. The data analytics management of the company has also been awarded by the IDC CIO.

Environmental Awareness

Giving support to people, animals and the natural environment with its "beyond" insurance approach, Aksigorta completed its Green Office program, which was designed to achieve a greener world, in 2020.

Today's wide scale environmental challenges include depleted natural resources, the climate and water crisis, waste disposal and the loss of biodiversity. All of which are exacerbated by rapid population growth. These various issues also place significant pressure on the business world. According to World Economic Forum, the top five potential risks facing the globe today are all environmental risks. In terms of their impacts, failure to take action to stem climate change, loss of biodiversity and extreme weather events rank among the top five risks. These global trends and risks seriously affect the sustainability of the world's ecosystems. As a result, companies must adopt a responsible approach in their business practices.

Green Office Program

Aksigorta aims to lead sustainability efforts in the insurance sector based on the three strategic priorities of Sabancı Holding. In recognition of its activities to reduce energy and natural resource use at its offices, Aksigorta was awarded Green Office certification by WWF Turkey. Giving support to people, animals and the natural environment with its "beyond" insurance approach, Aksigorta completed its Green Office program which was designed to achieve a greener world in 2020.

In addition to launching a waste recycling initiative at its headquarters and all regional offices, Aksigorta conserves energy with air conditioning automation. Paper consumption is also minimized across the organization. Lighting sensors are used to reduce electricity use and benefit from natural daylight effectively. Aksigorta switched to a reverse osmosis system in order to reduce the use of plastics in drinking water. Disposable plastic consumption was reduced significantly by using refillable glass bottles for drinking water. By separating waste oils at the headquarters cafeteria, Aksigorta prevents about four tons of domestic waste oil from polluting the natural environment.



In addition to launching a waste recycling initiative at its headquarters and all regional offices, **Aksigorta conserves energy with air conditioning automation.**

Compliance with the Future of the Work

Aksigorta strives to become a preferred company by developing and retaining talent and providing its employees with the competencies required by the new world.

Aksigorta aims to create a working environment where employees will contribute to the company's common goals at the highest level.

Constantly developing to make insurance experience easy, understandable and accessible by using data and technology, Aksigorta considers its human resource as its most valuable asset.

Forming self-managing teams that adopt agile work in order to become a connected and result-producing organization, Aksigorta strives to become a preferred company by developing and retaining talent and providing its employees with the competencies required by the new world.

Operating on continuous development principle in all its Human Resources practices, from recruitment to career development, from performance management to training and development opportunities, the Company aims to create a working environment where employees will feel flexible, free and productive, and contribute to the company's common goals at the highest level.

As a result of these works, Aksigorta was awarded "Kincentric Best Employer" award for the second year in

a row within the scope of the researches carried out with employees for more than 50 years by which the workplace excellence is measured by Kincentric, one of the world's leading platforms in human resources and management consultancy.

How do we work at Aksigorta?

With our **"Continuous Improvement"** competence, we assume our responsibility to develop, seek breakthroughs in all aspects of life, and improve our business with data analytics, technology and digital tools. By maintaining a high level of awareness, we learn from our experiences and always seek to excel.

With our **"Cooperation"** competence, we establish collaborations and support working together, both in our individual functions and across our common work platforms. In the light of our indispensable values that bring us together, we believe in the power of cooperation to achieve success. We care about the differences and we encourage cooperation in a participatory manner.



Featuring the motto “Your Career, Your Aksigorta,” a transparent career path map that supports rotation and talent development for all employees is offered.

With our **“Result Orientation”** competence, we focus on results in every job and project we undertake. Therefore, we act for sustainable success and high performance, and we produce results together, without giving up.

Talent Management

With 60 years of experience, Aksigorta Talent Management team focuses on providing the best employee experience to new generation talents and to provide them with development opportunities that will help them fulfil their potentials in order to attract talents to Aksigorta. Accordingly, the Company collaborates with universities, organizes internship programs that focus on professional development, and designs and implements modular special talent programs such as the Management Trainee segment.

Recruitment: Within the scope of recruitment activities, Aksigorta strives to reach the most competent, result-oriented and agile workforce that is able to take initiative. Making use of technology, we focus on attracting and recruiting the talents who are most suitable with the job, the Aksigorta culture and the needs of the new agile world.

Onboarding: Our Human Resources business partners and department heads support the new recruits with a structured program within the onboarding process to make them become productive as soon as possible by helping them become accustomed to the team, the Company and the Company culture, and to create a sense of belonging.

Training Development

Using digital tools to respond to the development needs of new generation talents and leaders, the Training Development team designs development programs in which the employees have access to all resources, expertise and information to improve themselves, receive and give feedbacks and learn from each other.

At Aksigorta, trainings are categorized under these five main headings; “Connecting,” “Development,” “Management Preparation,” “Management” and “Agile Transformation.” Live training sessions, e-learning, online virtual classrooms, online learning journeys, seminars/ conferences and experience sharing meetings from subject matter experts as well as training solutions that comply with the needs of today and which also focus on the future.

To expose Aksigorta and its employer brand to the applicable talent group, cooperation is established with the social communication platforms and career portals preferred among talented young people.

During the recruitment process, the most suitable candidates are assigned to roles following structured, competence-based interviews (either online or one-on-one), personality inventories, aptitude tests and development center applications.

Drawing on the synergy of its two strong partners, the Company helps Aksigorta employees to optimally plan their future, and take firm steps on a career path in an area that also covers Sabancı Holding and Ageas.

Compliance with the Future of the Work

Aksigorta supports social responsibility projects directed towards society and environmental awareness.

Featuring the motto "Your Career, Your Aksigorta," a transparent career path map that supports rotation and talent development for all employees is offered.

Along with its Belgian stakeholder Ageas, Aksigorta prepares short- and long-term career experience opportunities and it provides career opportunities with the succession plans prepared across a wide area that covers the Sabancı Group companies.

In light of the indispensable values of its two major shareholders, Sabancı Holding and Ageas, Aksigorta places its business conduct and performance-enhancing competencies at the heart of its employer brand, efficiently utilizing internal communication tools as an essential element of talent management.

Internal Communication

In today's working environment where communication is more important than ever, Aksigorta aims to keep its employees connected to each other as well as their colleagues and managers and to ensure that

○————○
In today's working environment where communication is more important than ever, Aksigorta aims to keep its employees connected to each other as well as their colleagues and managers.

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A competitive, performance-based and fair compensation policy is adopted for Aksigorta employees.

Aksigorta employees and their families are in good physical and mental health.

In this regard, Aksigorta employees enjoy online organizations, happy hours and other relevant celebrations and events. Aksigorta employees are gathered under the same roof where they are offered a variety of social and hobbyist clubs; the Company also supports participation in arts and sports organizations inside and outside the Company.

Aksigorta cares about the work-life balance. To facilitate both personal and professional life balance, Aksigorta offers employees wellbeing seminars. Additionally, office exercises and healthy living tips are shared via mobile applications.

Aksigorta supports social responsibility projects directed towards society and environmental awareness. The Company also prioritizes gender equality and women's participation in business life, participating in various related projects under the Sabancı Volunteers.



Believing in the power of feedback,
**we provide and ask for feedbacks from our
employees for their development.**

Compensation

A competitive, performance-based and fair compensation policy is adopted for Aksigorta employees. This compensation policy addresses employees' social security and health service needs with suitable compensation packages.

Performance Management

In order to achieve clear targets at Aksigorta, we embrace an approach in which the employees are able to take initiative by making their own choices, take decisions with a result-oriented perspective and undertake the responsibility of the output they produce.

Believing in the power of feedback, we provide and ask for feedbacks from our employees for their development. With "Pulse" mobile app introduced in 2019, we have implemented the 360-degree feedback culture is created, allowing employees to receive and give feedback whenever they want regardless of their job titles.

Within the framework Aksigorta's performance management system, "Success Path," performance reviews are performed twice a year to monitor business results and competency targets in a

balanced manner and prepare development plans accordingly. Performance outputs are used effectively in designing career path maps. Additionally, according to performance results in target competencies, input is provided for the next period's training development plan. With the Mobile Human Resources application, a user-friendly mobile experience is offered across all Human Resources services, from performance evaluations to exit processes.

The Economy and the Insurance Industry in 2020

Quarantine measures caused a major decline in production, widespread unemployment and a sharp decline in confidence indices.

5%

Global economy contraction rate

At the start of the year, international forecast institutions expected that the global economy would expand by 3% in 2020.

These projections were revised downward to a 5% contraction following the outbreak.

2.9%

Turkish economy contraction rate

Global Economy

The Covid-19 outbreak started in China and rapidly spread across the entire world. Measures taken to counter the pandemic by countries around the globe ranked among the top agenda items during the first half of 2020. Social mobility was severely curtailed. Social isolation became the norm. Countries closed their borders and restricted activities in some sectors of the economy. This situation had serious effects on economies around the world. Quarantine measures caused a major decline in production, widespread unemployment and a sharp decline in confidence indices.

At the start of the year, international forecast institutions expected that the global economy would expand by 3% in 2020. These projections were revised downward to a 5% contraction following the outbreak. According to OECD Economic Outlook, Interim Report September 2020, global economic activity recovered faster compared to June estimates. While revising its 2020 contraction forecast up to

4.5%, OECD lowered its global growth forecast for 2021, from 5.2% positive growth down to 5%. Downward revisions were made in 2020 GDP estimates for India, Mexico, Argentina and South Africa, countries most affected by the pandemic in the recent period. However, expectations towards the US, European and Chinese economies have improved. In Fitch's Global Economic Outlook Report for September, the global GDP contraction forecast for 2020 was lowered from 4.6% to 4.4%; meanwhile, growth projections for the next year were raised from 4.9% to 5.2%. Fitch lifted its 2020 expectations for the US and Chinese economies by pointing out that they outperformed June estimates. In contrast, Fitch expects the Eurozone and the UK to contract more sharply compared to the June forecast.

Significant financial stimulus measures were introduced globally to repair the damage inflicted by the coronavirus pandemic on employment, supply chains and production capacity. During the year, central banks of many countries reduced interest rates in hopes of softening the

pandemic's economic devastation on supply chains and production capacity. Nations around the world, including emerging markets, implemented asset purchase programs, liquidity support, lending and other economic assistance programs on an unprecedented scale for sectors and households affected by the pandemic. The Federal Reserve (Fed) announced that interest rates will be maintained at the current level until inflation exceeds its 2% target by a moderate amount for a specified period.

In Europe, it is not clear how relations with the UK will be managed post-Brexit, which is scheduled to be finalized at the end of 2020 according to the agreement between the European Union and the United Kingdom.

Conflicts remain between the two parties on many issues, especially the future of trade relations and the issue of Northern Ireland. After the passage of the Internal Markets Bill, which violates certain clauses of the Brexit agreement signed between the parties, by the UK Parliament at the end of September, EU officials decided to commence legal action on the grounds that the agreement was violated. The bill in question is criticized for granting commercial power to British ministers over Northern Ireland, which was previously agreed to remain in the customs union under the Brexit agreement. As a result of these developments, the GBP/EUR exchange rate declined from 1.12 at the end of August to 1.10 at the end of September.

China dealt with the negative macroeconomic impacts of the outbreak relatively faster than other countries. Chinese industrial production rose in August. In addition, China recorded an



OECD raised its 2021 growth estimate for Turkey from 3.9% to 4.3% positive growth.

increase in retail sales, although it was a modest rise of 0.5% on an annualized basis. Although investment expenditures in China declined by 0.3%, the pace of contraction slowed.

Gold prices started to rise sharply in March due to pandemic related concerns and a flight to safe investment options. However, gold prices remained mostly flat through the first half of September. The price of gold per ounce fell rapidly due to the appreciation of the US dollar and stood at 1,886 USD/ounce at end-September.

OPEC+ stated at its meeting that member countries do not have to comply with crude oil output cuts. Due to macroeconomic expectations falling short because of the pandemic, the high stock levels caused downward pressure on oil prices. While gold prices fell as a result of the appreciation of the US dollar in September, oil prices remained

under pressure due to OPEC+ members' failure to comply with production cuts and the ongoing weak macroeconomic outlook.

Turkey's Economy

Negative expectations emerged for the global economy due to the onset of the epidemic in first quarter 2020. However, the economic outlook started to brighten toward the end of the year. OECD revised up its projection for the Turkish economy, from a 4.8% contraction to 2.9% negative growth for the year. In addition, OECD raised its 2021 growth estimate for Turkey from 3.9% to 4.3% positive growth.

According to TÜİK data, Turkey's unemployment rate increased by 0.4 points on an annual basis to 13.4% in June. Meanwhile, the labor force participation rate decreased by 4.3 points to 49% in the same period. Based on seasonally adjusted data, industrial production rose 4.4% in June, compared to the same

The Economy and the Insurance Industry in 2020

The insurance industry had a quite good year in 2020 despite the pandemic. Total premium production had realized as TL 82.6 billion with an increase of 19.3 % when compared to previous year.

Within the total, the premium production of non-life insurance was TL 68.1 billion with an increase of 17.7 %

82.6+
TL billion

Insurance industry total premium production

In 2020, the life insurance premium production was TL 14.4 billion with an increase of 27%.



In 2020, the branch with highest premium produced was **land vehicles liability branch with TL 20,487 million.**

period of the previous year. In the same period, output fell in the mining and quarrying sector by 4.9%, while rising 5.1% in manufacturing and increasing 1.4% in electricity generation and

distribution. Thanks to a rebound in consumer demand from the post-outbreak low, production of durable consumer goods jumped 19.2% in July.

Driven by a low interest rate environment and deferred demand, home sales posted a record-breaking increase in the latter half of 2020. Residential housing sales jumped 54.2% (170 thousand units) year-on-year in August. Mortgage sales accounted for 44.6% of total home sales. In the first eight months of the year, home sales increased 42.6% on an annual basis and totaled 1.02 million units. Mortgage sales skyrocketed by 263.7% to 473 thousand units, while other sales fell 6.3% to 551 thousand units in the same period. August also saw an increase in white goods sales in parallel with residential housing sales. In August 2020, domestic white goods sales went up 20.9%; meanwhile, white goods exports contracted 9.3%. Total white goods production expanded by 11.0% on an annual basis during the same period.

According to Automotive Manufacturers Association data, automotive production rose 44.3% in August due to robust domestic demand. In the same period, automotive exports contracted by 21.5% to 42,865 units.

According to foreign trade data published by the Ministry of Trade, Turkish exports rose 4.8% on an annualized basis to USD 16.1 billion in September; meanwhile, imports jumped 23.3%, to USD 20.9 billion. As a result, Turkey's foreign trade deficit increased by 193%. The negative impact of the pandemic weighed heavily on exports and tourism. Gold imports fueled the increase in imports in

the recent period. According to New Economy Program estimates announced at end-September, Turkey's current account deficit is expected to amount to USD 24.4 billion by year-end 2020. At this level, the current account to GDP ratio will be -3.5% at year's end, compared to 1.2% at the end of the previous year.

Insurance Industry

The insurance industry had a quite good year in 2020 despite the pandemic. Total premium production had realized as TL 82.6 billion with an increase of 19.3 % when compared to previous year. Within the total, the premium production of non-life insurance was TL 68.1 billion with an increase of 17.7 % and life insurance premium production was TL 14.4 billion with an increase of 27 %. On the private pension side, continuing to write success story, the pension investment funds continued to grow without slowing down. As per 31st January 2021 data of Pension Monitoring Center, the number of whole participants exceeds 12.6 million in BES (Private Pension System) and Automatic Participation the overall size of the total fund reaches TL 170 billion with the contribution of the state. Furthermore, the increase of the awareness for insurance by our citizens attracted the attention of the investors into the industry. With the help of the trust ensured by the insurance companies, BIST Insurance Index listed in one of the best performing indices among other BIST Indices with a performance of 72 % during 2020.

In 2020, the branch with highest premium produced was land vehicles liability branch with TL 20,487 million. In the motor vehicles branch which is including the comprehensive insurance a premium of TL 10,737 million, in disease health branch a premium of TL 10,009 million and in fire and natural disaster branch a premium of TL 10,585 million were generated.

When the branches other than life are examined one by one, it has been observed that disease/health, fire and natural disasters, and general losses branches which are among the branches with a market share more than 10 % were effective in the increase of the growth rate of the industry. Of the said branches the recorded growth rates for disease/health, general losses and fire and natural disasters have been recorded as 20.79 % (5.4 % in real terms), 35.50 % (18.23 % in real terms), and 25.32 % (9.35 % in real terms) respectively when compared to the previous year.

Despite the growth seen in the insurance industry in 2020 in real terms, automotive insurances, which is the driving force of the industry has been contracted in real terms. Last year a growth rate of 8.64 % was recorded for traffic insurance and 14.15 % was recorded for comprehensive insurance due to the conditions of pandemic which has been effective in our country since March of last year. On the contrary the real premium production was recorded a decline of 5.2 % in traffic branch and 0.39 % in comprehensive insurance.

Assessment of Aksigorta's Operations in 2020

Aiming to further develop the sector and contribute to the national economy while pursuing sustainable growth, Aksigorta recorded market share of 8.3% in 2020.

4 3 2
TL million

Aksigorta
net profit

In 2020, Aksigorta successfully digitized all its business processes and increased its customer satisfaction by 15 points.

In 2020, digitalization became a necessity due to the global coronavirus pandemic. Aksigorta successfully digitized all its business processes and increased its customer satisfaction by 15 points. Having introduced artificial intelligence to the insurance sector, Aksigorta has conducted the majority of its business processes with the support of digitalization for the last two years. Adapting easily to remote working thanks to its digital infrastructure investments, Aksigorta ranks among the most efficient enterprise among the portfolio of companies served by SabancıDx with 600 VPN connections daily.

Since March 16, 2020, when Aksigorta universally adopted the remote working model, over 180 thousand transactions have been completed with ADA. During this challenging time, Aksigorta customers were given ongoing support with call centers in Istanbul and Balıkesir staffed by employees working at home. Aksigorta employees continue to work from home successfully without any interruptions thanks to the company's digital infrastructure investments.

Aiming to further develop the sector and contribute to the national economy while pursuing sustainable growth, Aksigorta recorded market share of 8.3%. During the year, Aksigorta generated premium production of TL 5,272 million with a rise of 18% and increased its assets to TL 5,620 million. Net profit totaled TL 432 million in 2020. Aksigorta achieved these solid results by focusing on innovation, analytics, artificial intelligence and new technology investments with a customer-oriented approach.

In 2020, Aksigorta recorded significant increases in several segments, including: 12% in motor insurance, 24% in transportation and 22% in MOD insurance. Aksigorta aims to provide even more added value in the future in parallel with its profitable growth target. Continuing to secure the future with customer-oriented products and services, Aksigorta fully embraced digital with the use of next-generation technologies RPA, AI, and Digital Twin. With these efforts,

Aksigorta targets creating a productive and needs-oriented insurance experience for all its stakeholders: customers, distribution channels and employees.

Making a difference in the insurance industry with an exceptional employee experience, Aksigorta adopted the working at home model to prioritize the health and wellbeing of its employees. The work at home model was transformed into a continuous development opportunity by introducing practices to improve team performance in their remote working locations. Aiming to keep its workforce engaged and to ensure team cohesiveness in the remote work experience, Aksigorta launched numerous practices to boost the motivation and performance of its employees.

Adopting the motto "Stay home, stay in the moment, stay fit" as a way to motivate its staff members, Aksigorta organizes morning mindfulness sessions and live fitness activities online so employees start the day together. Aksigorta employees are able to communicate instantly via WhatsApp groups and video conferences, as well as on the BizBize Internal Social Communication Application. Aksigorta demonstrates its commitment to the families of its employees by providing a dedicated 24/7 medical support line for them. Pop-up reminders of key precautions are sent to employees via ADA at specified times to ensure the good health of its staff.



Aksigorta launched numerous practices to boost the motivation and performance of its employees.

Sending in-house fun challenge invitations via the BizBize application, Aksigorta digitized the kitchen conversations that employees miss by working from home. By organizing "Beyond Conversations" with the participation of Aksigorta General Manager Uğur Gülen, the employee experience is aimed to made sustainable in every aspect. In addition to safeguarding the physical health of its staff, Aksigorta also provides mental health support with online conversations on key issues, including "Living

with Social Isolation," "Staying Well" and "The Secrets of Inner Motivation."

Seeing this period as an opportunity to deliver training and development efforts postponed due to lack of time, Aksigorta launched distant training sessions. The Learning Friday Sales Team Webinar training was held with the participation of around 200 people every Friday for 10 weeks. Aksigorta also organized the Training Webinar for Agencies training with a total of 1,000 participants for its agencies.

Main Developments in 2020

In 2020, most business processes and social life were conducted via online platforms due to the Covid-19 pandemic. During this time, Aksigorta similarly carried out its people-oriented services through social media.

Aksigorta expanded the scope of its "Online Health Consultancy" application.

Aksigorta also successfully completed its digital transformation during the year.

60th Anniversary of Aksigorta

Sabancı Holding affiliate Aksigorta, a leader in the Turkish insurance industry, celebrated its 60th anniversary in the digital environment due to the coronavirus pandemic. Contributing to the sector and Turkey's economy since 1960, Aksigorta leads the competition with an extensive portfolio of innovative and solution-oriented products and services. Aksigorta's 60th anniversary celebration was held digitally in 2020. Participants of the online event included Sabancı Holding Chairman of the Board of Directors Güler Sabancı; Sabancı Holding CEO Cenk Alper; Sabancı Holding Financial Services Group President and Aksigorta Chairman of the Board of Directors Haluk Dinçer; Aksigorta senior executives, employees and business partners. As one of the companies shaping the future of the industry, Aksigorta also successfully completed its digital transformation during the year.

Aksigorta Live Streaming Series

In 2020, most business processes and social life were conducted via online platforms due to the Covid-19 pandemic. During this time, Aksigorta similarly carried out its people-oriented services through social media. A live streaming series was launched by Aksigorta on its social media account with the hashtag #BambaşkaBirSen (You Beyond Yourself). The series covered many topical subjects, from healthy eating to psychology, sports to mindfulness training, media to entertainment. Dietitian Dilara Koçak, clinical psychologist İpek Gökozan, sports trainer Murat Bür and musician/social media influencer Oğuzhan Uğur hosted live streams on specified days during the month to viewers, on nutrition, psychology and entertainment, respectively. The live streaming series offered the viewing audience a unique online experience.

Additionally, Aksigorta presented a live streaming series featuring dietitian Güneş Aksüs, mindfulness expert Dr. Eda Uslu, psychologist İpek Gökozan and sports trainer Murat Bür on nutrition, mindfulness, psychology and sports for one month.

Aksigorta Online Health Consultancy is Now Available in All Health Products

Aksigorta expanded the scope of its "Online Health Consultancy" application. With the online doctor service, which is now available for all healthcare products, Aksigorta customers are able to chat online with nearly 50 specialist doctors, dietitians and psychologists in 14 different branches. Customers with Aksigorta health insurance products will be able to make an appointment via the Call Center or the website at any time and then make a video call using the link sent to them.

With its online health consultancy service, Aksigorta stands out with its difference-making services, such as the number of processes and branches as well as the variety of doctor options. Aksigorta customers with any health policy such as Akbireysel, Aksađlık, Supplementary Health Insurance, Keep Living Insurance, and Easy Health are able to communicate with specialist doctors of 14 different branches from pediatrics to gynecological diseases, from otorhinolaryngology to orthopedics and dermatology; including a foreign language option. Being able to communicate with specialist doctors via video calls, Aksigorta customers can also get information on healthy nutrition from specialist dietitians and receive support on issues such as creating a diet program and losing weight. Providing policyholders with the opportunity to make a video call with psychologists, Aksigorta supports its customers in various matters such as anxiety disorder, depression, social phobias and panic attack.



Main Developments in 2020

With the new practices it has implemented in 2020, Aksigorta gave full support to stay-at-home orders by public authorities.

Thanks to the latest updates to the Aksağlık mobile app, customers can monitor the pre-approval stages for examinations they undergo at contracted institutions. Aksigorta customers simply upload the image of the invoice and complete their application to receive payment after they are examined at a non-contracted institution. As a result, Aksigorta has eliminated the need to send the original invoices for health expenses up to TL 20,000. In addition, Aksigorta decided to conduct transactions online for customers who want to obtain health insurance coverage during this period.

Home Delivery Service from Aksigorta

With the new practices it has implemented in 2020, Aksigorta gave full support to stay-at-home orders by public authorities. Encouraging its customers to stay safely at home, Aksigorta continues to make their lives easier with home delivery services.

Aksigorta launched an online expert report program enabling remote motor and non-motor expert reporting to address customer claims processing

Aksigorta launched an online expert report program enabling remote motor and non-motor expert reporting to address customer claims processing without the need to leave home.

without the need to leave home. Customers' lives are made easier with remote expert reports by receiving documents or videos, when necessary, via WhatsApp. Aksigorta also offers free valet and towing services to damaged vehicle owners and provides any necessary vehicle service, maintenance and repair with its Pick-Up & Delivery Service application. By increasing its claims review limits, Aksigorta offers the opportunity to repair and replace automobile glass damaged as a result of accidents in Istanbul, Ankara, Izmir and Adana at the address given by its customers via its mobile service vehicles. Aksigorta also provides services such as vehicle disinfection and ozone cleaning at certain service facilities after damage repair.

Aksigorta started accepting the necessary documents in all vehicle body damage claims via e-mail. This effort provides solutions to claimant or representative requests without prolonged claim file examination and payment periods.



In 2020, Aksigorta offered the opportunity to postpone installment payments for customers experiencing financial difficulty.

Discount to Healthcare Professionals

Aksigorta gives a 15% discount to healthcare professionals, who have made great sacrifices since the start of the coronavirus outbreak in Turkey in March. The discount campaign is for motor own damage and home insurance products.

One Month Postponement for Installments

Since its founding, Aksigorta has prioritized customer needs and provided its customers with all manner of convenience and support. In 2020, Aksigorta offered the opportunity to postpone installment payments for customers experiencing financial difficulty. Committed to standing by its customers in these challenging times, Aksigorta has offered customers the option of postponing installments for one month interest-free. The offer was extended to customers with Akbank, Yapı Kredi, QNB Finans and Ziraat Bank credit cards in all insurance products since April 8, 2020.

Special for Corporate Customers

Aksigorta developed a Covid-19 support package in order to assist its corporate and commercial customers as well as its individual customers. This specially designed package provides up to TL 20,000 coverage in the event company employees require intensive care as part of their coronavirus treatment. As a result, Aksigorta ensures that corporate enterprises with 20 or more staff members can deliver sufficient support to their employees during these difficult days.

Babies Covered by Aksigorta Receive their First Gift from Aksigorta

Continuing to develop products and services with a people-oriented approach, Aksigorta gave support to mothers and their babies with an insurance solution that goes "beyond." Standing by its customers during the coronavirus pandemic as it has for 60 years, Aksigorta presented the first gold to babies

of health insurance policyholder mothers who gave birth during Mother's Day week.

Agency Support Package

The global coronavirus pandemic has fundamentally changed consumer behavior. These changing conditions also affect ways of doing business. In 2020, insurance sales were affected by the pandemic and its impact. In response, Aksigorta prepared an Agency Support Package, a first in the sector, to ensure the business continuity of its agencies. The package is designed to help agencies adapt to changing market conditions and minimize revenue loss.

Aksigorta further demonstrated that it stands by its agencies with support packages in three different concepts: "I'm on Your Side," "I'm with Your Business" and "I'm with Your Future." With these innovative packages, Aksigorta aims to minimize the loss of revenue of agencies, support their cash flow, facilitate the continuity of their everyday operations and recreation, and provide rapid access to medical support in the event of emergency health issues.

Aksigorta makes commission payments to agencies on a weekly basis in consideration of their immediate cash needs. Aksigorta aims to facilitate target realization by reducing the targets in agreements, one of the main revenue items of agencies. In addition, Aksigorta provides flexibility in the commission system in order to boost agency revenues.

During the year, Aksigorta presented the "Wind of Success" award to all its agencies. This honor was previously given to agencies who were successful in the campaign.

Main Developments in 2020

Aksigorta provides additional internet packages to meet the increasing online needs of its agencies during the time their staff spend at home.

Celebrating its 60th anniversary digitally due to the pandemic, Aksigorta gave away up to 60 grams of gold to all its agencies in a demonstration of solidarity.



Serving to extended coverage area,
**Aksigorta now has 3,231 agencies
across Turkey.**

The Medical Support Hotline was launched to provide 24/7 medical support to Aksigorta agencies. Aksigorta provides additional internet packages to meet the increasing online needs of its agencies during the time their staff spend at home. Prioritizing agency employee development with online training support, Aksigorta enabled agencies to continue investing in their people and their businesses with personal training.

In addition, Aksigorta offered the Digiturk entertainment package to its agencies in order to boost morale and give a break to agency employees during this challenging period.

3,231 Agencies

Committed to providing support to its agencies at every opportunity, Aksigorta has recorded significant growth in

its agency numbers over the last two years. Serving to extended coverage area, Aksigorta now has 3,231 agencies across Turkey.

Aksigorta delivers uninterrupted service to customers with its agencies in ten different regions spanning the country. In 2020, Aksigorta posted growth of 48% in the Istanbul European region and 33% in the Istanbul Anatolian region. Aksigorta expanded its agency network by 29% in the Marmara and Western Black Sea region, 32% in the Eastern Anatolia and Eastern Black Sea region and 27% in the Çukurova and Central Anatolia region.

Firmly believing that the most important contribution to the growth of the insurance sector is made by agencies, Aksigorta maintains its support to agencies with technology investments, support packages and training sessions.

Gift Cards and Gold Gifts to Agencies

Developing its product and service offering with a people-oriented approach, Aksigorta continued to support its agencies this year when it was necessary to stay home. Celebrating May 1 Labor Day of insurance workers, Aksigorta presented gift cards worth TL 150 to 10,000 employees working at its 3,000 affiliate agencies.

Celebrating its 60th anniversary digitally due to the pandemic, Aksigorta gave away up to 60 grams of gold to all its agencies in a demonstration of solidarity.

Voice Support in the Call Center

with ADA

As part of its ongoing digital transformation efforts, Aksigorta digitized its customer experience with voice support provided by ADA at the call center. Following the rollout of voice support service, Aksigorta customers are now able to obtain information on their claims files – changes in file status, payment dates, payment amounts, and the like – 24/7 from ADA by dialing 444 27 27.

Automatic Push Notifications Post-Claims

Continuously improving customer experience with numerous firsts in the sector, Aksigorta now sends push notifications to its customers via WhatsApp with the new app it has developed. As a result, Aksigorta customers are able to monitor the status of their files with notifications received from WhatsApp, without having to contact the call center or make an inquiry on the website. This new application digitizes the Aksigorta customer service experience. Aksigorta customers who file a claim are informed via automatic notifications about the ongoing status of their files via Aksigorta's Official Business WhatsApp account.

Government Supported Credit Insurance

Aksigorta offers Government Supported Credit Insurance, which will eliminate collection issues for SMEs whose annual revenue is below TL 125 million. Covering the receivables of SMEs who hold a Government Supported Credit Insurance policy, Aksigorta provides consultancy services to SMEs when choosing the companies they will work with. This product provides coverage

against risk of non-payment of debt arising from domestic credit sales of companies. Aksigorta aims to provide coverage to a buyer who has been allocated a credit limit, against going into default due to legal circumstances such as bankruptcy, concordat or liquidation.

Aksigorta supports the risk management efforts of SMEs by monitoring the financial positions of its customers. With this approach, Aksigorta protects enterprises against unexpected collection issues, consolidates their financial structure and increases their credibility. As a result, SMEs are able to focus on their core business and put aside their financial issues.

Fiat Yol Arkadaşım Connect MOD Insurance

Committed to building the insurance system of the future by using the power of technology, Aksigorta broke new ground in Turkey by collaborating with Fiat. Using digitalization to offer next-generation insurance products and services, Aksigorta ushered in a new era in MOD insurance with Fiat. This innovative application is designed to meet customer needs while allowing customers to customize their motor own damage insurances.

Developed in cooperation with Tofaş R&D Center and Comodif and offered to Fiat users in Turkey, the connectivity technology Fiat Yol Arkadaşım Connect was adapted to the insurance industry. The Fiat Yol Arkadaşım Connect Motor Own Damage Insurance application was introduced in cooperation with Aksigorta as a first in

Main Developments in 2020

The İTÜ Çekirdek InsurTech Program is expected to provide innovative solutions to these challenges.

Turkey. With the innovative app, insurance amounts become more affordable in line with the manner and duration of use of the driver. Drivers using this app enjoy discounts of more than 10% on motor own damage policies depending on the duration of use of the vehicle, other than the driving score calculated by analyzing vehicle usage data.

Fiat Yol Arkadaşım Connect MOD Insurance calculates the policy price based on two basic data: usage time and driving score. The system performs an analysis before applying any additional cost to the policy. A discount on the total policy amount between 8.5% and 10% is applied to drivers with a driving score over 75. Discounts of up to TL 250 are also applied to drivers, depending on the duration of use of the vehicle. The data in question are evaluated by Aksigorta in the policy re-newal period; MOD policy discounts are determined individually. As a result, the relative risk cost included in the MOD

insurance prices are not applied to drivers who drive their vehicles well. The number of days of use are also taken into consideration in the calculation.

İTÜ Çekirdek Insurtech Program

Under the leadership of İTÜ ARI Teknokent, Turkey's entrepreneurship and innovation hub, the country's leading insurance companies – including Agito, Aksigorta, Allianz, Eureko Sigorta, Güneş Sigorta, HDI Sigorta, Sigorta Cini and Vakıf Emeklilik – joined forces to implement the İTÜ Çekirdek InsurTech Program. This innovative effort was launched to develop new InsurTech related initiatives and solutions, build an industry ecosystem in this emerging area, commercialize these initiatives and create global success stories. The Turkish insurance sector's leading players are providing significant support to entrepreneurs with the InsurTech Program launched at the İTÜ Çekirdek Early Stage Incubation Center. The program is hosted

by one of the top five university entrepreneurship incubation centers in Turkey. This forward-looking effort aims to guide the future of the insurance industry.

As a sector that affects many aspects of the life cycle of individuals and institutions with a broad product portfolio, the insurance sector faces many challenges in the digitalization process. The İTÜ Çekirdek InsurTech Program is expected to provide innovative solutions to these challenges. The program aims to better identify and raise awareness of the insurance sector's needs, create new InsurTech solutions, transform these solutions into viable business models, further develop the industry with new collaborations, provide added value to the country and create global success stories.



Ev içi güvenliği arttıran çözümler

TOPLAM
1.000.000 TL
ÖDÜL



Belki daha da iyisi, sana bağlı...

Hayatın her alanında fark yaratan teknolojik girişimin sigorta sektörüne değer katsın. Hemen **İTÜ Çekirdek**'e başvuru!

The İTÜ Çekirdek InsurTech Program aims to better identify and raise awareness of the insurance sector's needs, **create new InsurTech solutions.**

Board of Directors



Haluk Dinçer

Chairman of the Board of Directors
(Since July 2011)

After starting his career at General Motors Technical Center in 1985, Dinçer joined Sabancı Group in August 1995, serving initially as Executive Board Member, and then in December 1995, as Executive Vice Chairman of Temsa. In October 2001, he assumed responsibilities within the Holding company, first as Food Group Vice President, and six months later, as Holding Executive Board Member and Food Group President. He took over as Food and Retail Group President in September 2004, and after organizational restructuring in March 2011, as Retail and Insurance Group President. In June 2016, Dinçer was named Insurance Group President and later in April 2020, Financial Services Group President. With this role, he currently serves as Chairman of the Board of Aksigorta, Avivasa, Exsa, Tursa and Ankara Enternasyonel Otelcilik, as well as Board Member of Brisa. Haluk Dinçer served as President of TÜSİAD - Turkish Industry and Business Association in 2014-15, and as President of Turkish-American Business Council (TALK) in 2008-14. He has been a Board Member of the Global Relations Forum (GRF) since February 2018 and a member of the Geneva Association since June 2019. Dinçer has a BSE degree in Mechanical Engineering and an MBA, both from the University of Michigan.



Emmanuel Van Grimbergen

Vice Chairman of the Board of Directors
(Since January 23, 2019)

Van Grimbergen serves as the Risk Director at Ageas SA/NV. He is a member of the Boards of Cardiff Lux Vie, East West Ageas Life (Philippines), Ageas and Intreas. Prior to joining Ageas in 2011, Mr. Grimbergen worked for 18 years in the ING Risk/Actuary departments, holding various senior management positions at ING Insurance Belgium and ING Europe, including actuary director at ING South Western Europe in the early 2000s, and insurance risk director at ING Insurance Retail Banking in 2004. In 2007, Mr. Grimbergen moved to Amsterdam to serve as Risk Director for ING Central Europe. Mr. Grimbergen holds an MBA in mathematics and actuary sciences, and is a member of the Actuaries Institute in Belgium.



Steven Georges Leon Braekeveldt

Board Member
(Since July 2011)

Steven Braekeveldt had been in various international management functions before serving as Assistant General Manager at ING America and Mexico in 2001. He studied Economics at Catholic University in Belgium and then got his master's degree in Law in France and Belgium. He served on the Board of Directors of Fortis Insurance between 2006 and 2009. He has served as CEO of Ageas Continental Europe since 2009. He is married and has three children.

**Kıvanç Zaimler****Board Member**

(Since January 2020)

Kıvanç Zaimler graduated from Istanbul Technical University Industrial Engineering Department in 1991. He started his career in 1992 and until 2008; he worked in various executive positions in Turkish Electricity Industry, RAM Foreign Trade and Aygaz companies respectively. Kıvanç Zaimler joined Enerjisa in 2008 and served as Trade Director, Distribution Companies General Manager, Sales Companies General Manager and CEO at Enerjisa respectively. As of July 2018, Zaimler was appointed President of the Energy Group at Sabancı Holding. Taking active roles in NGOs, Zaimler serves as Turkish Vice President at World Energy Council; Chairman at TÜSİAD Energy Working Group; Board Member at YASED, Elder, Sabancı University Istanbul International Energy and Climate Center (IICEC) and Advisory Council Member at SHURA. He is also Chairman of the Board at Enerjisa Enerji and SabancıDx, serves as Deputy Chairman of the Board at Enerjisa Üretim and is a Member of the Board of Directors at Aksigorta.

**Bülent Oğuz****Board Member**

(Since March 2020)

A graduate of Middle East Technical University, Political Science and Public Administration, Bülent Oğuz holds an Executive MBA degree from Sabancı University. He joined Akbank in March 2003 and served as Vice President and Senior Vice President of SME and Consumer Banking respectively. Oğuz was appointed as Executive Vice President in charge of SME Banking in 2013 and he has been in charge of Retail Banking since November 2018. Bülent Oğuz is the Vice Chairman of AkÖde, an Akbank affiliate, and a Board Member of Ak Asset Management, Ak Insurance and AvivaSA. A Board Member at Aksigorta, Oğuz held various managerial positions at corporate banking and loans divisions at different private sector banks before joining Akbank.

**Emin Hakan Eminsoy****Independent Board Member**

(Since March 2015)

Hakan Eminsoy started his professional career in 1985 at the Istanbul office of Arthur Andersen, and went on to work at the London office. Between 1989 and 2002, he assumed duties as executive and member of the Board of Directors at different levels in Finansbank Group companies. He joined OYAK Group after serving as General Manager at Fibabanka between 2000 and 2002. From 2002 to 2009, he served as member of the Board of Directors and General Manager at many Group companies, including OYAK Bank. After resigning from his position as General Manager at ING Bank Turkey in 2009, he founded Sardes Factoring in 2010, where he is still Chairman of the Board of Directors. Currently he is also Chairman of the Board of Directors of Burgan Bank. He graduated from Boğaziçi University, Department of Business Administration. Hakan Eminsoy is married and has one child.

Board of Directors



Lutfiye Yeşim Uçtum

Independent Board Member
(Since October 2018)

Lutfiye Yeşim Uçtum began her professional career at Ernst & Young in 1986, working at the company's offices in Turkey and the US. Subsequently, she served as General Manager at Strateji Menkul Değerler; Assistant General Manager at Yapı Kredi Yatırım Menkul Değerler and Koçbank; Coordinator of the Finance Group at Koç Holding, respectively. From 2012 onward, Ms. Uçtum served as Independent Chairman and Board Member, Chairman and Member of the Audit and Corporate Governance Committees at various companies including Burçelik, Aviva Sigorta, Marshall Boya, and HSBC Bank between 2016 and 2018. Lutfiye Yeşim Uçtum graduated from Boğaziçi University, Department of Business Administration. Ms. Uçtum holds a CPA license. In October 2018, she was appointed Independent Board Member at Aksigorta, per a resolution of the Board of Directors. She also serves as Chairman of the Corporate Governance and Early Detection of Risk Committees, and Member of the Audit Committee.



Uğur Gülen

Board Member and General Manager
(Since May 2009)

Uğur Gülen obtained undergraduate and Master's degrees from Middle East Technical University, Department of Industrial Engineering. He began his career in 1991 and worked in various positions at Interbank, DenizBank, Ak Internet and MNG Bank. During 2004–2009, he served at AK Emeklilik A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. as the Assistant General Manager. He has served as General Manager and Board Member at Aksigorta since May 2009.

Board of Auditors

The Audit Committee, which is responsible for assisting the Board of Directors in its audit and supervision activities, oversees operation and adequacy of the internal systems and the accounting and reporting systems.

Emin Hakan Eminsoy
Chairman of the Audit Committee
(Independent Board Member)

Lütfiye Yeşim Uçtum
Member
(Independent Board Member)

Corporate Governance Committee

The Corporate Governance Committee has been established with the aim of performance of the duties and responsibilities of the Board of Directors in a sound manner. Corporate governance is a management process at Aksigorta A.Ş. which is based on ethical values, is responsible toward internal and external parties, is aware of risk, is transparent and responsible for its resolutions, protecting the interests of the stakeholders, targeting sustainable success in a manner complying with the Corporate Governance Principles established by the Capital Markets

Board. The Corporate Governance Committee is responsible for making recommendations to the Board of Directors at Aksigorta A.Ş. to ensure compliance of the corporate governance principles of the Company with the Corporate Governance Principles established by the Capital Markets Board and any other internationally recognized corporate governance principles. The Committee also makes recommendations to introduce and implement such principles, monitors compliance of the Company with such principles, and conducts improvement efforts in these

areas. Duties of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee as well.

Lütfiye Yeşim Uçtum
Chairman of the Corporate Governance Committee

Steven Georges Leon Braekeveldt
Member

Osman Akkoca
Member

Ayşegül Gürkale
Member

Early Detection of Risk Committee

The Committee was formed by the Board of Directors to detect any kind of strategic, operational, financial risk which may endanger the existence, development and continuation of Aksigorta A.Ş., and to apply necessary measurements, corrective actions and risk management.

Lütfiye Yeşim Uçtum
Chairman of the Early Detection of Risk Committee

Steven Georges Leon Braekeveldt
Member

Executive Board



Uğur Gülen

Board Member and General Manager
(Since May 2009)

Uğur Gülen obtained undergraduate and Master's degrees from Middle East Technical University, Department of Industrial Engineering. He began his career in 1991 and worked in various positions at Interbank, DenizBank, Ak Internet and MNG Bank. During 2004–2009, he served at AK Emeklilik A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. as the Assistant General Manager. He has served as General Manager and Board Member at Aksigorta since May 2009.



Osman Akkoca

Assistant General Manager - Financial Affairs
(Since January 2017)

Osman Akkoca graduated from Istanbul Technical University, Department of Business Engineering. He began his professional career as an assistant inspector at Sümerbank in 1999. After holding various management positions between 2003 and 2005, he worked as Inspector at AvivaSA from 2005 to 2007. He worked as Assistant Manager of Internal Control and Compliance during 2007 and 2010; as Risk Manager in 2010–2011, and as Financial Control Manager from 2011 to 2017. Since January 2017, Mr. Akkoca has served as Chief Financial Officer (CFO) of Aksigorta.



Fahri Altıngöz

Assistant General Manager - Corporate Technical, Sales, Legal and Reinsurance
(Since September 2018)

Fahri Altıngöz graduated from Middle East Technical University, Department of Statistics. He worked as the Founding General Manager of TEB (Zurich) Insurance Company, between 1997 and 2005. In 2005, Mr. Altıngöz rejoined Aksigorta Insurance Company and worked as Assistant General Manager responsible for Claims and Recovery; Corporate, Marketing, Health Insurances, Risk Management and Reinsurance, respectively. Altıngöz is currently working as the Assistant General Manager Responsible for Corporate Sales, Corporate Relations, Corporate Legal and Reinsurance. He has been the Chairman of Insurance Practitioners Association since 2002, and a Board Member of Agricultural Insurance Pool (TARSİM) since 2009. Mr. Altıngöz is also a member of International Investors Association of Turkey Insurance and Pension Working Group (YASED) and member of the insurance working group of Turkish Industry and Business Association (TÜSİAD).



Ayşegül Gürkale

Assistant General Manager - Human Resources, Purchasing and Administrative Affairs
(Since August 2017)

Ayşegül Gürkale graduated from Marmara University, Department of Economics in 1999. She began her professional career in 1999 as a Management Trainee in the Commercial Banking Marketing Department at Pamukbank. In 2003, she joined Garanti Pension and Life, where she served as Product Development Specialist in 2003–2005, Regional Performance Monitoring Manager in 2005–2007, Planning Manager in 2007–2008, and Regional Manager in 2008–2013. In her last role at Garanti Pension and Life, she served as Director of Human Resources, Organization, Purchasing and Administrative Affairs from 2013–2017.

**Metin Demirel**

Assistant General Manager
- Technology, Digital and
Individual Technical

(Since September 2018)
Metin Demirel started his professional career at Akbank in 1992. After 1996, he continued his career in the United States. He first worked at Sulzer Medica Intermedics company as Senior System Analyst. Then, he worked as a Consultant for Oracle. From 2006 to 2006, he managed his own firm Midsoft Inc. Mr. Demirel returned to Turkey in June 2006, and started working for Tofaş as Financial and Commercial Practices Manager. Lastly, he worked as Director in charge of Zürich Insurance Information Technologies Management. After graduating from Boğaziçi University, Department of Computer Engineering in 1992, Metin Demirel attended the Executive MBA program at Koç University.

**Tolga Okan Tezbaşaran**

Assistant General Manager -
Retail Sales and Health

(Since November 2016)
Tolga Okan Tezbaşaran graduated from Dokuz Eylül University, Department of Industrial Engineering in 1993. He began his professional career at Halk Yaşam Sigorta. Later, he worked as Regional Manager and Group President at Yapı Kredi Sigorta. In 2011, Mr. Tezbaşaran joined Zurich Sigorta, where he served as Assistant General Manager responsible for Individual and Small Enterprise Segment and as Board Member. Mr. Tezbaşaran has been serving as Assistant General Manager of Bancassurances and Health since November 2016; he was promoted to Assistant General Manager of Retail Sales and Marketing on April 1, 2017.

**Soner Akkaya**

Assistant General Manager -
Claims Customer Experience

(Since January 2017)
Mr. Soner Akkaya graduated from Yıldız Technical University, Department of Civil Engineering. He worked as an auditor at Interbank between 1998 and 2002, and later as Assistant Manager at Tekfenbank between 2003 and 2005. From 2005 to 2011, he worked as Audit Manager at Sabancı Holding, and as Head of Internal Audit at Aksigorta between 2011 and 2017. Mr. Akkaya has been serving as Assistant General Manager of Claims Customer Experience since January 1, 2017.

**Esra Öge**

Assistant General Manager -
Strategy and Transformation

(Since June 2018)
After graduating from Yıldız Technical University, Department of Mathematical Engineering, Esra Öge earned her Master's Degree in Economics and Finance from Boğaziçi University. She began her professional career in 2006 in the Risk Management Department of Hacı Ömer Sabancı Holding, where she worked as a Risk Management Specialist until 2010. On 20 September 2010, Ms. Öge joined Aksigorta as Risk Management and Actuarial Specialist. Later, she held management positions at Strategic Project Management, Bank Insurance, Digital and Customer Experience, and Corporate Communications departments, respectively. From 2015 to 2018, she worked as Manager of Strategic Planning Department. Esra Öge was appointed as Assistant General Manager responsible for Strategy and Transformation in June 2018.

Corporate Governance Principles Report

Aksigorta adopts four main principles of Corporate Governance which are transparency, fairness, responsibility and accountability. Aksigorta (Company) implements all mandatory principles of CMB Corporate Governance Principles. However, some non-mandatory principles could not be fully complied due to the difficulties in implementation practice of these principles, ongoing debates on some of these principles, some mismatching between the market conditions and these principles. We are pursuing the developments on these issues and following compliance opportunities.

In 2020, we disclosed all useful information to shareholders, investors and analysts for their investment decisions with transparent, consistent and timely manner via Investor Relations announcements on corporate web site, Public Disclosure Platform, Investor meetings and conferences to keep the continuous and effective communication with the investors and the analysts. Also, we were complied with all regulation on this subject.

Despite CMB principle recommends not to participate in more than one committee for a board member, some of our board members involved in more than one committee due to both benefit their global and local

experiences in related areas and to fit the required qualifications for the committee members.

Aksigorta will care to be in compliance with the principles and follow the recent developments in the legislation and the market practices.

Aksigorta is sensitive on social responsibility; we care about regulations on environment, consumers, public health and keep our ethics. We support and respect to international human rights.

SECTION I – SHAREHOLDERS

1.1. Investor Relations Department

Their names, titles, tasks and charters of the managers and employees who are involved in investor relations in Aksigorta task are listed as below:

Osman Akkoca, CFO (CMB Charter Level 3, Corporate Governance Rating Charter)

Zeynep Eröktem, Financial Control Department Manager, Investor Relations Head

Activities of Investor Relations team are as listed as below:

- releasing the investor relations presentations in which the investors could get summary information about Company's performance, strategies and the market,

- arranging conference calls at the end of each quarter to share the financial results of the Company,
- meeting with the investors in domestic and foreign conferences, roadshow organizations, one to one and online meetings to share the Company performance,
- respond to investors' questions and info requests which are received via phone, e-mail or one to one meeting,
- coordinating the investor information on the official web site,
- coordinating the statement of annual report and quarterly activity reports,
- publishing the financial announcement calendar of the Company,
- planning the annual activities of investor relations,
- coordinating the annual General Assembly Meeting,
- stating the compliance report for CMB Corporate Governance Principles,
- reviewing the research & analyst reports about the Company,
- monitoring and reporting the performance of the Company stock.

Investor relations team report to Corporate Governance Committee each quarter about their activities.

1.2. Right to Obtain Information

Any information concerning the shareholders and investors, which has been already disclosed to public, is published on the official

web site of the Company. Contact information of investor relations team is also available on official web site for using shareholders' and investors' rights to receive information. Requests of the shareholders and investors for information of any kind which is not in nature of a trade secret and which has been already disclosed to public are considered and fulfilled by the Investor Relations team carefully and unerringly in a manner to reflect the whole truth in a short time. They are invited via e-mail and by the announcement on the official web site for the conference calls at each quarter, who wants to follow the company closely and send an e-mail address.

The Articles of Association of the Company does not govern appointment of a special auditor as a right. No request in this regard was received from the shareholders in 2020.

1.3. General Assembly Meeting

One annual General Assembly Meeting was held in 2020. General Meeting was held on March 11th 2020 at 15:00 at the address of Istanbul, Beşiktaş, 4. Levent, 34330, Sabanci Center, Sadika Ana Meeting Hall. Attendees of the General Meeting represented 78% of the total shares. There were no attendees from the press or any other stake holders other than shareholders. The shareholders used their right to ask questions, the questions and answers are recorded in the General Assembly Meeting memorandum, which

is published in Trade Registry Gazette. The shareholders did not propose new agenda item during the General Meeting.

Board of Directors had invited the shareholders to the General Meeting as explained in the Commercial Code, CMB Communiques and Articles of Association. The decision of Board of Directors for holding the General Meeting was publicly disclosed on PDP (Public Disclosure Platform) and Central Registry Office. At least three weeks before, General Meeting invitation and information letter was disclosed on the official web site for the shareholders' and investors' information. The annual report also containing the audited financial statements of 2019 was submitted at the Head Office and on the official web site of the Company for the inspection of the shareholders, at least three weeks before General Meeting. It was possible for shareholders to attend the General Meeting both physically in the meeting hall and electronically on EGKS (Electronic General Meeting System).

In the General Meeting; Board of Directors' Annual Report, Auditor's report and Financial Statements were reviewed and discussed, members of the Board of Directors and Auditors were released regarding their activities in 2019, Board's proposal for TL 201.960.000 dividend pay-out out of TL 366.358.436 annual net profit was approved, board

members are elected, Board's proposal for auditor election in 2020 was approved, brief information about the donations in 2019 was released and donation limits of the Company for the year 2020 was determined, permission granted to the Chairman and members of the Board of Directors to execute the transactions noted in Articles 395 and 396 of Commercial Code.

No material transaction that could cause conflict of interest, no transaction similar to the business scope of the company or subsidiaries on behalf of themselves or third parties, no shareholding relation as unlimited responsible partner within another company which have similar business, was informed within the shareholders who control the management of the company, board members and executive managers of the company, their spouses and their second-degree relatives by blood or by marriage. Other than those, no transaction in business scope of the company was reported by the people who have right to access internal information on behalf of themselves or third parties.

Material decisions as referred in the Commercial Code are submitted to the approval of the shareholders during the General Meeting. Including the minutes of the General Meeting, all related document is published on Company's official web site, Public Disclosure Platform and Central Registry System.

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1.4. Voting Right

The Articles of Association do not provide for privileged voting rights and each share has single voting right.

Electronic General Meeting System is available and power of attorney form which needs notary approval is available on our corporate web site and in our headquarters for the use of shareholders to attend the General Meeting or authorization of representative. Thus, the shareholders who are registered in the Central Registry Office and have the right to attend the General Meeting or their representatives who are holding the power of attorney attend the General Meeting by themselves or attend the Electronic General Meeting System using the secured electronic sign. Aksigorta cares about providing fair opportunities for the shareholders to attend the General Meeting with easiest and the cheapest way.

1.5. Minority Rights

There isn't any regulation in the Articles of Association regarding the minority rights.

Aksigorta cares about the minority rights as regulated in Commercial Code and CMB communiques and no complaint or critic is received in 2020 for that case.

There isn't a representative of the minority shareholders in the Board of Directors appointed by the General Meeting. However, there are two independent Board members, to represent equally all shareholders, stakeholders and especially minority shareholders.

1.6. Dividend Receiving Right

There isn't any privilege for shareholders receiving dividend from the Company. The dividend policy was discussed and approved the shareholders in General Meeting in 2014. The Dividend Policy of Aksigorta is disclosed on the official web site for the information of all stakeholders.

We distributed 0.66 TL gross dividend per share to the shareholders in 2020.

1.7. Transfer of Shares

There is no statement in the Articles of Association which restricts the transfer of shares. However, pursuant to the Communiqué about the Principles of Establishment and Operating of Insurance and Reinsurance Companies, direct or indirect acquisition of shares which will result in owning of ten percent, twenty percent, thirty percent, thirty three percent or fifty percent or more of the capital of an insurance company and a share transfer by which the rate of shares owned by one shareholder reaches or decreases below

any of the aforesaid rates are subject to permission of the Undersecretaries of Treasury of the Prime Ministry of Turkey.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. Official Web Site

The Company has the official web site at the following address: www.aksigorta.com.tr Information for the shareholders and the investors is available under the "Investor Relations" heading on the official web site both in Turkish and in English. Under this heading, there are several pieces of information such as;

- Summary information about the company, mission, vision and values,
- Trade Registration Details,
- Shareholding Structure,
- Articles of Association,
- Members of Board of Directors,
- Board Committees,
- Company Management,
- Independent Auditor approved by the General Assembly,
- Public Disclosure Policy,
- Dividend Policy,
- Remuneration Policy,
- Code of Ethics,
- Corporate Governance Principles Report,
- Financial Statements,
- Annual Reports,
- Financial Announcement Calendar,
- Related Party Transaction Report,
- General Assembly Meeting Documents and Related Information,

- Material Event Disclosures,
- Press Releases,
- Investor Relations Team Contact Information,
- Frequently Asked Questions.

2.2. Annual Report

Our Company's Annual Report is released in accordance with statutory periods set out in regulations and corporate governance principles and disclosed.

Annual Report, is approved by the Board of Directors and disclosed by the same time with Financial Statements unless the Board of Directors decide a different disclosure time with a separate declaration of responsibility. Annual reports are disclosed on the Company's official website.

SECTION III – STAKEHOLDERS

3.1. Informing the Stakeholders

Aksigorta informs stakeholders within the as it is described in Disclosure Policy.

Disclosure Policy, Dividend Policy, Remuneration Policy and Code of Business Ethics of the Company are available on the official web site for all stakeholders.

Employees of the Company are informed through meetings, seminars and training courses and with information sent via the portal application and the Internet in their fields of

specialty and on the issues, they are involved in general. Our distribution channels are informed about the practices and procedures of the Company through announcements made by means of circulars published on the web site of the Company at www.aksigorta.com.tr under the page of "Special to Agents", as well as traditional and regional agent meetings, preliminary and technical training sessions and via electronic mails periodically.

As being the Joint Venture of Sabancı and Ageas Insurance who are operating globally, Aksigorta respects and cares about laws and contracts. Company totally cares about the payment of rights and receivables of the employees from sign date to the resign date.

Stakeholders could directly contact to the Board Committees or the Ethic Rule Consultant by filling out the communication form on the official web site, in case Company has any operation or transaction which is contrary to laws or ethics.

3.2. Participation of Stakeholders in the Management of the Company

Participation of the employees in the management is ensured through periodic meetings. The executive meeting is attended by executives from the regional offices and the

departments. Meetings held at the departments tend to support the executive meetings. In addition, information about the practices, policies and targets is transmitted to all employees in groups and views of the employees are received through information exchange meetings, so that their participation and contribution needed for efficient management of the Company is ensured. Annual performance assessment meetings are held with the employees. In the meetings, the employees are given feedback about their performance and the opportunity to express their views and expectations. Through the regional agency meetings, developments in the insurance industry and the changing competition environment are shared with the agents. In these meetings, through the practice of Free Platform, the agents who come together with local and central executive units express their current problems. In this way, Aksigorta receives feedback about the current policies and considers the views of the agents in the establishment of the strategies of the Company.

3.3. Human Resources Policy

Human resources policies of the Company are managed in accordance with the vision, mission and values of the Company. To achieve the targets of the Company, an organizational planning congruent with the strategies of

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the Company and working with employees who know the values of the Company and behave in accordance with these values are fundamental.

By means of internal promotion, target-oriented efficient performance management, development activities meeting the long-term development needs and social clubs and events, the Company aims at raising the motivation and productivity of the employees.

Behaviours expected from the employees in accordance with the vision, mission and values have been communicated under the name of "Catalogue of Competencies" to the employees of the Company. Just like the targets, the competencies, too, are a part of the annual performance assessment. By means of 360 degrees' assessment, behaviourbased interviews and central development and assessment applications, strengths and development areas of the employees are identified, and the development programs of the Company are established in line with this. Carrying out the relations with the employees is one of the primary responsibilities of the executives. The executives are closely concerned with the problems of their subordinates and follow their development opportunities.

Creating and maintaining a fair working environment is one of the basic codes of ethics in Aksigorta. In 2020, there is no complaint from employees about discrimination in Aksigorta.

Including performance and rewarding rules, all Human Resources policies and practices are announced to all employees and they are all available for the employees on the company portal application.

3.4. Customer and Supplier Relations

Aksigorta always keeps customer satisfaction and focuses on providing quality insurance service being a strong, reputable, and reliable company in the market in accordance with its vision, mission and corporate values. By this principle, Aksigorta stated Customer Relations Policy and disclosed it on the official web site to receive complaints from customers and suppliers, to improve the quality standards higher levels, to provide quality insurance service and to differentiate in the market. Our principles stated in our Customer Relations Policy are:

Transparency

Customers and suppliers of Aksigorta could deliver their complaints, requests and questions in accurate, complete, understandable and easy way any time they want. All our communication channels are open to our customers and suppliers.

Accessibility

Customers and suppliers of Aksigorta could connect to the company via Call Center numbered 444 27 27 or all other communication channels for their complaints, requests and questions.

Responsiveness

Customers and suppliers of Aksigorta could find solutions in a short time with the privileges of the Call Center for their complaints, requests and questions.

Objectivity

Complaints, requests and questions of customers and suppliers of Aksigorta are evaluated in an unbiased and fair manner.

Fee

No fee is charged for the evaluation and the solution of their complaints, requests and questions of customers and suppliers of Aksigorta.

Privacy

Security of personal data is extremely important since the establishment of Aksigorta. Therefore, entrusted personal data of customers and suppliers in our company is always kept confidential.

Customer Focus

Effective, realistic and applicable solutions are presented to the customers and suppliers of Aksigorta who we believe

always deserve the best and their requests are met and their rights are protected.

Accountability

Complaints, requests and questions of customers and suppliers of Aksigorta are recorded and our decisions are explained with the reasons to provide them more quality insurance service.

Continuous Improvement

As being one of the most powerful companies in the market, Aksigorta continues making investments and improves all insurance services offered to provide more quality insurance service and give the right consultancy to its customers and suppliers.

Fast and Efficient Solution

Aksigorta creates innovations in the market; to provide fast and efficient solutions to its customers and suppliers aligned with their needs.

Profession

Aksigorta provides the best quality insurance service to its customers and suppliers with an expert call center team.

3.5. Ethical Rules and Social Responsibility

At the Company, code of business ethics has been established and published. The employees are informed about the business ethic rules at the very beginning of their job, and refreshment training on business ethics is provided

regularly every year. There is an Ethic Rule Consultant within the organization of the Company, and all stakeholders can apply to him about their recommendations, complaints and questions involving the ethical rules.

Maintaining sustainability areas in parallel with Sabancı Group's priorities, Aksigorta considers digitalization, technology and innovation as important tools for sustainable development. In the age of society and business world being transformed by technology, practices like artificial intelligence and data analytics increase the efficiency of business processes, while big data allows more accurate decisions to be made. Thanks to the transforming processes through digitalization and technology, companies increase efficiency, and raise the potential for positive influence in environmental and social terms. In this context, managing data security alongside technological transformation is among the prominent risks. Technology and digitalization, while bringing numerous opportunities like competitiveness, efficiency and growth speed increase, also presents risks such as data confidentiality, data security and reliable infrastructure, which directly impact sustainable business models. Therefore, cyber security is the key component that ensures technology and digitalization contribute to the economy and the society, while establishing sustainable business models.

Digital Security Platform, directly associated with Aksigorta's Sustainable Development Objectives, directly serves three of Sabancı Holding's sustainability priorities. Group's "Human and Society" priorities include designing social investment programs creating mutual value; Digital Security Platform directly serves this purpose by raising awareness in the society against cyber risks. In the context of Environmental, Social and Governance Sustainability, Digital Security Platform is within the context of social benefits. Aksigorta considers ensuring the safety of individuals and entities in the virtual world, providing data privacy and data security as a social responsibility.

Aksigorta prioritizes social development as a pathway to sustainable development, supporting active participation of individuals to social and cultural life. Aksigorta contributes to the social development by supporting animals, culture and arts, and sports.

In addition to all of these, prioritizing the Group's "Environmental Consciousness" aspect covering the climate crisis and circular economy objectives, Aksigorta has become involved in the Green Office program of WWF Turkey as part of its activities for more sustainable business environments. The scope of the program includes reducing resource consumption

Corporate Governance Principles Report

through effective waste management and increased recycling rate, preventing single-use plastic pollution through drinking water treatment systems and ensuring energy savings through automated lighting and air-conditioning, particularly in the Head Office.

Apart from the project "Keep Living Turkey", another project of Aksigorta is YADEM, the Fire and Earthquake Education Center. YADEM, which has been built with the support of the late Sakıp Sabancı entirely with the Turkish technology and which is a rare example of its kind in the world, was established in 1996, before the Marmara Earthquake in 1999. In the center, which has the "best" quality according to the level of technology in those years, the fire and earthquake simulators built on advanced technology are introduced to the children as a first application of its kind. Aksigorta donated YADEM, where 15,000 children at age 7-14 receive training by means of simulations each year, to the Science Center of Şişli Municipality in 2006 to offer the services of the center to a wider public. After the termination of Science Center of Şişli Municipality in 2015 YADEM was donated to Science Center of İstanbul Technical University.

While carrying its long-standing past to future, Aksigorta believes that its responsibility is great. Thinking that the priority is to realize sustainable projects which will cultivate risk awareness in

education and society, Aksigorta has placed its current projects in this field, the essence of which is education, on a long-term platform. Aksigorta will continue to realize different projects which will contribute to upbringing of generations with sound awareness about natural disasters and insurance.

SECTION IV – BOARD OF DIRECTORS

4.1. Functions of the Board

Aksigorta Board of Directors; monitor the compliance of the company activities with the legislation, Articles of Association, internal regulations and the policies, represent and chair the company with strategic decisions while considering the risk, growth and returns of the Company and the long-term targets of the Company.

Board of Aksigorta defines the Company's strategic objectives, determines the human and financial resources the Company will need and oversees the management's performance. The Board of Directors supervises the compliance of the Company's activities with applicable legislation and the Company's Articles of Association, internal regulations and policies.

The Board of Directors executes its activities in a transparent, accountable, fair and responsible manner. The Board of Directors plays an active role in maintaining effective

communications between the Company and its shareholders and in obviating and resolving potential conflicts.

4.2. Operating Principles of the Board of Directors

Operating principles of the Board are stated in the Articles of Association.

The Board of Directors meets as often as they could perform their duties effectively, they execute their activities in transparent, accountable, fair and responsible manner, while they also consider the long-term targets and interests of the Company.

4.3. Structure of the Board

Board of Aksigorta is composed of eight members in accordance with the Articles of Association. CEO is a member of the Board of Directors. Board members are elected for three years at most. However, Board members should be re-elected whose mission time is expired.

The duties, authorizations and responsibilities of the Board of Directors are subject to the principles stated in Commercial Code, Insurance Law and Articles of Association.

Minimum qualifications required in Board members are not stated in the Articles of Association. However, minimum qualifications required in Board members are defined in Insurance Law.

Two members of Board of Directors are independent members who are selected in accordance with the Corporate Governance Principles of CMB and Corporate Governance legislation. Independent Board members signed their independence declaration. During the reporting period, there is no condition which interrupts the independency.

Members of the Board of Directors of the Company, with the breakdown in executive and non-executive and the breakdown in dependent and independent are as follows:

Haluk Dinçer, Chairman,
Nonexecutive Member
Emmanuel Van Grimbergen,
Deputy Chairman, Non-executive
Member
Kıvanç Zaimler, Non-executive
Member
Stefan Georges Leon Braekeveldt,
Non-executive Member
Bülent Oğuz, Non-Executive
Member
Emin Hakan Eminsoy, Independent
Member, Non-executive Member
Lütfiye Yeşim Uçtum, Independent
Member, Non-executive Member
Uğur Gülen, Executive Member
and CEO

Resumes of Board members are available on the official web site and in the annual report. Intra group and out group tasks of the Board members are underlined in their resumes.

Board members of the company, spend sufficient time to the Company's business. The Board of Directors did not set a rule or restriction for the board members for undertaking other duties or tasks outside the company, except spending sufficient time for Aksigorta business. Members' responsibilities outside the company are underlined in their resumes.

In the Board of Directors, we have one female member. The Board of Directors did not set a target rate for female members.

4.4. Structure of Board Meetings

Board members elect a Chairman among the members to chair the Board meetings and a deputy Chairman to substitute him. Chairman of the Board determines the agenda of the Board meeting in consultation with other members of the Board and Chief Executive Officer. The established agenda and the contents of the issues in the agenda are sent by the General Manager to the Members of the Board of Directors 1 week before the meeting to enable them to make the necessary examinations and works. Agenda items of the Board meetings are discussed clearly and with every aspect. Chairman of the Board shows best effort to ensure the effective participation of the executive and non-executive Board members in the Board meetings.

Timing and the agenda of the Board meetings are organized by the Chairman or the Deputy Chairman. The Board of Directors convenes upon the call of the Chairman and the Deputy Chairman whenever necessary. It's essential to convene the Board of Directors at least four times a year. Board of Directors may also approve on paper a member's recommendation about a certain matter unless one of them requests physical meeting.

Board of Directors had totally 13 meetings in 2020; 1 time face to face meeting, 12 times by written approvals as released in Commercial Code and Articles of Association. Attendance in person of the members without an excuse at the meetings of the Board of Directors held in 2020 was ensured. Board of Directors' meetings and decision quorums are subject to the provisions of Turkish Commercial Code.

Each board member has single and equal vote right in the board meetings. Board of Directors' decisions are approved with consensus and aligned with Corporate Governance Principles. There were no additional queries about the agenda items from the Board members so no matter was materialized. At the meetings held in 2020, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors and all the decisions were written consent. In 2020 none of the Board members trade with the Company and compete with the Company in the same business.

Corporate Governance Principles Report

4.5. Board Committees

Board of Directors benefits from committee studies for carrying out its responsibilities and running its duties. Committee decisions are presented as recommendations to the Board of Directors, and the Board takes the final decision. The committees of the Board of Directors are as follows:

Audit Committee

The Audit Committee, which is responsible for assisting the Board of Directors in its audit and supervision activities, oversees operation and adequacy of the internal systems and the accounting and reporting systems. The committee had 4 meetings in 2020.

Members:

Emin Hakan Eminsoy – Chairman (Independent Member of the Board) Lutfiye Yeşim Uçtum – Member (Independent Member of the Board)

Corporate Governance Committee

The Corporate Governance Committee has been established with the aim of performance of the duties and responsibilities of the Board of Directors in a sound manner. The Corporate Governance is a governance process of Aksigorta A.Ş. targeting a sustainable success based on ethical rules, responsible toward internal and external parties, having risk awareness, being transparent and responsible in its decisions,

observing the interest of its stakeholders in compliance with the Corporate Governance Principles established by the Capital Market Board. Objective of the Corporate Governance Committee is to propose recommendations to the Board of Directors with a view to ensuring compliance of the corporate governance principles of Aksigorta A.Ş. with the Corporate Governance Principles established by the Capital Market Board and other internationally recognized corporate governance principles, ensuring implementation of these principles and monitoring the compliance of the Company with these principles and carrying out improvement works on such matters. Committee had 3 meetings in 2020.

Members:

Lutfiye Yeşim Uçtum – Chairman (Independent Member of the Board)
Stefan Georges Leon Braekeveldt, Member (Board Member)
Ayşegül Gürkale, Member (HR Assistant General Manager)
Osman Akkoca, Member (CFO)

Duties of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee as well.

Early Detection of Risk Committee

It conducts works for the purposes of early detection of risks which may endanger existence, growth and continuation of the Company, implementation of the

necessary measures and remedies taken against the detected risks and management of the risk. The Committee evaluates the situation, points out to the dangers, if any, and indicates the remedies in the report to the Board of Directors. The report is sent to the auditor as well. It reviews the risk management systems at least once a year. Committee had 6 meetings in 2020.

Members:

Lutfiye Yeşim Uçtum – Chairman; Stefan Georges Leon BRAEKEVELDT – Member

It is sensitively cared about the Board Members not to take part in more than one committee. To both benefit their global and local experiences in related areas and to fit the required qualifications for the committee members; Independent Board Member Mrs. Lutfiye Yeşim Uçtum is involved in 3 committees and Board Member Mr. Stefan Georges Leon Braekeveldt is involved in 2 committees.

4.6. Financial Rights of the Board Members and Executive Directors

Aksigorta Ücretlendirme Politikası
The remuneration policy is approved by the General Assembly at the meeting on 2012 May 30th and it is available on the official web site of the company.

There is no Board Member or C-level Manager, having payable or credit account, receiving bail or collateral, either for themselves or on behalf of third parties.

Information about Transactions the Company Enters into with Members of Its Own Risk Group

Under article 199 of the Turkish Commercial Code (Statute 6102), which went into force on 1 July 2012, the Board of Directors of Aksigorta A.Ş. is required, within three months of the end of its fiscal year, to draw up a report about any dealings the Company had with its controlling shareholder or with any affiliates of its controlling shareholder during the fiscal year just ended and to include the conclusions of that report in its annual report. The required statements about Aksigorta A.Ş.'s related-party transactions are presented in footnote 45 to the financial statements.

The conclusion reached in the report dated 15.02.2021 prepared by the Board of Directors of Aksigorta A.Ş. is, to the best of the Board's knowledge of the circumstances and conditions at the time that a transaction took place or a measure was taken or refrained from, in each and every transaction which Aksigorta A.Ş. entered into with its controlling shareholder or with any of the affiliates of its controlling shareholder during 2020, that an appropriate mutual performance was achieved, that there were no measures taken or refrained from which might have caused the company to suffer a loss, and that there were no such transactions or measures whose consequences need to be offset.

Financial Information and Risk Management

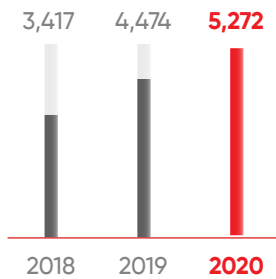
With a solid financial structure that included TL 1,123 million in shareholders' equity at end-2020, Aksigorta is one of the leading companies in the Turkish insurance sector.

Financial Position, Profitability and Solvency

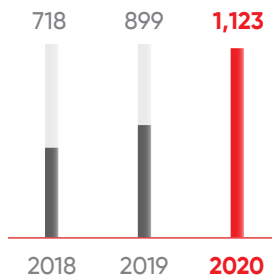
With a solid financial structure that included TL 1,123 million in shareholders' equity at end-2020, Aksigorta is one of the leading companies in the Turkish insurance sector.

Continuing to grow upon sustainable profitability, Aksigorta completed the year with TL 432 million of profit.

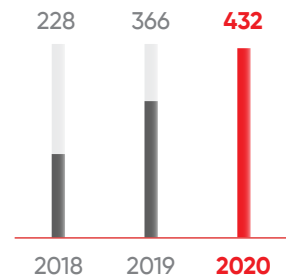
Premium Production (TL Million)



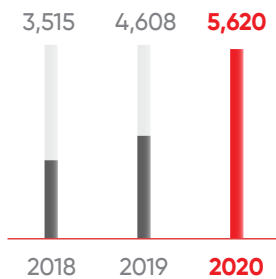
Shareholders' Equity (TL Million)



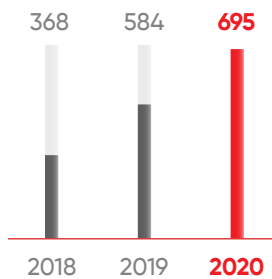
Net Profit (TL Million)



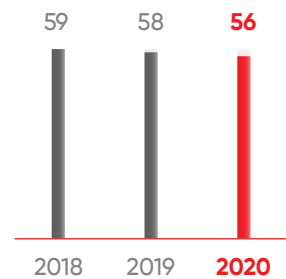
Total Assets (TL Million)

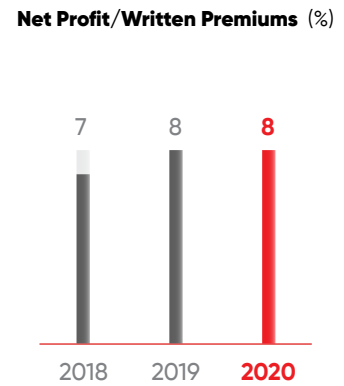
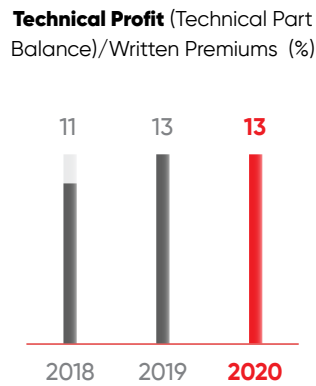
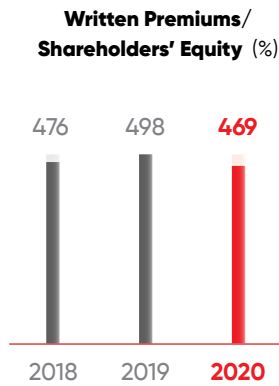
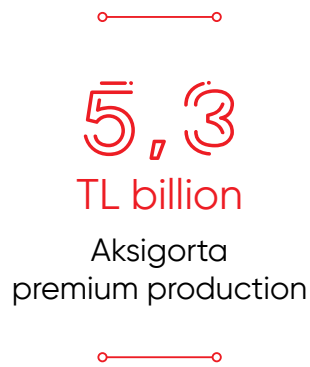


Technical Profit
(Technical Part Balance)
(TL Million)



Retention Ratio
(Non-Life) (%)



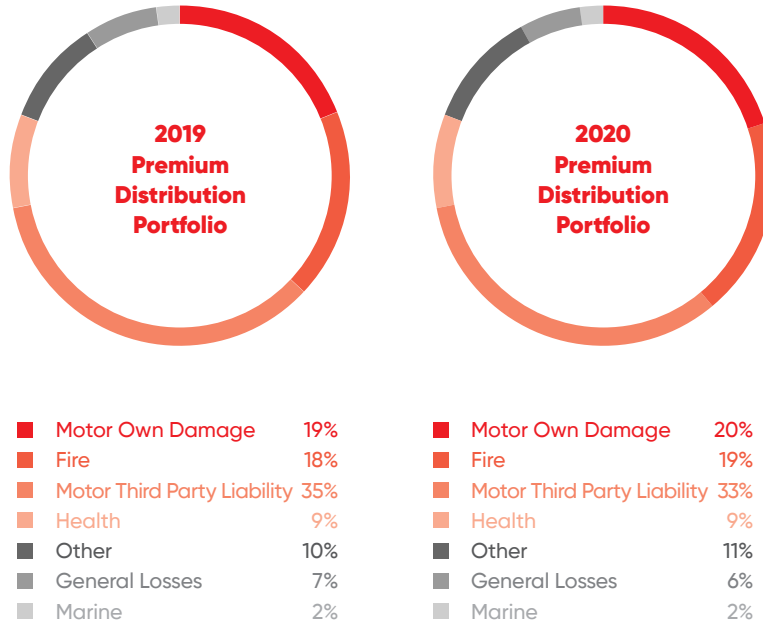


In 2020, the Company reached to TL 5,272 million premium production. A breakdown of premiums by business line during the most recent two years is shown below:

Breakdown of Premiums by Business Line

(TL Thousand)	Written Premiums			Distribution (%)	
	2019	2020	Change 19/20(%)	2019	2020
Fire	812,778	981,754	21	18	19
Marine	93,811	116,503	24	2	2
Motor Own Damage	855,799	1,040,656	22	19	20
Motor Third Party Liability	1,553,652	1,744,004	12	35	33
Other	468,618	597,232	27	10	11
General Losses	297,970	319,959	7	7	6
Health	390,932	472,034	21	9	9
Total	4,473,560	5,272,142	18	100	100

Financial Information and Risk Management

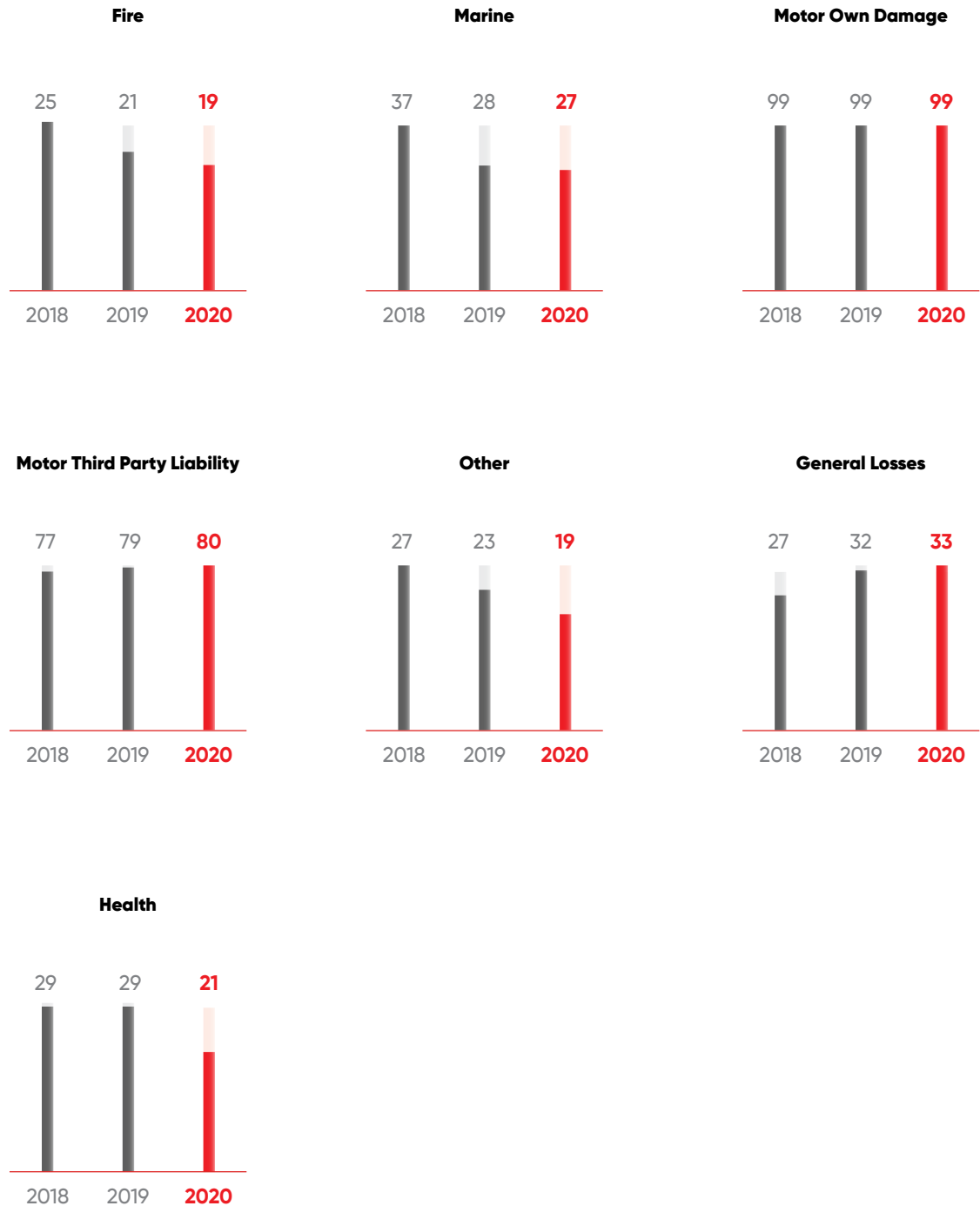


As of end-2019, 56% of generated premiums (amounting to TL 2,969 million in value) were retained by the Company.

The charts below show the amounts and relative percentages of produced premiums that were retained by the Company during the most recent two years, broken down by business line:

(TL Thousand)	Retention Premium		Retention Ratio (%)	
	2019	2020	2019	2020
Fire	172,352	189,542	21	19
Marine	26,460	31,325	28	27
Motor Own Damage	851,151	1,035,002	99	99
Motor Third Party Liability	1,234,580	1,395,992	79	80
Other	106,396	113,334	23	19
General Losses	96,752	104,698	32	33
Health	114,647	98,751	29	21
Total	2,602,338	2,968,644	58	56

Retention Ratio (%)

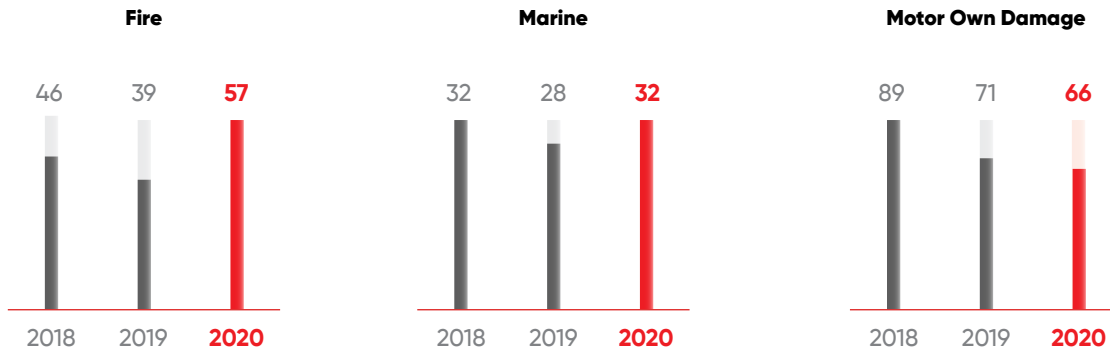


Financial Information and Risk Management

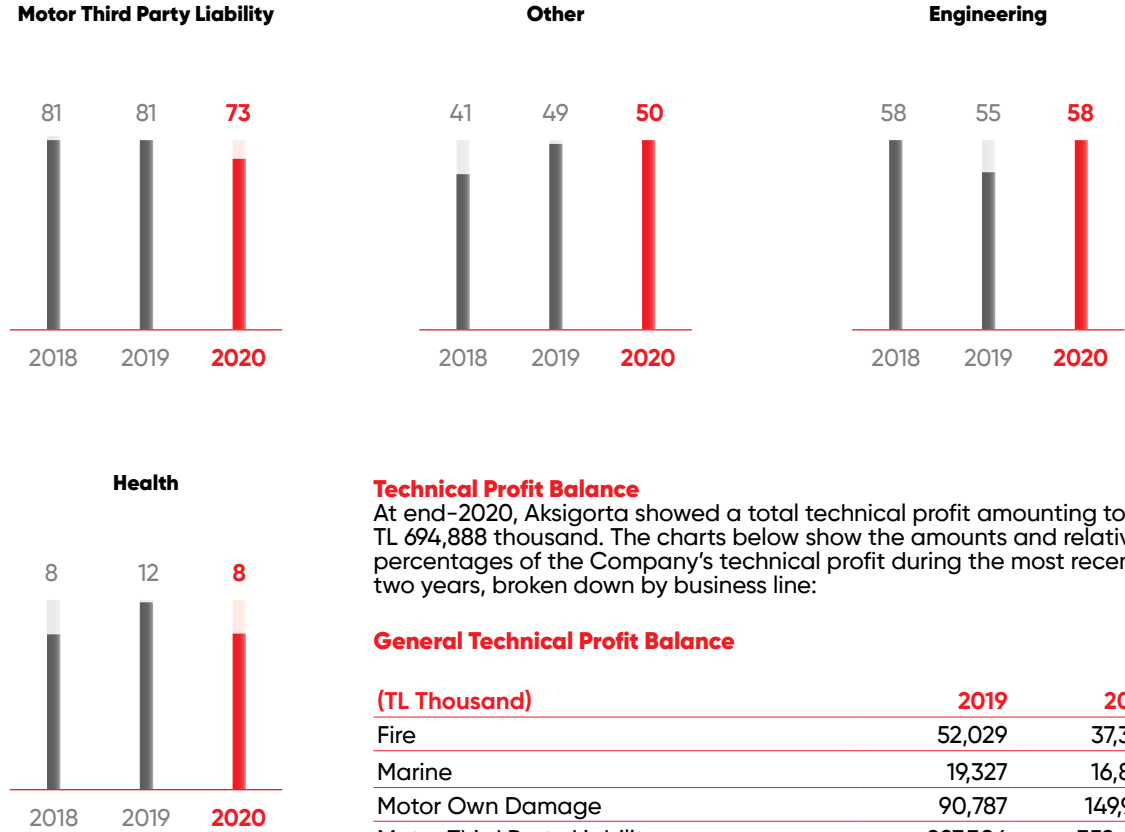
As of end-2020, Aksigorta retained TL 2,736,914,000 in premiums which it had earned in the non-life branch. Meanwhile, the Company's share of incurred non-life claims amounted to TL 1,781,009,000. As of the same date, the ratio of incurred non-life claims to earned premiums (net) was 65%. The charts below show the amounts and relative percentages of the Company's incurred claims and earned premiums during the most recent two years, broken down by business line:

	Claims Incurred (Net)		Earned Premiums (Net)		Claims Incurred/ Earned Premiums (Net) (%)	
(TL Thousand)	2019	2020	2019	2020	2019	2020
Fire	62,391	98,256	158,658	173,652	39	57
Marine	6,635	8,470	23,808	26,817	28	32
Motor Own Damage	551,209	609,372	771,968	926,394	71	66
Motor Third Party Liability	821,830	951,721	1,015,026	1,303,330	81	73
Other	71,183	76,426	145,351	151,978	49	50
Engineering	20,180	27,971	36,922	47,997	55	58
Health	10,968	8,793	91,591	106,746	12	8
Non-Life Total	1,544,396	1,781,009	2,243,324	2,736,914	69	65

Claims Incurred/Earned Premiums (Net) (%)



Gerçekleşen Hasar/Kazanılmış Primler (Net) (%)



Technical Profit Balance

At end-2020, Aksigorta showed a total technical profit amounting to TL 694,888 thousand. The charts below show the amounts and relative percentages of the Company's technical profit during the most recent two years, broken down by business line:

General Technical Profit Balance

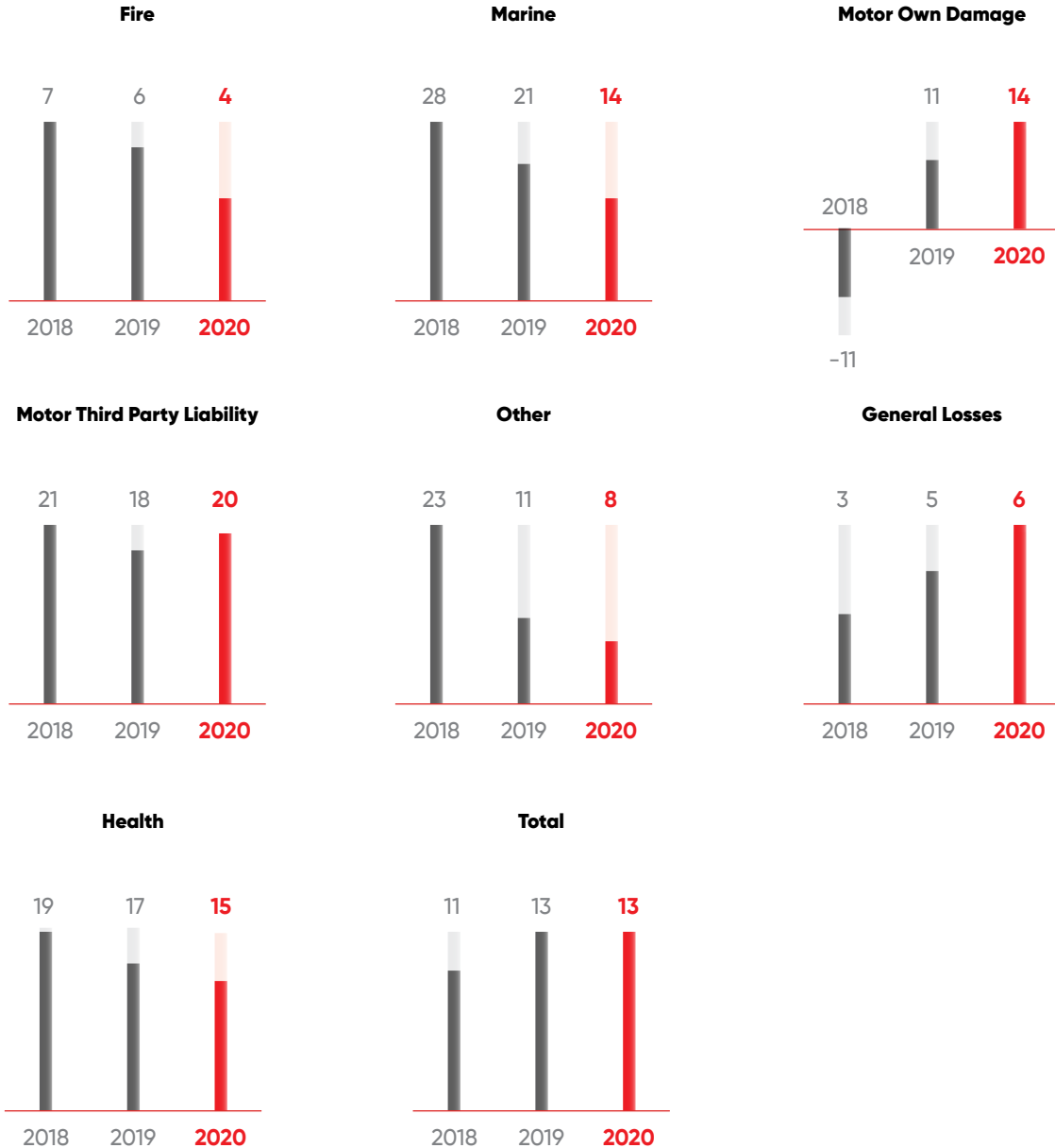
(TL Thousand)	2019	2020
Fire	52,029	37,306
Marine	19,327	16,830
Motor Own Damage	90,787	149,929
Motor Third Party Liability	287,306	352,487
Other	53,333	48,759
Engineering	15,475	18,378
Health	65,875	71,224
Total	584,132	694,912

General Technical Profit Balance/Written Premiums (%) (Non-Life)

	2019	2020
Fire	6	4
Marine	21	14
Motor Own Damage	11	14
Motor Third Party Liability	18	20
Other	11	8
General Losses	5	6
Health	17	15
Total	13	13

Financial Information and Risk Management

General Technical Profit Balance/Written Premiums (Non-Life) (%)



In 2020, Aksigorta earned TL 737,192 thousand in investment income in addition to the earnings generated by its insurance business activities. The Company's investment income during the most recent two years is shown below.

Investment Income (TL Thousand)	2019	2020	Change
Foreign Exchange Gain	230,547	316,242	37%
Income from Financial Investment	277,421	343,680	24%
Real Estate Income	-	-	-
Income from Derivatives	155,027	77,270	-50%
Other Investment Income	-	-	-
Total Investment Income	662,995	737,192	11%

Based on all of these technical and financial results, Aksigorta booked profit before tax of TL 555 million. The Company's shareholders' equity amounted to TL 1,123 million at end-2020. The breakdown of shareholders' equity items during the most recent two years is shown below:

Shareholders' Equity (TL Million)	2019	2020	Change
Paid-in Capital	306	306	0%
Profit and Capital Reserves	140	298	113%
Previous Years Income	86	86	0%
Net Profit of the Period	366	432	18%
Total Shareholders' Equity	899	1,123	25%

At end-2020, Aksigorta's principal investments amounted to TL 1,746 million in value.

Developments in the Company's investments during the most recent two years are shown below:

Investments (TL Thousand)	2019	2020	Change
Financial Assets and Investments with Risks on Policyholders	1,330,189	1,744,246	31%
Affiliates	0	0	0%
Properties	1,770	1,599	-10%
Total Investments	1,331,959	1,745,844	31%

Aksigorta does not have affiliates in 2020.

Quality Policy and Quality Management Systems

Quality Policy

As a strong, reputable and trustworthy company together with our agents, employees and suppliers, we are committed to provide quality service and continuous improvement of our services by prioritizing customer satisfaction in line with our vision, mission and values and in conformance with national and international laws, regulations and standards regarding insurance business.

Quality Management System

Aksigorta is committed to providing quality service to all its customers, business partners, stakeholders and employees.

According to this principle, Aksigorta established the quality assurance system and obtained the BS EN ISO 9001:1994 Quality Standard Certificate from BVQI (Bureau Veritas Quality International) in 1998.

Quality Assurance System standard has been revised according to customer needs

and Quality Assurance System standard has been revised regarding the customer needs and current conditions and ISO 9001: 2015 Quality Management System has published in 2015. Aksigorta has aligned its current systems with the up-to-date version.

Aksigorta established ISO 10002: 2015 Customer Complaints Management System and upgraded customer relationship management to international standards' line which based on customer- oriented service approach.

Risk Management and Internal Control System

Pursuant to Article 4 of the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies issued as per Article 4 of the Insurance Law no. 5684, insurance and reinsurance companies are required to establish an effective internal control system, including internal audit and risk management, in order to regularly control and audit the compliance of all their business and operations with insurance legislation and other relevant legislation, internal regulations of the company and its management strategy and policies, and to detect and prevent mistakes, fraud and unlawfulness.

According to the legislation, internal control and risk management activities carried out by "Internal Control and Risk Management Department."

Internal Control

The internal control system is in place to ensure that the company's assets are protected; that its activities are conducted in accordance with the requirements of laws and regulations, with company policies and procedures, and with established insurance industry practices and in such a way as to be both effective and productive; and that the accounting and

financial reporting system is secure, coherent, and capable of providing timely access to information. Internal Control Unit is responsible for continuity and development of responsibilities by coordinating the necessary actions to ensure the effectiveness of the internal control system.

The Internal Control Unit conducts activities according to the approved Internal Control Plan. In 2019, Internal Control Unit worked through in order to maintain the internal control system. Besides, internal control activities have continued, and

the efficiency of unit/process controls have been evaluated. The actions that are taken to offset risks and deficiencies in controls are efficiently monitored by the Internal Control Unit.

Risk Management

The Risk Management Unit is established as a 2nd line of defense to identify, quantify, monitor, and control all the risks to which the company is exposed. The Risk Management Unit is also responsible for overseeing business continuity, information security, and capital adequacy. In addition, the key risks that are identified together with business units are monitored closely, and the actions are reported to the Early Detection of Risk Committee and Aksigorta Risk Committee.

Compliance

In order to ensure compliance with the insurance regulation and other regulations which the Company is subject to, The Compliance Unit is responsible for full compliance of the Company to the entire regulation it is subject to. Announcing new/amended laws and regulations to company, determining and monitoring actions that need to be taken in order to comply with these laws and regulations are also under the Compliance Unit's responsibility.

In addition, the unit is charged with developing and implementing a risk-sensitive program to ensure the company's compliance with the requirements of anti-money-laundering laws, regulations, and administrative provisions; conducting activities required by such a compliance program; and

communicating and coordinating activities as necessary with the Financial Crimes Investigation Board (MASAK). The Compliance Unit is responsible for raising awareness throughout the company and all distribution channels about Anti-Money Laundering/Combating the Financing of Terrorism by providing trainings, and also informing the Financial Crimes Investigation Board about suspicious transactions.

In line with the changing and developing conditions of the insurance industry, Compliance, turning more essential and comprehensive, has become an organization with wider activity fields by increasing its existing influence area both in the country and abroad more essential and comprehensive and. As in following;

Within the country; Financial Crimes Investigation Board ("MASAK") of Ministry of Treasury and Finance is one of most recognized entities related with Compliance. Following new developments in insurance industry, there are many agencies and regulations. The following are among the main agencies and regulations;

- Insurance and Private Pension Regulation and Supervision Agency ("SEDDK"),
- Competition Authority having a significant influence on activities within the insurance industry,
- Insurance Association of Turkey ("TSB"),
- Electronic Communication Management System (İYS) by reason of advancing technological developments,

- Various Non-Governmental Organizations ("STK"),
- Personal Data Protection Authority ("KVKK") and Data Controllers' Registry Information System ("Verbis")
- State of Emergency (OHAL) – Decree Law (KHK) processes,

Internationally; the activities of Ageas Insurance International N.V. being our corporate partners and having a wide Insurance portfolio, transaction supervisions determined regarding the "Sanctions" which we have been hearing a lot recently due to interstate relations and OFAC (Office of Foreign Assets Control).

Among the most important duties of SEDDK which is recently established and playing a role similar to the Banking Regulation and Supervision Agency ("BDDK") in the Insurance industry there are regulating, monitoring, auditing the activities of insurance companies and private pension companies, and imposing penalties on them when it is necessary.

Also, in the regulation regarding the establishment of SEDDK a participation share to be paid by the insurance companies is mentioned. The issues such as agricultural insurances, Turkish National Catastrophe Insurance Pool (DASK) shall also be regulated and audited under the authority of the agency. These regulations also fall under the tasks of Compliance Unit.

Notable Changes in Regulations - 2020

A. IMPORTANT REGULATION CHANGES OF THE YEAR 2019

1. General Communiqué on the Tax Procedural Code numbered 509

The Communiqué numbered 509 was published in the Official Gazette dated 19.10.2019 and numbered 30923, and entered into force as of the publication date. One of the developments enacted with the said Communiqué has been the application of "electronic policy," which is important for the insurance industry. In the communiqué, "e-Insurance Policy Practice" is defined as an application to enable insurance, pension and reinsurance companies and insurance and pension brokers to issue the insurance policies which were used to be issued as printed document as electronic document, to deliver to the correspondent as electronic or printed document, to protect and submit in electronic environment. E-insurance Policy, being regulated in the communiqué, has the same legal features with "Insurance Policy" on paper. E-Insurance Policy has not been seen as an obligatory practice. Insurance, pension and reinsurance companies, and insurance and pension intermediaries that wish to be included in the application have to file an application and meet certain conditions. However, the Revenue Administration is authorized to impose the application of e-Insurance Policy

as an obligation on insurance, pension and reinsurance companies, and insurance and pension intermediaries, with a notice period of at least 3 months.

2. The President's Executive Order numbered 47, on the Organization and Responsibilities of the Insurance and Private Pension Regulation and Supervision Agency

The Executive Order was published in the Official Gazette dated 18.10.2019 and numbered 30922 and entered into force as of the publication date. With the said Executive Order, Insurance and Private Pension Regulation and Supervision Agency is established, having the public legal personality, and having administrative and financial autonomy. In the Executive Order, major duties of the Agency are stated as; to take precautions for the development of insurance industry in the country and the development of private pension practices, for protection of policyholders and pension participants, to implement these precautions, to instruct the related entities to implement these precautions, monitor implementation, and to conduct inspections, audits, and investigations for the persons and entities operating in the field of insurance and private pension.

The Law on Digital Services Tax, and on the Changes to Certain Laws and the Statutory Decree Numbered 375, was published in the Official Gazette dated 07.12.2019 and numbered

30971. This Law inserted the supplementary article 5 to the Insurance Law. Provisions inserted to the Insurance Law are about the Insurance and Private Pension Regulation and Supervision Agency, in line with the requirements of the President's Executive Order.

3. Regulation of Expertise of Insurance Arbitration Commission

The Regulation was published in the Official Gazette dated 18.04.2019 and numbered 30749 and entered into force as of 18.08.2019. The purpose of the Regulation is to regulate the rules and procedures to be applied for the conditions of the applications to be an expert with the Insurance Arbitration Commission, acceptance criteria for these applications, the experts' qualifications, their registration, assignment, principles that they should comply with, their operating rules, their inspection, and delisting. For cases that are not regulated with the Regulation, the related provisions of the regulations on the judicial expert mechanism shall apply by comparison.

4. Supplementary Article 4 to the Insurance Law

With the Law on the Changes to the Tax Laws and Certain Laws and Statutory Decrees that was published in the Official Gazette dated 18.01.2019, supplementary article 4 was inserted to the Insurance Law.

With supplementary article 4, a company with the title of Türk Reasürans Anonim Şirketi was established, the capital being owned by the Ministry of Treasury and Finance. The purpose of the company is to provide insurance and reinsurance coverage for material damages and bodily injuries, which may occur due to various risks that the domestic insurance industry cannot cover, or where there are difficulties in finding a domestic reinsurance coverage. The Company will also aim to increase domestic reinsurance capacity. It is stated in the Law that the company shall be exempt from the fees that are collected under the Law on Governmental Service Fees numbered 492, and exempt from banking and insurance transaction tax, over the amounts collected. It is also stated in the Law that, when this company requests a provisional injunction, provisional seizure or a suspension of enforcement, collateral shall not be sought.

5. The Amendment to the Catastrophe Insurance Law

An amendment was made in article 6305 of the Catastrophe Insurance Law numbered 6305, with the Law on the Changes to the Tax Laws and Certain Laws and Statutory Decrees, which was published in the Official Gazette dated 18.01.2019. With the provision inserted to the article, Turkish Natural Catastrophe Insurance Pool is allowed to be the shareholder to international insurance and reinsurance companies, provided that the company is approved by the Minister.

B. IMPORTANT REGULATION CHANGES OF THE YEAR 2020

1. Regulation on Informing in Insurance Policies

The Regulation on regulating the procedures and principles regarding the duties and obligations to be fulfilled by the insurer in order to provide the missing information which might be suffered by the insurance before or during the conclusion of the policy regarding the subject, assurances and other features of the policy and to inform the relevant people regarding the changes and developments which might arise during the continuance of the policy and effect insurant, insurer, or the stakeholder regarding the performance of the policy, has entered into force by being published in Official Gazette dated 14.2.2020 and numbered 31039. The said Regulation has been abolished with Regulation on Informing in Insurance Policies published in the Official Gazette dated 28/10/2007 and numbered 26684.

2. Regulation on Activities to be Considered under the Scope of Insurance Industry, Insurance Policies Concluded in Favor of the Consumer and Distance Concluded Insurance Policies

The Regulation on the Amendment of the Regulation on Activities to be Considered under the Scope of Insurance Industry, Insurance Policies Concluded in Favor of the Consumer and Distance Concluded Insurance Policies has entered into force by being published in the Official Gazette dated May 9, 2020 and numbered 31122. Through amendments included within the regulation, new provisions regarding the insurances

which can be provided by the enterprises whose main business is not insurance brokery along with goods and services they provide and distance insurance policies are included.

C. IMPORTANT DECISIONS OF THE PERSONAL DATA PROTECTION AUTHORITY

• Abstract of Judgement dated 27/08/2020 and numbered 2020/649

As a result of the obligation of hand signing for Personal Data Protection Board, upon the examination performed for the application regarding whether the biometric signatures can be processed or not without explicit consent of the relevant person in cases anticipated within law as per Law on Personal Data Protection, the decision stating that it is lawful as long as it is observed to "Sufficient Measures Required to be Taken by Data Controllers in Processing of Private Nature Personal Data" as the biometric signature is a biometric data, has been given.

• Abstract of Judgement dated 08/10/2020 and numbered 2020/765

The Personal Data Protection Board, upon the complaint of the relevant complainant against the data controller Bank failed to fulfill the obligation of disclosure as per article 11 of Law on Protecting the Personal Data numbered 6698, decided to impose the relevant Bank an administrative fine of TL 120,000 as a result of failing to act in accordance with the previous Board Decision, dated 06.02.2020 and numbered

Notable Changes in Regulations - 2020

2020/100, stipulating the correction of the deficiencies in the disclosure text of the relevant Bank.

- [Abstract Judgement dated 27/01/2020 and numbered 2020/58](#)

The Personal Data Protection Board, has imposed an administrative fine of TL 22,500 on the data controller who shares personal data of the customers on public social media platforms without the knowledge of their customers and for advertising purposes, due to the fact that an Insurance Agency shares personal data of its customers on public social media platforms without the knowledge of its customers and for advertising purposes.

- [Abstract Judgement dated 27/01/2020 and numbered 2020/58](#)

The Personal Data Protection Board, regarding whether a corporate e-mailing service can be used or not over Google (Gmail) with the same extension, decided that the data controllers shall perform the said application as per the provisions of Article 9 of the Law on Personal Data Protection (the Law) numbered 6698, titled "transmitting the personal data abroad", as when G-mail e-mailing service infrastructure of Google company is used the received and sent e-mails will be kept in the data centers located in

various places of the world, and in such case the personal data would be transmitted abroad.

Regulations

- The Regulation on Personal Health Data entered into force and was published in the Official Gazette dated 21.06.2019 and numbered 30808. Under the Law on Protection of Personal Data, the Regulation regulates the rules and procedures to be complied with, during the processes and practices of the organization of the Ministry of Health, including their central units and regional offices, and the health service providers that are operating under the authority of the Ministry's organization and the subsidiaries and relevant organizations of the Ministry. The execution of the Regulation on the "Processing of Personal Health Data and Ensuring Their Privacy" was suspended previously, with a court decision. With the new Regulation, this regulation now became null and void.
- The Regulation on the "Changes to the Regulation on Deletion, Destruction or Anonymization of Personal Data" entered into force and was published in the Official Gazette dated 28.04.2019 and numbered 30758. This Regulation clarified the meanings of some of the terms of the "Regulation on Deletion, Destruction or Anonymization of Personal Data," and corrected the material errors.

- The Regulation on "Personal Data Protection Authority Disciplinary Supervisors" entered into force and was published in the Official Gazette dated 17.05.2019 and numbered 30777. The Regulation determines the disciplinary supervisors of the employees of the Personal Data Protection Authority and regulates the rules and procedures of disciplinary actions.

Communiques

- The Communique on the "Changes to the Communique on the Rules and Procedures for the Disclosure Obligation" entered into force and was published in the Official Gazette dated 28.04.2019 and numbered 30758. This Communique clarified the meanings of some of the terms of the "Communique on the Rules and Procedures for the Disclosure Obligation," and corrected the material errors.
- Under scope of the promulgation ("Promulgation") made by Ministry of Finance of Republic of Turkey, the dates stated under scope of the Regulation of Commercial Communication and Commercial Electronic Communication ("Regulation") published in the Official Gazette dated 15.07.2015 and numbered 29417 for registration of the service providers to Commercial Electronic Communication System ("İYS") and uploading the commercial electronic communication permissions ("ETK permission") were announced to be postponed.

Date	Explanation
	It is the deadline for your company, a service provider in accordance with the Law on the Regulation of Electronic Commerce, numbered 6563, to transmit the approvals (ETK permission) you receive from your (potential) customers regarding sending commercial e-mails to the İYS.
December 1, 2020	Your company shall upload ETK permissions granted before 1 st of December, 2020, to İYS. Your company shall be obliged to proceed every ETK permission granted since this date systematically. Starting this date, your (potential) customers are allowed to withdraw the permission they have granted through İYS.
January 16, 2021	Your (potential) customers are allowed to check ETK permissions they had granted before 1 st of December, 2020, until 16 th of December, 2021. Starting from 16 th of December, 2021 the permissions granted for your company before 1 st of December, 2020 shall be valid. Your (potential) customer, shall not be allowed to allege the invalidity of ETK permissions granted before 1 st of December, 2020, and defined in İYS after 16 th of December, 2021.

Decision of Constitutional Court
The Constitutional Court ("AYM"), in its decision dated 17.7.2020 with docket no: 2019/40 and decision number: 2020/40, published in the Official Gazette dated 09.10.2020 ("Decision"); has examined and ruled the applications for the cancellation of some expressions in Articles 90,92,93,97 and 99 of the Highway Traffic Law No. 2918 ("KTK") In the decision the expression of

"...within general conditions prepared within the framework of this Law" included in the first sentence of article 90 of KTK Which is "...it is subject to the procedures and principles stipulated within the General Conditions prepared within the framework of this Law" given in the article 90 of KTK, and the expression of "...and general conditions" included in the second sentence and clause (I)

of article 92 including the provision of "requests excluded of the assurance content defined via general conditions and annexes of the obligatory financial liability insurance prepared within the framework of this law." was found to be against the articles 5, 13, 17, 35, and 48 of the Constitution and that their cancellation is ruled to be required. The request regarding other provisions were rejected by the Constitutional Court.

Internal Audit Activities

At Aksigorta, internal audit activities are conducted by the Internal Audit Department reporting directly to the Board of Directors and it is organized to be independent in terms of administration. Although the ultimate responsibility lies with the Board of Directors, two non-executive members of the Board of Directors were elected and appointed as independent members of the Audit Committee. The Internal Audit Department reports to the Audit Committee. Additionally, in Board meetings there is a permanent agenda item concerning internal audit results and audit reports are put on the agenda by the Audit Committee.

The internal audit activities of 2020 were realized by the Internal Audit Department consisting of the Head of Internal Audit, one Internal Audit Manager, and four Internal Auditors, in accordance with the "2020 Annual Audit Plan" approved by the Board of Directors. Within the context of the annual audit plan, auditing of 14 business processes were completed and the results were submitted in the form of a report to the Audit Committee.

The actions taken by the Company executives in connection with the internal control deficiencies observed within the framework of Audit Reports were subsequently followed up and the adequacy of the actions were questioned by monitoring their effect on the risk level and the results were reported to the Audit Committee.

Dividend Policy

AKSIGORTA ANONİM ŞİRKETİ BOARD OF DIRECTORS RESOLUTION

DATE OF MEETING : 15.02.2021

NUMBER DECISION : 16

ATTENDANTS OF THE MEETING

- Haluk DİNÇER
- Emmanuel Van GRIMBERGEN
- Bülent OĞUZ
- Kivanç ZAIMLER
- Stefan Georges Leon BRAEKEVELDT
- Lütfiye Yeşim UÇTUM
- Emin Hakan EMİNSOY
- Uğur GÜLEN

AGENDA

Decision about the allocation of annual profit of 2020, dividend pay-out rate and the terms of dividend payment

RESOLUTION

It has been recognized that there is a "Net Period Profit" of TL 432.342.886-TL on the Financial Statements prepared in accordance with Capital Market Board's Accounting Standards and Generally Accepted Accounting Principles and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PwC) for the period of 01.01.2020-31.12.2020.

Board has unanimously decided to propose and ask for the approval of our shareholders at the Ordinary General Assembly Meeting of 2020 which will take place on 16 March 2021 for the following: After deducting legal obligations from net profit for the period; distribution of a gross dividend of TL 306.000.000 at the rate of 100% of the capital to the shareholders, the payments will be in cash and in two installments, first portion will be TL 201.960.000 and paid by 2021 March 18, second portion will be TL 104.040.000 and paid by 2021 September 06.

Chairman
Haluk DİNÇER

Vice Chairman
Emmanuel Van GRIMBERGEN

Board Member
Bülent OĞUZ

Board Member
Kivanç ZAIMLER

Board Member
Stefan Georges Leon BRAEKEVELDT

Independent Board Member
Lütfiye Yeşim UÇTUM

Independent Board Member
Emin Hakan EMİNSOY

Board Member, General Manager
Uğur GÜLEN

Independent Auditor's Report on the Annual Report of the Board of Directors



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Aksigorta A.Ş.

1. Opinion

We have audited the annual report of Aksigorta A.Ş. (the "Company") for the January 1, - December 31, 2020 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

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

3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated February 1, 2021 on the full set financial statements for the January 1, - December 31, 2020 period.

4. Board of Director's Responsibility for the Annual Report

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

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

Independent Auditor's Report on the Annual Report of the Board of Directors



- b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
 - events of particular importance that occurred in the Company after the operating year,
 - the Company's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

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

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

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

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

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

ORIGINALLY ISSUED IN TURKISH

Adnan Akan, SMMM
Partner

Istanbul, February 15, 2021

*(Convenience Translation of Independent Auditor's Report
and Financial Statements Originally Issued in Turkish)*

AKSIGORTA A.Ş.

Financial Statements as of December 31, 2020
Together with the Independent Auditor's Report



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

To the General Assembly of Aksigorta A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of Aksigorta A.Ş. (the “Company”) which comprise the balance sheet as at December 31, 2020 and the statement of income, statement of changes in shareholders’ equity, statement of cash flows and statement of profit distribution for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards (“TFRS”) for the matters not regulated by insurance legislation “Regulation on Insurance Accounting and Financial Reporting Principles”.

2. Basis for Opinion

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

*PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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3. Key Audit Matters

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

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p>Estimation of claims incurred but not reported</p> <p>As explained in Notes 2 and 4, the Company has accounted for the net incurred but not reported claims provision amounting to TRY 911,459,456 as of December 31, 2020.</p> <p>Abovementioned provision is calculated according to the best estimation methods determined within the opinion of the Company's actuary in accordance with "Circular on Outstanding Claim Provisions" dated December 5, 2014 and numbered 2014/16 published by the Under secretariat of the Treasury. The reason we focus on this area during our audit is the significance of the incurred but not reported claims provision for the financial statements and the significant actuarial judgments and estimates required by the nature of provision in the financial statements.</p>	<p>We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the ultimate claims used in the calculation of incurred but not reported claims provision.</p> <p>We performed reconciliation of the data used in the calculation of incurred but not reported claims for selected branches with the financial statements. Our actuaries have assessed the estimated loss ratios and expected damage developments trends together with the selected actuarial techniques considering past damage experiences and sector developments. In addition, for selected branches, we made an estimation of the reasonable ranges for the incurred but not reported claims provision and compared them with the Company's records.</p> <p>We checked the adequacy and accuracy of the disclosures in the financial statements related to such provisions.</p>



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

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

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

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

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

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

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

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from January 1 to December 31, 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on February 1, 2021.

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

ORIGINALLY ISSUED IN TURKISH

Adnan Akan, SMMM
Partner

Istanbul, February 1, 2021

AKSİGORTA ANONİM ŞİRKETİ

**THE MANAGEMENT’S REPRESENTATION ON THE FINANCIAL STATEMENTS
PREPARED AS OF DECEMBER 31, 2020**

The accompanying financial statements, related disclosures and notes of December 31,2020 (“the financial report”) are prepared in accordance with the requirements set out by Republic of Turkey Ministry of Treasury and Finance and accordance with the accounting principles and standards that enforced by insurance legislation and are in compliance with our Company’s accounting records.

Istanbul, February 1, 2021

Osman AKKOCA
Chief Financial Officers

Uğur GÜLEN
Chief Executive Officer

Halil KOLBAŞI
Actuary
License No: 72

Seza TANINMIŞ ÖZGÜR
Accounting Manager

Aksigorta Anonim Şirketi

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AKSIGORTA A.Ş.

**THE FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1 - DECEMBER 31, 2020**

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AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

ASSETS			
		Audited Current Period (31/12/2020)	Audited Previous Period (31/12/2019)
I- CURRENT ASSETS	Note		
A- Cash and Cash Equivalents	14	2,270,224,400	2,063,042,512
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	1,600,368,638	1,356,583,321
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables from Credit Cards with Bank Guarantee Due Less Than Three Months	14	669,855,762	706,459,191
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	11.1	1,744,245,833	1,330,189,267
1- Financial Assets Available for Sale	11.1	1,473,530,640	702,749,632
2- Financial Assets Held to Maturity	11.1	205,527,370	34,881,722
3- Financial Assets Held for Trading	11.1	63,234,980	590,751,326
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	1,952,843	1,806,587
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables from Main Operations	12.1	1,119,739,438	760,619,614
1- Receivables from Insurance Operations	12.1	1,125,530,327	770,022,957
2- Provision for Receivables from Insurance Operations (-)	12.1	(17,859,556)	(18,093,784)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies	12.1	30,954	30,954
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables from Main Operations	12.1	179,509,326	142,028,430
10- Provisions for Doubtful Receivables from Main Operations (-)	12.1	(167,471,613)	(133,368,943)
D- Due from Related Parties		178,735	160,165
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		178,735	160,165
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables		22,669,699	17,597,262
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		979,217	802,322
4- Other Receivables	47	21,690,482	16,794,940
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	4.2.2	339,865,524	294,531,083
1- Deferred Commission Expenses	17.20	334,192,509	291,440,909
2- Accrued Interest and Rent Income		230,751	9,950
3- Income Accruals		468,610	510,490
4- Other Prepaid Expenses	47	4,973,654	2,569,734
G- Other Current Assets		2,314,724	7,623,377
1- Inventories		22	22
2- Prepaid Taxes and Funds		2,312,182	7,610,410
3- Deferred Tax Assets		-	-
4- Business Advances		2,520	12,945
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		5,499,238,353	4,473,763,280

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

ASSETS			
		Audited	Audited
	Note	Current Period (31/12/2020)	Previous Period (31/12/2019)
II- NON-CURRENT ASSET			
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables		-	-
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets		-	-
1- Investments in Associates		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
E- Tangible Fixed Assets	6 and 7	43,502,027	49,455,053
1- Investment Properties	7	-	170,958
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	1,598,569	1,598,569
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	30,431,171	27,612,750
6- Vehicles	6	2,720,001	2,720,001
7- Other Tangible Assets (Including Leasehold Improvements)	6	21,682,557	21,347,617
8- Leased Tangible Fixed Assets	6	41,129,271	34,372,885
9- Accumulated Depreciation (-)	6 and 7	(54,059,542)	(38,367,727)
10- Advances Paid for Tangible Fixed Assets (Including Construction in Progresses)		-	-
F- Intangible Fixed Assets	8	57,223,537	60,569,259
1- Rights	8	161,424,844	134,184,258
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(113,365,102)	(77,104,087)
7- Advances Regarding Intangible Assets	8	9,163,795	3,489,088
G- Prepaid Expenses and Income Accruals		61,469	149,980
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	61,469	149,980
H- Other Non-current Assets		20,173,371	23,935,685
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	20,173,371	23,935,685
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		120,960,404	134,109,977
TOTAL ASSETS (I+II)		5,620,198,757	4,607,873,257

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

AKSIGORTA A.Ş.**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
DECEMBER 31, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

LIABILITIES			
	Note	Audited	Audited
		Current Period (31/12/2020)	Previous Period (31/12/2019)
III- SHORT TERM LIABILITIES			
A- Borrowings		80,005,619	64,584,250
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	13,524,088	12,599,956
3- Deferred Finance Lease Borrowing Costs (-)	20	(6,146,671)	(8,793,389)
4- Current Portion of Long-Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	14	72,628,202	60,777,683
B- Payables from Main Operations		765,628,607	554,050,816
1- Payables Due to Insurance Operations	19.1	765,628,607	554,050,816
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables from Main Operations (-)		-	-
C- Due to Related Parties		457,900	287,654
1- Due to Shareholders		1,143	1,143
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		456,757	286,511
6- Due to Other Related Parties		-	-
D- Other Payables		151,909,107	147,073,119
1- Deposits and Guarantees Received	12.1	8,186,217	3,002,608
2- Due to SSI regarding Treatment Expenses	19.1	45,560,203	42,392,477
3- Other Payables	19.1	98,162,687	101,678,034
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		3,067,714,264	2,515,041,331
1- Unearned Premiums Reserve - Net	20	1,627,711,840	1,405,431,056
2- Unexpired Risk Reserves - Net	20	23,860,001	14,410,790
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1 and 20	1,416,138,827	1,095,191,072
5- Provision for Bonus and Discounts - Net	20	3,596	8,413
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		77,151,855	93,440,050
1- Taxes and Dues Payable		53,293,686	40,384,078
2- Social Security Premiums Payable	23.1	238,630	219,015
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		5,472	4,977
5- Corporate Tax Liability Provision on Period Profit	35	117,630,688	125,897,143
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(94,016,621)	(73,065,163)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		70,812,935	59,947,386
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1 and 23.4	70,812,935	59,947,386
H- Deferred Income and Expense Accruals	19.1	154,948,180	144,643,673
1- Deferred Commission Income	19.1	149,596,174	115,046,314
2- Expense Accruals	2.11 and 19.1	5,352,006	29,597,359
3- Other Deferred Income		-	-
I- Other Short-Term Liabilities		235	235
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short-Term Liabilities		235	235
III - Total Short-Term Liabilities		4,368,628,702	3,579,068,514

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

LIABILITIES			
		Audited	Audited
		Current Period	Previous Period
		(31/12/2020)	(31/12/2019)
IV- LONG TERM LIABILITIES	Note	21,514,606	25,943,674
A- Borrowings			
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	28,360,104	36,383,769
3- Deferred Finance Lease Borrowing Costs (-)	20	(6,845,498)	(10,440,095)
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables from Main Operations		-	-
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		97,988,544	97,139,342
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2 and 20	1,418,276	1,446,871
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	96,570,268	95,692,471
F- Other Liabilities and Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		9,095,078	7,052,711
1- Provision for Employment Termination Benefits	22	9,095,078	7,052,711
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		128,598,228	130,135,727

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

AKSİGORTA A.Ş.**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
DECEMBER 31, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

SHAREHOLDERS' EQUITY			
	Note	Audited	Audited
		Current Period (31/12/2020)	Previous Period (31/12/2019)
V- SHAREHOLDERS' EQUITY			
A- Paid in Capital		306,000,000	306,000,000
1- (Nominal) Capital	15	306,000,000	306,000,000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		90,989,327	90,989,327
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	90,989,327	90,989,327
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		207,289,147	48,970,786
1- Legal Reserves	15	82,866,210	45,882,288
2- Statutory Reserves		62	62
3- Extraordinary Reserves		128,432,529	1,018,015
4- Special Funds (Reserves)	15 and 22	(5,451,203)	(4,518,213)
5- Revaluation of Financial Assets	16.1	1,441,549	6,588,634
6- Other Profit Reserves		-	-
D- Previous Years' Profits		86,350,467	86,350,467
1- Previous Years' Profits		86,350,467	86,350,467
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period	37	432,342,886	366,358,436
1- Net Profit of the Period		432,342,886	366,358,436
2- Net Loss of the Period (-)		-	-
3- Net Income not Subject to Distribution		-	-
V- Total Shareholders' Equity		1,122,971,827	898,669,016
Total Liabilities and Shareholders' Equity (III+IV+V)		5,620,198,757	4,607,873,257

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

I-TECHNICAL PART	Note	Audited Current Period 01/01/2020- 31/12/2020	Audited Previous Period 01/01/2019- 31/12/2019
A- Non-Life Technical Income		3,195,233,664	2,752,233,105
1- Earned Premiums (Net of Reinsurer Share)		2,736,913,645	2,243,324,247
1.1- Written Premiums (Net of Reinsurer Share)	24	2,968,643,640	2,602,337,798
1.1.1- Gross Written Premiums (+)	24	5,272,142,057	4,473,559,840
1.1.2- Ceded Premiums to Reinsurers (-)	17.16 and 24	(2,158,874,282)	(1,736,056,065)
1.1.3- Ceded Premiums to SSI (-)	17.16 and 24	(144,624,135)	(135,165,977)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(222,280,784)	(365,255,818)
1.2.1- Unearned Premiums Reserve (-)	20	(570,226,066)	(586,816,135)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17.16 and 20	342,397,103	198,196,693
1.2.3- SSI of Unearned Premiums Reserve (+)	17.16 and 20	5,548,179	23,363,624
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(9,449,211)	6,242,267
1.3.1- Unexpired Risks Reserve (-)	20	(766,252,653)	(36,709,082)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	17.16 and 20	756,803,442	42,951,349
2-Investment Income Transferred from Non-Technical Part		398,064,435	476,255,314
3-Other Technical Income (Net of Reinsurer Share)		7,881,937	5,678,324
3.1- Gross Other Technical Income (+)		7,881,937	5,678,324
3.2- Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		52,373,647	26,975,220
B- Non-Life Technical Expense (-)		(2,500,321,352)	(2,168,101,531)
1-Total Claims (Net of Reinsurer Share)		(1,780,826,247)	(1,544,397,091)
1.1- Claims Paid (Net of Reinsurer Share)		(1,459,886,826)	(1,298,615,714)
1.1.1- Gross Claims Paid (-)		(2,230,601,779)	(2,112,547,994)
1.1.2- Reinsurance Share of Claims Paid (+)	17.16	770,714,953	813,932,280
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(320,939,421)	(245,781,377)
1.2.1- Outstanding Claims Reserve (-)		(714,476,425)	(701,073,116)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17.16	393,537,004	455,291,739
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	4,817	88,642
2.1- Bonus and Discount Reserve (-)	20	444,668	61,262,144
2.2- Reinsurance Share of Bonus and Discount Reserve (+)	17.16 and 20	(439,851)	(61,173,502)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(877,797)	(13,343,901)
4- Operating Expenses (-)	32	(597,730,905)	(512,963,572)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6- Other Technical Expenses (-)	47	(120,891,220)	(97,485,609)
6.1- Gross Other Technical Expenses (-)	47	(120,891,220)	(97,485,609)
6.2- Reinsurance Share of Other Technical Expenses (+)		-	-
C- Non-Life Technical Net Profit (A-B)		694,912,312	584,131,574

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

AKSIGORTA A.Ş.**CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME
FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

	Note	Audited Current Period 01/01/2020- 31/12/2020	Audited Previous Period 01/01/2019- 31/12/2019
I-TECHNICAL PART			
D- Life Technical Income		128,906	130,771
1. Earned Premiums (Net of Reinsurer Share)		-	-
1.1 - Written Premiums (Net of Reinsurer Share)		-	-
1.1.1 - Gross Written Premiums (+)		-	-
1.1.2 - Ceded Premiums to Reinsurers (-)		-	-
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		-	-
1.2.1- Unearned Premium Reserves (-)		-	-
1.2.2- Unearned Premium Reserves Reinsurer Share (+)		-	-
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Unexpired Risks Reserves (-)		-	-
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2. Life Branch Investment Income		128,906	130,771
3. Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share) (+/-)		-	-
4.1- Gross Other Technical Income (+/-)		-	-
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-
E- Life Technical Expense		(153,686)	(158,154)
1- Total Claims (Net of Reinsurer Share)		(182,281)	(184,919)
1.1- Claims Paid (Net of Reinsurer Share)		(173,947)	(177,561)
1.1.1- Gross Claims Paid (-)		(173,947)	(177,561)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(8,334)	(7,358)
1.2.1 - Outstanding Claims Reserve (-)		(8,334)	(7,358)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		-	-
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3-Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		28,595	26,765
3.1- Mathematical Reserves (-)		28,595	26,765
3.1.1- Actuarial Mathematical Reserve (-)		25,736	24,088
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		2,859	2,677
3.2- Reinsurer Share of Mathematical Reserves (+)		-	-
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		-	-
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
F- Life Technical Profit (D-E)		(24,780)	(27,383)
G- Individual Retirement Technical Income		-	-
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee in Case of Temporary Suspension		-	-
5- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
H- Individual Retirement Technical Expense		-	-
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)		-	-

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

		Audited	Audited
		Current Period 01/01/2020- 31/12/2020	Previous Period 01/01/2019- 31/12/2019
II-NON-TECHNICAL PART	Note		
C- Non-Life Technical Profit (A-B)		694,912,312	584,131,574
F- Life Technical Profit (D-E)		(24,780)	(27,383)
I- Individual Retirement Technical Profit (G-H)		-	-
J- Total Technical Profit (C+F+I)		694,887,532	584,104,191
K- Investment Income		737,192,342	662,995,479
1- Income from Financial Investment	26	208,031,702	198,964,567
2- Income from Sales of Financial Investments	26	108,786,702	71,670,639
3- Revaluation of Financial Investments	26	26,861,169	6,785,384
4- Foreign Exchange Gains	36	316,242,743	230,548,082
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives	13	77,270,026	155,026,807
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		-	-
L- Investment Expenses (-)		(797,720,190)	(704,762,152)
1- Investment Management Expenses (including interest) (-)	20	(7,903,988)	(8,316,084)
2- Valuation Allowance of Investments (-)	26	(23,797,155)	(16,145,073)
3- Losses on Sales of Investments (-)	26	(29,581,117)	(8,798,476)
4- Investment Income Transferred to Life Technical Part (-)		(398,064,435)	(476,255,314)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(285,747,047)	(161,736,401)
7- Depreciation Expenses (-)	6, 7 and 8	(52,626,448)	(33,510,804)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)	47	(84,386,110)	(50,081,939)
1- Provisions Account (+/-)	47	(70,031,673)	(30,294,342)
2- Discount account (+/-)		-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	1,758,500	1,356,101
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts (+/-)	35 and 47	(5,282,333)	18,330,425
6- Deferred Tax Expense Accounts (-)		-	-
7- Other Income and Revenues	47	1,507,077	1,374,123
8- Other Expense and Losses (-)	47	(12,337,681)	(40,848,246)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
N- Net Profit/(Loss)	37	432,342,886	366,358,436
1- Profit/(Loss) Before Tax		549,973,574	492,255,579
2- Corporate Tax Liability Provision (-)	35	(117,630,688)	(125,897,143)
3- Net Profit/(Loss)		432,342,886	366,358,436
4- Inflation Adjustment Account		-	-

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CASH FLOWS
FOR THE PERIODS JANUARY 1 - DECEMBER 31, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

CASH FLOW STATEMENT		Audited	Audited
		Current Period	Previous Period
A. CASH FLOWS FROM THE OPERATING ACTIVITIES	Note	31/12/2020	31/12/2019
1. Cash inflows from the insurance operations		6,711,087,724	4,634,970,139
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(5,816,337,322)	(3,802,854,511)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		-	-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		894,750,402	832,115,628
8. Interest payments (-)		-	-
9. Income tax payments (-)	35	(146,848,601)	(85,306,670)
10. Other cash inflows		8,743,478	1,361,178
11. Other cash outflows (-)		(349,116,447)	(199,630,045)
12. Net cash generated from the operating activities		407,528,832	548,540,091
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		871,843	434,393
2. Purchase of tangible assets (-)	6,7,8	(36,769,539)	(29,696,762)
3. Acquisition of financial assets (-)		(3,507,581,110)	(1,825,273,019)
4. Sale of financial assets		3,224,229,564	1,209,995,140
5. Interest received		332,868,763	390,861,575
6. Dividends received		-	-
7. Other cash inflows		-	-
8. Other cash outflows (-)		11,850,519	-
9. Net cash generated from the investing activities		25,470,040	(253,678,673)
C. CASH FLOWS FROM THE FINANCING ACTIVITIES			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)	20	(15,518,592)	(9,570,804)
4. Dividend paid (-)	38	(201,960,000)	(201,960,000)
5. Other cash inflows		-	-
6. Other cash outflows (-)	20	-	-
7. Cash generated from the financing activities		(217,478,592)	(211,530,804)
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(52,678,170)	(15,024,795)
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		162,842,110	68,305,819
F. Cash and cash equivalents at the beginning of the period	14	1,831,766,957	1,763,461,138
G. Cash and cash equivalents at the ending of the period (E+F)	14	1,994,609,067	1,831,766,957

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS JANUARY 1 - DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY')) unless otherwise indicated.)

Statement of Changes in Shareholders' Equity - January 1 - December 31 2020 (*)											
	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
CURRENT PERIOD											
I - Closing Balance of Prior Period (31/12/2019)	306,000,000	-	6,588,634	-	-	45,882,288	62	87,489,129	366,358,436	86,350,467	898,669,016
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
I- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.5)	-	-	(5,147,085)	-	-	-	-	-	-	-	(5,147,085)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(932,990)	-	-	(932,990)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	432,342,886	-	432,342,886
I- Dividend distributed	-	-	-	-	-	-	-	-	(201,960,000)	-	(201,960,000)
J- Transfer	-	-	-	-	-	36,983,922	-	127,414,514	(164,398,436)	-	-
II- Closing Balance (31/12/2020) (I+ A+B+C+D+E+F+G+H+I+J)	306,000,000	-	1,441,549	-	-	82,866,210	62	213,970,653	432,342,886	86,350,467	1,122,971,827

(*) Details of equity accounts are explained in Note 15.

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

AKSIGORTA A.Ş.**CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS JANUARY 1 - DECEMBER 31, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

Statement of Changes in Shareholders' Equity - January 1 - December 31 2019 (*)												
		Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
CURRENT PERIOD												
I - Closing Balance of Prior Period (31/12/2018)		306,000,000	-	(10,638,677)	-	-	15,835,334	62	92,793,197	227,619,080	86,350,467	717,959,463
A- Capital increase (A1+A2)		-	-	-	-	-	-	-	-	-	-	-
1- Cash		-	-	-	-	-	-	-	-	-	-	-
2- Internal sources		-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company		-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity		-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.1)		-	-	17,227,311	-	-	-	-	-	-	-	17,227,311
E- Translation reserves		-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)		-	-	-	-	-	-	-	(916,194)	-	-	(916,194)
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)		-	-	-	-	-	-	-	366,358,436	366,358,436	-	366,358,436
I- Dividend distributed		-	-	-	-	-	-	-	-	(197,572,126)	(4,387,874)	(201,960,000)
J- Transfer		-	-	-	-	-	30,046,954	-	(4,387,874)	(30,046,954)	4,387,874	-
II- Closing Balance (31/12/2019) (II- A+B+C+D+E+F+G+H+I+J)		306,000,000	-	6,588,634	-	-	45,882,288	62	87,489,129	366,358,436	86,350,467	898,669,016

(*) Details of equity accounts are explained in Note 15.

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF PROFIT DISTRIBUTION AS OF DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

	Current Period December 31, 2020(**)	Previous Period December 31, 2019(*)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
1.1. Profit for The Period		492,255,579
1.2. Taxes Payable and Legal Liabilities		(125,897,143)
1.2.1. Corporation Tax (Income Tax)		(125,897,143)
1.2.2. Income Tax Deduction		-
1.2.3. Other Taxes and Legal Liabilities		-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)		366,358,436
1.3. Previous Years' Losses (-)		-
1.4. First Legal Reserve		18,317,922
1.5. Legal Reserves Kept in The Company (-)		-
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5))]		348,040,514
1.6. First Dividend to Shareholders (-) (-)		15,300,000
1.6.1. To Common Shareholders		15,300,000
1.6.2. To Preferred Shareholders		-
1.6.3. To Owners of Participating Redeemed Shares		-
1.6.4. To Owners of Profit-Sharing Securities		-
1.6.5. To Owners of Profit and Loss Sharing Securities		-
1.7. Dividends to Personnel (-)		-
1.8. Dividends to Founders (-)		-
1.9. Dividends to Board of Directors (-)		-
1.10. Second Dividends to Shareholders (-)		186,660,000
1.10.1. To Common Shareholders		186,660,000
1.10.2. To Preferred Shareholders		-
1.10.3. To Owners of Participating Redeemed Shares		-
1.10.4. To Owners of Profit-Sharing Securities		-
1.10.5. To Owners of Profit and Loss Sharing Securities		-
1.11. Second Legal Reserve (-)		18,666,000
1.12. Statutory Reserves (-)		-
1.13. Extraordinary Reserves		127,414,514
1.14. Other Reserves		-
1.15. Special Funds		-
II. DISTRIBUTION FROM RESERVES		
2.1. Distributed Reserves		-
2.2. Second Legal Reserve (-)		-
2.3. Dividends to Shareholders (-)		-
2.3.1. To Common Shareholders		-
2.3.2. To Preferred Shareholders		-
2.3.3. To Owners of Participating Redeemed Shares		-
2.3.4. To Owners of Profit-Sharing Securities		-
2.3.5. To Owners of Profit and Loss Sharing Securities		-
2.4. Dividends to Employees (-)		-
2.5. Dividends to Board of Directors (-)		-
III PROFIT PER SHARE		
3.1. To Common Shareholders		-
3.2. To Common Shareholders (%)		-
3.3. To Preferred Shareholders		-
3.4. To Preferred Shareholders (%)		-
IV. DIVIDENDS PER SHARE		
4.1. To Common Shareholders		201,960,000
4.2. To Common Shareholders (%)		-
4.3. To Preferred Shareholders		-
4.4. To Preferred Shareholders (%)		-

(*) Profit Distribution table for December 31, 2020 was presented as approved by the General Assembly held on March 11, 2020

(**) The profit distribution proposal for 2020 has not been filled as the General Assembly meeting has not been held as of the date of the financial statements.

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

AKSİGORTA A.Ş.**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

1. General Information**1.1 Name of the Parent Company and the ultimate owner**

Aksigorta Anonim Şirketi ("the Company") is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V. as of December 31, 2020. 38.02% (December 31, 2019: 38.02%) of the Company is issued in Borsa İstanbul ("BİST") (Note 2.14).

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company is a corporation, which was established in accordance with the requirements of Turkish Commercial Code and registered in Turkey as at April 25, 1960. The headquarter of the Company is located at 'Poligon Cad. Buyaka 2 Site, No. 8, Kule 1, Kat: 0-6 34771 Ümraniye - İstanbul'.

1.3 Main operations of the Company

The Company's main operations include insurance activities based on non-life insurance branches, including primarily motor vehicle, motor third party liability, fire, marine, accident, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has 10 district offices of which three of them are in İstanbul (İstanbul Anatolian Region, İstanbul European Region and İstanbul Thracian Region), and one in each White Sea and South Aegean Region, Ankara Region, Çukurova and Central Anatolia Region, Eastern Anatolia and Eastern Black Sea Region, Southeast Region, İzmir and North Aegean Region, Marmara and West Black sea Region. As of December 31, 2020, the Company has 3,231 authorized agencies (December 31, 2019: 2,878).

1.4 Details of the Company's operations and nature of field of activities

Explained in Note 1.2 and Note 1.3.

1.5 Average number of the Company's personnel based on their categories

	January 1 - December 31 2020	January 1 - December 31 2019
Top executive	9	9
Manager assistant manager	135	121
Specialist/Executives	524	534
Total	668	664

1.6 Remuneration and fringe benefits provided to top management

For the year ended December 31, 2020, wages and similar benefits provided to the senior management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers amounted to TRY 8,980,560 (December 31, 2019: TRY 7,418,631).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

1. General Information (Continued)

1.7 Distribution keys used in the distribution of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses and other operating expenses)

Within the framework of the Republic of Turkey of the Treasury and Finance Ministry ('Treasury and Finance Ministry') 'Circular relating to Procedures and Principles for Keys used in Financial Statements prepared in the scope of Uniform Chart of Accounts for Insurance No. 2008/1 is dated January 4, 2008' is changed to 'Circular relating to Procedures and Principles for Keys used in Financial Statements prepared in the scope of Uniform Chart of Accounts for Insurance in relation amending No. 2010/9 is dated August 9, 2010

Other investment revenues were classified under the non-technical division. While distributing to sub-branches the operating expenses transferred to technical division, the last three-year weighted average of number of policies generated in the current period, the premium amount written as gross and number of claims were taken into account.

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise the stand-alone financial statements for Aksigorta A.Ş. as of December 31, 2020.

1.9 Name and other information of the reporting company and subsequent changes to the prior balance sheet date

There has been no change in The Company's name and other company information presented in Note 1.1, Note 1.2 and Note 1.3 as of the prior balance sheet date.

1.10 Subsequent Events

The financial statements as of December 31, 2020 have been approved by the Company's Board of Directors on February 1, 2021. The financial statements, according to Decree on 'Financial Reporting of Insurance and Reinsurance Companies and Pensions Funds', were signed by the Chief Executive Officer Uğur Gülen, Chief Financial Officer Osman Akkoca, Accounting Manager Seza Tanınmış Özgür and Actuary Halil Kolbaşı on behalf of the Board of Directors. Detailed information about this subsequent events is disclosed in Note 46.

2. Summary of the Accounting Policies

2.1 Basis of Preparation

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used

Accounting Standards

Capital Market Law VII. Pursuant to paragraph (a) of section 50 article, insurance companies are subject to the provisions of their special legislation on establishment, audit, surveillance, accounting, financial statement and reporting standards. In this context, the Company prepares its financial statements in accordance with the Insurance Law No.5684 published in the Official Gazette dated June 14, 2007 and numbered 26522 and the regulations published by the Insurance and Private Pension Regulation and Supervision Agency ("SEDDK") established by the Presidential Decree dated October 18, 2019. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)**2.1 Basis of Preparation (Continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No:25686) dated December 30, 2004 (Insurance Accounting System Communiqué No:1) and announcement of new account codes in the Insurance Account Plan dated December 27, 2011 and numbered 2011/14. Content and the format of the financial statements prepared and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated June 18, 2008 and the Communiqué on the New Accounting Codes and Presentation of Financial Statements published in the Official Gazette dated May 31, 2012 and numbered 2012/7.

As of January 1, 2008, the Company accounts for its operations in accordance with the 'Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies' issued on July 14, 2007 and effective from January 1, 2008 within the framework of this regulation a, Turkish Accounting Standards ('TAS') and Turkish Financial Reporting Standards ('TFRS') issued by Turkish Accounting Standards Board ('TASB') and other regulations, communiqués and explanations issued by Treasury on accounting and financial reporting.

With reference to the notice of Treasury No. 9 dated February 18, 2008, 'TAS 1- Financial Statements and Presentation', 'TAS 27- Consolidated and Non-consolidated Financial Statements', 'TFRS 1 - Transition to TFRS' and 'TFRS 4- Insurance Contracts' were not included in the scope of this application for the year 2008.

The Company accounts and recognizes its insurance technical provisions in its not consolidated financial statements as of December 31, 2020 in accordance with the 'Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested,' ('Regulation on Technical Reserves') dated July 28, 2010 and published in official gazette numbered 27655 and published in Official Gazette dated July 17, 2012 numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Treasury and Finance Ministry

Entities established in order to execute at least one of the fields of activity projected in the Banking Law dated October 19, 2005 and numbered 5411, set an example to the financial statements to be prepared by companies obliged to apply TAS; except for development and investment banks and financial holding companies as well as financial institutions established to engage in insurance, individual retirement and capital market within the frame of the Capital Market Law dated December 6, 2012 and numbered 6362, Insurance Law dated June 3, 2007 and numbered 5684, Individual Saving and Investment System Law dated March 28, 2011 and numbered 4632 and regulations pertaining to their own clauses.

Financial Statements are prepared accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Accounting Standards decree for the matters not regulated by insurance legislation; 'Insurance Accounting and Financial Reporting Legislation'.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

Comparative information on the presentation of the financial statements in the current period is classified as necessary.

a. Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the Treasury and Finance Ministry's statement no: 19387 issued on April 4, 2005, the Company's financial statements as of December 31, 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in 'the preparation of financial statements in hyperinflationary periods' specified in the Capital Market Board's (CMB) Decree Volume: XI, No: 25 'Accounting Standards in Capital Markets' which was published in the Official Gazette No: 25290 on November 15, 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Treasury and Finance Ministry. Therefore, as of December 31, 2018, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of December 31, 2004 (for inputs prior to December 31, 2004) and carrying inputs subsequent to December 31, 2004 at nominal value.

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's balance sheet as of December 31, 2020 is presented in comparison with its balance sheet as of December 31, 2019; income statement, statement of changes in equity and cash flow statement for the period between January 1 - December 31, 2020 are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the period between January 1 - December 31, 2019.

c. Technical Reserves

Unearned Premium Reserve

An unearned premium reserve is calculated on a daily basis for all policies in force as of the balance sheet date for unearned portions of premiums written. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. Commissions paid for written premium and commissions received from ceded premium that hit future months and future income statements are accounted in prepaid expenses and prepaid expenses for future years respectively in balance sheet, net in operating expenses. According to the Technical Reserves Regulation, foreign exchange selling rates declared in the Official Gazette of the CBRT on the date of accrual of the relevant premium are taken into account in the account of the unearned premiums related to the insurance contracts, which are indexed to beverages, if no foreign exchange rate is specified in the insurance contract (Note 20).

Deferred Commission Expense and Income

Within the framework of the Circular numbered 2007/25 and dated December 28, 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium, are recorded as in deferred expenses and deferred income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement.

AKSIGORTA A.Ş.**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)**2.1 Basis of Preparation (Continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)***Unexpired Risks Reserve*

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch 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 gross and net amounts is considered as the reinsurance share.

In accordance with the Treasury and Finance Ministry's announcement no: 2012/13, article of 7 in order to eliminate the misleading effect of changes in the claims provision calculation, the Company has recalculated the prior period claims provision with new method to calculate unexpired risk reserve.

Within the framework of 'the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve' numbered 2016/22 and dated June 10, 2016 and within the framework of 'the amendment to the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve' numbered 2017/7 and dated September 15, 2017 published by Treasury, The Company has revised retrospectively the calculation of outstanding claims provision and ongoing risk provision that it has applied after discounting.

In the Circular on Provision for Unexpired Risk Reserve 2019/5, it is stated that the amount of Unexpired Risks Reserve can be calculated on the basis of the accounting year or the year of accident as explained in the first paragraph. If the calculation is based on the accident year, separate calculations will be made for the works transferred to the pool. As a result of the related circular, the Company makes Unexpired Risks Reserve accounts on the basis of accounting year.

As of December 31, 2020, the company provided a reserve of TRY 23,246,531 (December 31, 2019: TRY 13,674,175) in the general liability branch, TRY 610,828 in the watercraft branch and TRY 2,642 in the aircraft branch (December 31, 2019: TRY 735,575 and TRY 1,040 in the aircraft liability branch), a total of TRY 23,860,001 net provision was reserved. (December 31, 2019: TRY 14,410,790) (Note 20).

Bonuses and rebates reserve

The bonus and rebates provisions are the amount that has to be made provision if the Company commits to pay bonus to insured's policies in force regardless of renewal of the related policies. According to Insurance Law Article No.16, if the Company decides to bonus or discount operations, the amount must be allocated for insured person or beneficiaries regarding to technical results of the current year.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

The Company has calculated and accounted for gross bonuses and rebates reserve amounting to TRY 455,763 and TRY 3,596 net at December 31, 2020 (as of December 31, 2019 company has calculated and accounted gross bonus and rebates reserve amounting to TRY 900,431 and TRY 8,413 net) (Note 20).

Claims provision

The Company accounts for outstanding claims and indemnities for the claims and indemnity costs which have accrued and determined on account, but not actually paid in the previous fiscal periods or in the current fiscal period or if this amount could not be calculated, for the claims and indemnity costs which have emerged in expected amounts, but not reported.

In accordance with Technical Reserve Regulation and 'Circular on Regarding to Statements Related to Accounting of Claim Files in a Lawsuit, Actuarial Chain Ladder Method and Recovery and Salvage Income' dated January 14, 2011 numbered 2011/1, outstanding claim reserves are made according to calculated average amounts in accordance with the methods determined by Treasury as of July 1, 2012 for cases with uncertain amounts. Furthermore, outstanding claim reserves are updated according to experts' reports received from courts and stated amounts according to lawsuit judgements.

The Company recognizes outstanding claims reserve for the claims which are accrued but not paid yet in the current period or previous periods and for claims incurred but not reported.

In accordance with the 'Regulation Regarding the Amendment of the Regulation Regarding Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested' published in the Official Gazette dated July 28, 2010 and numbered 27655 and the Circular on Claims Provision dated December 5, 2014 and numbered 2014/16, the Company's Incurred But Not Reported (IBNR) claims provisions were calculated using the actuarial chain ladder methods ('ACLM').

The Regulation on the amendment of the related Regulation, published in the Official Gazette dated July 5, 2012 and numbered 28356 has enforced the provision 'Incurred but not reported claims are calculated using the actuarial chain ladder method, the content and implementation basis are determined by the Treasury and Finance Ministry or other calculation methods to be determined by the Treasury and Finance Ministry

In accordance with the circular issued by Turkish Treasury dated December 5, 2014 and numbered 2014/16, as of January 1, 2015 selection of data to be used in the calculation in branch-basis, adjusting process, selection of most appropriate method to interfere with the development factors are performed by the Company's actuary. IBNR calculation in non-life insurance in accordance with the same circular, chain ladder methods are Standard Chain, Claim/Premium, Cape Cod, Frequency/Severity, Munich Chain or Bornhuett-Ferguson. The method's using by the actuary are as follows:

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

Branch	Applied Method	December 31, 2020		Applied Method	December 31, 2019	
		Gross Additional Reserve	Net Additional Reserve		Gross Additional Reserve	Net Additional Reserve
Motor Liability	Frequency/Severity / Standard	892,470,020	892,470,020	Frequency/Severity / Standard	658,290,473	658,290,473
General Liability	Standard Chain			Standard Chain		
	/Damage Premium	323,240,038	41,736,151	/Damage Premium	119,748,673	32,107,540
Fire and Natural	Bornhuetter-Ferguson	22,845,897	3,394,607	Bornhuetter-Ferguson	17,298,485	(800,489)
General Losses	Bornhuetter-Ferguson	12,739,115	990,478	Bornhuetter-Ferguson	10,814,816	281,819
Accident	Bornhuetter-Ferguson	1,475,179	762,933	Bornhuetter-Ferguson	1,908,026	867,099
Watercrafts	Standard Chain	1,470,266	505,788	Standard Chain	567,812	152,879
Health	Standard Chain	813,472	127,099	Standard Chain	776,358	775
Legal Protection	Standard Chain	104,477	104,477	Standard Chain	108,650	108,650
Indemnity	Standard Chain	194,308	95,624	Standard Chain	307,177	177,484
Credit	Standard Chain	5,589	279	Standard Chain	148,614	7,430
Air Crafts	Standard Chain	333,022	34	Standard Chain	51,264	2
Air Crafts Liability	Standard Chain	843,662	28	Standard Chain	662,131	546
Financial losses	Standard Chain	3,766,684	(102,528)	Standard Chain	3,514,079	(197,884)
Logistic	Bornhuetter-Ferguson	(767,587)	(474,757)	Bornhuetter-Ferguson	(2,229,694)	(707,912)
Motor own damage	Standard Chain	(28,150,777)	(28,150,777)	Standard Chain	(7,048,377)	(7,048,377)
Total		1,231,383,365	911,459,456		804,918,487	683,240,035

With the resolution of Ministry of Treasury and Finance dated July 5, 2017 and numbered 18145, 'Risky Insurance Pool' is founded as of April 12, 2017. Within this framework; On Motor Third Party Liability branch, premium and claim amounts that are transferred to Pool will be deducted from data used for IBNR calculation. For the damages that the company will take over from the pool; The loss premium rate of 135% for 2017, 138% for 2018 and 134 % for 2019 and %90 for 2020 was taken into consideration, IBNR was calculated with the earned premium estimate and the provision amounting to TRY 193,826,081 was reflected in the financial statements. Related loss ratio, is the expected loss ratio for the pool said pool by Turkey manages Bureau of Motor Vehicles is described in the report published on December 31, 2020. Since the loss premium rates in the IBNR calculation of the company correspond to 76 bases, the expected loss premium rate used in the calculation is specified by considering the same base in the report.

A similar pool practice is founded for Medical Malpractice with the sectoral announcement dated September 6, 2017 and numbered 2017/4. When company calculates IBNR for TKU breakdowns with its own modelling, even though IBNR is negative, IBNR have not been recognized for conservative purposes.

As of December 31, 2020, Outstanding Claim Provision discount is calculated as TRY 332,370,505 for General Liability and Motor Liability branches within the framework of 'the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve' numbered 2016/22 and dated June 10, 2016 and within the framework of 'the amendment to the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve' published by Treasury (December 31, 2019: TRY 252,705,358). The discount calculation was made considering the development of the claims paid. In this calculation, the distribution of the payments of material and bodily damages for the Motor Vehicle Branch has been evaluated separately. As of December 31, 2020, the net outstanding claims provisions of the Company are presented below before and after the discount. The Company has not applied discounts in outstanding compensation provisions in the branches other than the Motor Liability and General Liability branches, where discounting is mandatory.

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

December 31, 2020

Branch	Net Outstanding Claim Provision Before Discount	Discount Amount	Net Discounted Outstanding Claim Provision
Motor Third Party Liability	1,289,003,774	267,020,281	1,021,983,493
General Liability	243,116,726	65,350,224	177,766,502
Total	1,532,120,500	332,370,505	1,199,749,995

December 31, 2019

Branch	Net Outstanding Claim Provision Before Discount	Discount Amount	Net Discounted Outstanding Claim Provision
Motor Third Party Liability	995,107,625	206,012,886	789,094,739
General Liability	178,049,961	46,692,472	131,357,489
Total	1,173,157,586	252,705,358	920,452,228

While determining the amount of IBNR, the company actuary has determined the threshold values for major damages with plot analysis starting from 2015, whereas it was calculated by Box-Plot method, which is permitted only by the Treasury and Finance Ministry in the Compulsory Traffic branch before 2014/16 Circle, in order to work with a more homogenous dataset. Files exceeding the threshold value determined by this method are considered as major damage. Since the damage progress of these files is separate from the other files, IBNR amounts have been determined and added to the provisions by a separate calculation for these files. Threshold values determined by December 31, 2019 and 2020 are total number of files subject to calculation, number of files determined as major damage and their shares in total files are as follows;

BRANCH	December 31, 2020				December 31, 2019			
	Threshold	# of Major Claim Files	Total Number of Claim Files	% of Elimination	Threshold	# of Major Claim Files	Total Number of Claim Files	% of Elimination
General Liability	1,650,000	176	37,285	0.47%	200,000	553	29,747	1.86%
Employer's Financial Liability	650,000	44	11,997	0.37%	-	-	-	-
Financial Liability to Third Parties	600,000	97	17,501	0.55%	-	-	-	-
General Liability Other	400,000	35	7,787	0.45%	-	-	-	-
General Losses	999,999	87	184,807	0.05%	999,999	74	171,777	0.04%
Transportation	999,999	240	284,944	0.08%	499,999	87	59,792	0.15%
Fire and Natural Disaster	499,999	111	62,421	0.18%	999,999	193	260,399	0.07%
Accident	299,999	36	7,602	0.47%	299,999	33	6,977	0.47%
Suretyship	149,999	126	9,762	1.29%	149,999	87	9,112	0.95%
Financial Losses	50,000	55	37,065	0.15%	50,000	48	35,299	0.14%

(*) As of December 31, 2020, the Company has determined the General Liability major claim limits on the basis of the main branch.

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)**2.1 Basis of Preparation (Continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

In the branches where major damages are determined, gross and net additional provision amounts that are separately made for these files and added to Outstanding Claim Provisions are shown in the following table.

Branch	Gross Additional Amount	NET IBNR
General Liability	42,274,306	4,435,356
Fire and Natural Disaster	19,197,985	1,323,104
General Losses	9,096,151	108,053
Transportation	4,111,157	4,111,157
Financial Losses	4,015,487	139,561
Facultative Public Liability	1,247,909	181,248

In the branches where major damages are determined, gross and net additional provision amounts that are separately made for these files and added to Outstanding Claim Provisions are shown in the following table.

Equalization Reserve

In accordance with the Regulation on Technical Reserves, insurance companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalize the fluctuations within the claim ratios that may occur during the following accounting periods. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums.

In condition of not being of balancing provision of current year, paid claims for earthquake and provision of outstanding claim which is supported by documents such as appraisal report or taken from official organizations in term of disaster can be discounted from balancing reserve.

The company has offsetted TRY 8,553,028 and TRY 8,270,839; which was paid for the Elazığ Earthquake and İzmir Earthquake claims in 2020, from the balancing provision it has allocated in previous years.

The Company has calculated TRY 96,570,268 (December 31, 2019: TRY 95,692,471) of equalization reserve as of December 31, 2020 and presented in the long-term liabilities in the accompanying financial statements under 'Other Technical Reserves' (Note 20).

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves and life profit share reserves and represent the Company's total liability to the policyholders in the life branch.

Mathematical Reserves has been calculated with the tariffs approved by the Treasury in the current period of the policies and applicable methods and assumptions specified in the profit share technical principles (Note 20).

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FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

d. Subrogation and salvage income

Within the framework of the Treasury and Finance Ministry's Office of Republic of Turkey. Circular relating to Subrogation and salvage income No. 2015/6, dated February 10, 2015; as of December 31, 2019, the Company recognizes receivables from salvage and subrogation on an accrual basis up to coverage limit of debtor insurance company, on conditions that following the payment of claim, the Company receives the acquaintance or document agreed on payment from individuals and notification is made to individuals or insurance company. However, a doubtful receivables provision for these receivables is accounted under 'Provisions for Doubtful Receivables from Main Operations' in case where related amounts are not collected from insurance companies after six months and from individuals after four months following the payment of claim

Accordingly, accrued receivables from salvage and subrogation and doubtful receivables provision for salvage and subrogation as of December 31, 2020 are TRY 46,265,076 (December 31, 2019: TRY 31,126,674) and TRY 11,804,440 (December 31, 2019: TRY 7,983,926) respectively (Note 12.1).

The amounts of the net salvage and subrogation income which are collected and the accrued income amounts from salvage and subrogation receivables for the claims paid by the Company are as follows:

	December 31, 2020					
	Gross	Collection Gross	Gross	Gross	Collection Gross	Gross
Motor Own Damage	209,845,013	(1,908)	209,843,105	34,682,263	-	34,682,263
Motor Crafts Liability	13,394,366	(712,985)	12,681,381	8,693,394	(614,782)	8,078,612
Fire and Natural Disaster	7,712,930	(4,481,667)	3,231,263	4,565,328	(1,595,787)	2,969,541
Transportation	1,915,055	(1,197,296)	717,759	717,994	(296,036)	421,958
General Losses	483,767	(371,211)	112,556	140,586	(78,729)	61,857
Watercraft	125,432	(8,147)	117,285	-	-	-
Accident	24,454	-	24,454	13,174	-	13,174
Suretyship	6,013	(3,163)	2,850	73,972	(37,244)	36,728
Financial Losses	3,256	(1,628)	1,628	-	-	-
General Liability	24,812	(27,838)	(3,026)	3,143	(2,200)	943
Total	233,535,098	(6,805,843)	226,729,255	48,889,854	(2,624,778)	46,265,076

	December 31, 2019					
	Gross	Collection Gross	Gross	Gross	Collection Gross	Gross
Motor Own Damage	214,908,496	(820)	214,907,676	23,429,417	-	23,429,417
Motor Crafts Liability	9,232,283	(373,776)	8,858,507	7,170,979	(286,586)	6,884,393
Transportation	5,672,117	(3,002,323)	2,669,794	48,076	(35,249)	12,827
Fire and Natural Disaster	6,420,064	(4,424,592)	1,995,472	1,242,057	(510,410)	731,647
General Liability	163,244	(112,271)	50,973	114,875	(93,533)	21,342
General Responsibility	73,730	(43,603)	30,127	21,022	(790)	20,232
Watercraft	34,502	(24,152)	10,350	33,584	(8,396)	25,188
Suretyship	11,527	(6,124)	5,403	-	-	-
Legal Protection	3,769	-	3,769	-	-	-
Financial Losses	-	-	-	3,256	(1,628)	1,628
Total	236,519,732	(7,987,661)	228,532,071	32,063,266	(936,592)	31,126,674

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2. Summary of the Accounting Policies (Continued)**2.1 Basis of Preparation (Continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)****e. Premium Income and Claims**

Premium income represents premiums on policies written during the year. Unearned premium reserves are determined from premiums written during the year on a daily basis.

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

f. Receivables from Insurance Operations

In accordance with the Turkish Tax Code article No: 323, the Company provided provision for doubtful receivables by taking the nature and the value of the receivable into account. As of December 31, 2020, the Company has provided provision for the doubtful receivables under legal and management follow up in the account of 'Provision for doubtful receivables from insurance operations' amounting to TRY 24,482,790 (December 31, 2019: TRY 23,816,352) provision for the overdue receivables which are not under legal follow up in the account of 'Provision for doubtful receivables from main operations' amounting to TRY 17,859,556 (December 31, 2019: TRY 18,093,784). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TRY 142,988,823 (December 31, 2019: TRY 109,552,591) and it has been accounted in 'Provision for doubtful receivables from main operations' account (Note 12).

g. Earnings per Share

Earnings per share presented in the statement of income is 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 periods' 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.

h. Subsequent Events

Subsequent events cover the events between the balance sheet date and the issuance of the financial statements, even if they are occurred subsequent to the disclosures made on profit or other selected financial information.

The Company adjusts its financial statements in the occurrence of any subsequent events (Note 46).

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

i. Provisions, Contingent Liabilities and Assets

If there is an existing obligation arising from past events, it is probable that the obligation will be fulfilled and the amount in question is reliably predictable, a provision is made in the financial statements.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. If provision is measured using the cash flows estimated to settle the present obligation, its carrying amount will be equal to the present value of such cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23.2).

j. Accounting Policies, Changes and Misstatements on Accounting Estimates

Significant changes in accounting policies and significant accounting errors are applied retrospectively and prior period financial statements are restated. If the changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to the future periods, they are applied prospectively both in the period of change and in the future period.

k. Corporate Taxation and Deferred Tax

Income tax expense represents the sum of the current tax payable and deferred tax expense.

Corporate Tax

Corporation tax is payable at a rate of 22% on the total income of the Company and its Subsidiaries registered in Turkey in 2020 (2019: 22%) after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution thus does not incur withholding tax and no stoppage is applied.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance Tax is declared by 14th of the second month following and payable by the 17th of the second month following each calendar quarter end. Advance Tax paid by corporations is credited against the annual Corporation Tax liability.

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2. Summary of the Accounting Policies (Continued)**2.1 Basis of Preparation (Continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

The affiliate shares stocked for minimum 2 years and the 50% of the profit obtained from the property sales are considered as tax exemptions in such condition that the amount is added onto capital as restated in Corporate Tax Law or the amount is kept in equity for 5 years.

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits. There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends. In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The asset and liabilities are not recognized if the temporary difference related to the transaction that does not affect the commercial or financial profit / loss is due to the first time the goodwill or other assets and liabilities are included in the financial statements (other than business combinations).

Except the conditions that the Company can control its temporary differences removal and when the possibility of that removal is very low, deferred tax liabilities are accounted for all of the taxable temporary differences that are related with the rates in partnerships and investments in subsidiaries and participations. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, 'Law on the Amendment of Some Tax Acts and Some Other Laws', corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2020 are calculated with 20% tax rate.

As of December 31, 2020, the Company has booked the deferred tax assets in amounting to TRY 20,173,371 (December 31, 2019: TRY 23,935,685). The Company management is in the opinion that the Company is able to make sufficient taxable income based on the business plans and projections therefore the Company foresees no indicator of any concern regarding its recoverability of deferred tax assets.

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2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

Income tax withholding

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% until it is altered by the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

2.1.2 Other related accounting policies for the understanding of financial statements

All accounting policies are explained in Note 2.1.1 'Basis of Preparation of Financial Statements and Specific Accounting Policies Used'.

2.1.3 Functional currency

The Company's financial statements are expressed in TRY, which is the functional and presentation currency of the Company.

2.1.4 Rounding degree used in the financial statements

All the balances presented in the financial statements are expressed in full in Turkish Lira (TRY) and rounded to the closest whole number.

2.1.5 Valuation method(s) used in the presentation of financial statements

Financial statements, except for revaluation of financial instruments, are prepared based on the historical cost method.

2.1.6 New and Revised International Financial Reporting Standards

New and revised standards and comments

Turkey Financial Reporting Standards (TFRS) financial statements are register changes in the standards and comments should be as follow in the notes:

a) Standards, amendments and interpretations applicable as at December 31, 2020:

Explanations on the effects of the new TFRS on financial statements:

- a) Title of the TFRS,
- b) The accounting policy change is made in accordance with the relevant transition provisions, if any,
- c) Explanation of the changes in the accounting policy,
- d) A description of the transitional provisions, if any,
- e) The effect of the transition provisions, if any, to the future periods,

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2. Summary of the Accounting Policies (Continued)**2.1 Basis of Preparation (Continued)****2.1.6 New and Revised International Financial Reporting Standards (Continued)**

- f) As far as possible, the amounts of the adjustment for the current and each prior period presented,
 - i. Should be presented for each effected financial statement item and,
 - ii. If the standard TAS 33 earnings per share applies, the number of ordinary shares and diluted earnings per share should be recalculated
- g) The correction amounts if possible, of the periods preceding the periods not presented
- h) The retrospective application should be disclosed outdoors where this is possible for any period or periods, and which one of the leading accounting policies is explained and how it is applied.

- **Amendments to TAS 1 and TAS 8 on the definition of material;** effective from Annual periods beginning on or after January 1,2020. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRS s:

- i) Use a consistent definition of materiality throughout TFRS s and the Conceptual Framework for Financial Reporting;
- ii) Clarify the explanation of the definition of material; and
- iii) Incorporate some of the guidance in TAS 1 about immaterial information.

The effects of the mentioned standard on the financial status and performance of the Company are evaluated.

Amendments to TFRS 3 - definition of a business; effective from Annual periods beginning on or after January 1,2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform; effective from Annual periods beginning on or after January 1, 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Amendments to TFRS 16 'Leases - COVID 19 Lease concessions'; Valid for annual reporting periods starting on or after 1 June 2020. Due to the COVID-19 outbreak, some privileges were provided to lessees in rent payments. These concessions can take a variety of forms, including suspension or postponement of lease payments. On May 28, 2020, with the amendment to IFRS 16 Leases standard, the IASB introduced an optional facilitating application for lessees to not evaluate whether the privileges granted due to COVID-19 in lease payments are a change in the lease. Tenants may choose to account for such lease concessions in accordance with the decrees that apply in the absence of a change to the lease. This ease of implementation often causes the lease concession to be accounted for as variable lease payment in periods when an event or condition occurs that triggers a reduction in lease payments.

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2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.6 New and Revised International Financial Reporting Standards (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at December 31, 2020:

TFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after January 1, 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features

Amendment to TAS 1, 'Presentation of financial statements' regarding the classification of liabilities.; Valid for annual reporting periods starting on or after January 1, 2022. These narrow amendments to TAS 1, 'Presentation of financial statements', explain that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The classification is unaffected by events after the reporting date or the entity's expectations (e.g. obtaining a concession or breach of contract). The amendment also clarifies what TAS 1 means to 'settle' a liability.

Narrow generic amendment changes in TFRS 3, TAS 16, TAS 17 and some annual improvements in TFRS 1, TFRS 9, TAS 41 and TFRS 16; Valid for annual reporting periods starting on or after January 1, 2022.

- i) **Amendments to TFRS 3 'Business Combinations';** this amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.
- ii) **Amendments to TAS 16 'Tangible fixed assets';** prohibits a company from deducting the income from the sale of manufactured products from the amount of tangible fixed assets until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss.
- iii) **Amendments to TAS 37, 'Provisions, Contingent Liabilities and Contingent Assets';** This amendment specifies what costs the company involves when deciding whether to lose from a contract.

Annual improvements make minor changes to the explanatory examples of TFRS 1, 'First application of International Financial Reporting Standards' TFRS 9 'Financial Instruments', TAS 41 'Agricultural Activities' and TFRS 16.

The effects of this standard on the financial position and performance of the Company are evaluated.

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 - Indicative interest rate reform Phase 2; Valid for annual reporting periods starting on or after January 1, 2021. This Phase 2 change addresses issues arising from the implementation of reforms, including the replacement of a benchmark rate with an alternative.

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2. Summary of the Accounting Policies (Continued)**2.1 Basis of Preparation (Continued)****2.1.6 New and Revised International Financial Reporting Standards (Continued)**

Amendments to TFRS 17 and TFRS 4 'Insurance Contracts, postponement of the application of TFRS 9; Valid for annual reporting periods starting on or after January 1, 2021. These amendments defer the application date of TFRS 17 to January 1, 2023 for two years and the fixed date of the temporary exemption in TFRS 4 for the application date of TFRS 9 Financial Instruments standard has been postponed to January 1, 2023.

Explanations about Covid-19

As Aksigorta, we have taken intensive measures and precautions regarding the safety of our business partners, customers and agencies regarding the corona virus epidemic that has affected the whole world, prioritizing the health of our employees. In order to prevent the spread of the Covid-19 epidemic, we evaluate the developments up to date and share all our decisions with our employees, agencies, business partners and customers in the most transparent way.

From the first day, we take and implement the necessary information and protection measures. In this context, we have maximized our hygiene measures, including common areas. As a result of the spread of the virus all over the world, all international business travels of our employees were stopped, and personal travels were also stopped. Participation of our company employees to meetings, seminars, trainings and events to be held face to face has been cancelled. In line with the public health guidelines announced by the World Health Organization and the Ministry of Health, the health and safety measures in the working environment are brought to the highest level and the employees are constantly informed about this issue.

The company carries out its business processes with a remote working model since 17 March 2020. Our company carries out its insurance activities without interruption, as it has a strong technological infrastructure that will support all our employees to work from home.

As of June 1, 2020, the company has started the practice of gradually returning to the office, with a small number of employees working with the titles of manager and above and who are required to be in the headquarters building.

Based on the announcement published by the Ministry of Treasury and Finance General Directorate of Insurance on April 29, 2020, the sixth paragraph of Article 4 titled 'Principles of determination of insurance premiums' of the Regulation on Tariff Application Principles in Compulsory Financial Liability Insurance of Highways Motor Vehicles, 'The Under secretariat, for insured persons may introduce special rules for premium and claim sharing among insurance companies. The premium of these insured is determined by the Under secretariat'. Based on the provision to be applied to the policies within the Risky Insurance Pool; It has been decided to extend the validity period of the policies with a policy expiry date between 30 April 2020 and 31 May 2020 for 1 month without additional premium.

2.2 Consolidation

The Company has no subsidiaries or joint ventures that fall within the scope of consolidation as per 'TFRS 10 - Consolidated and Separate Financial Statements' as of December 31, 2020 (December 31, 2019: None).

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2. Summary of the Accounting Policies (Continued)

2.3 Segment Reporting

Reporting segments are determined to conform to the reporting made to the Company's chief operating decision maker. The chief operating decision maker is responsible for making decisions about resources to be allocated to the segment and assess its performance. Details related to the segment reporting are disclosed in the Note 5. The competent authority for decision-making is responsible for making decisions on the resources to be allocated to the department and for evaluating the performance of the department. Details of segment reporting are explained in Note 5.

2.4 Discontinued Operations

The Company does not have any discontinued or disposed operations as of December 31, 2020 and December 31, 2019

2.5 Foreign Currency Translation

The Company's functional currency is Turkish Lira ('TRY'). In preparing the financial statements of the Company, transactions in currencies other than TRY (foreign currencies) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes.

2.6 Tangible assets

Tangible assets are carried at cost, less any accumulated depreciation and impairment loss.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy.

Such assets are depreciated, on the same basis used for other fixed assets, when they are ready to use. Assets, other than land and ongoing constructions, are depreciated over their expected useful lives by using the straight line method. Estimated useful life, residual value, and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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2. Summary of the Accounting Policies (Continued)**2.6 Tangible assets (Continued)**

Assets acquired under finance lease are depreciated as the same basis as tangible assets or, where shorter, the term of the relevant lease.

Gain or loss arising on the disposal or retirement of an item of tangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized to profit or loss.

Depreciation periods for tangible assets are presented in the table below:

	Useful Life
Properties	50 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Other intangible assets	5 years

Right of Use Asset

Right-of-use asset is accounted for initially using the cost method and is measured at its cost adjusted for the re-measurement of the lease liability and less any accumulated depreciation and accumulated impairment losses. The Company applies the depreciation provisions in the TAS 16 Tangible Fixed Assets standard while depreciating the right of use asset.

Lease Liability

On adaption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principle of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of December 31, 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on December 31, 2020 was 20% for local currency liabilities (December 31, 2019: 25%).

2.7 Investment Properties

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses.

Real estate's held under finance lease are classified as investment properties.

2.8 Intangible Assets***Intangible assets acquired***

Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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2. Summary of the Accounting Policies (Continued)

2.8 Intangible Assets (Continued)

Computer software

Acquired computer software licenses are capitalized based on the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are capitalized under intangible advances account and amortized over their estimated useful lives (1 to 10 years).

Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets from the date that the assets become to provide economic benefit are amortized over their estimated useful lives. December 31, 2020: 5 years (December 31, 2019: 5 years).

2.9 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments are recognized and derecognized on a trade date, where the purchase or sale of an investment under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as 'available-for-sale' (AFS) financial assets, 'financial assets at fair value through profit and loss' and 'loans and receivables'.

Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Held for trading financial assets

Financial assets that are measured at fair value by the Company and associated with the income statement are classified under financial assets held for trading in the financial statements.

Financial assets measured at fair value and associated with the income statement are obtained for the purpose of gaining profit from the fluctuations in price and similar factors that occur in the market in the short term, or regardless of the reason for obtaining them, financial assets in a short term profit portfolio and measured at fair value by the Company are classified in this category during the purchase.

Financial assets at fair value through profit or loss are initially measured at fair value, and are subsequently remeasured at their fair values. Gains and losses arising from the valuation are included in the income statement (Note 11).

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2. Summary of the Accounting Policies (Continued)**2.9 Financial Assets (Continued)***Available-for-sale financial assets*

Available-for-sale financial assets are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from available-for-sale financial assets are included in profit or loss for the period. Changes in the fair value of such these assets are recognized in the equity. When the related asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Held-to-maturity financial assets

Held-to-maturity financial assets are intended to be held until their maturities and including ability to funding, provided the circumstances to be held to maturity, with fixed or determinable payments and with fixed maturity, and apart from loans and receivables, when recognized, not recognized as financial assets at fair value through profit or loss and not available for sale financial assets. These financial assets, initially recognized at the acquisition cost and is considered fair value. The fair value of held-to-maturity financial assets is determined on transaction cost of these financial assets or market price of similar financial instruments. Held-to-maturity financial assets are carried at amortized cost. Contribution income related to held-to-maturity financial assets is reflected in the income statement.

The Company does not allocate any impairment on short-term market fluctuations, provided that there is no risk of collection of the securities representing the borrowings classified as held-to-maturity financial assets. If there is a risk of collection, the amount of the impairment is the difference between the book value of the financial asset and the value of the cash flows expected from the financial asset, if any, amortized based on the original effective rate of return.

As of December 31,2020, the Company has TRY 205,527,370 of financial assets under held-to-maturity investment account (December 31, 2019: TRY 34,881,722).

Financial Assets at Insured's Risk

Such assets are classified as available for sale and held to maturity financial assets. Available for sale financial assets are carried at fair value and revaluation difference arising from amortized cost is recognized under the statement of income. Also, 5% of the difference in between the fair value and amortized cost is recognized under equity and 95% of insurance technical reserves that are attributable to insures are recognized in the Insurance Technical Reserves - Life Mathematical Reserves account. Assets that are not carried at fair value are carried at amortized cost using the effective interest rate method.

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2. Summary of the Accounting Policies (Continued)

2.9 Financial Assets (Continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

2.10 Investment Properties

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that are impaired, are reviewed for possible reversal of the impairment at each reporting date.

Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Except for AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

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2. Summary of the Accounting Policies (Continued)**2.11 Derivative Financial Instruments**

The Company uses foreign currency swap and option contracts, the Company uses end of period market exchange rates and interest rates to calculate market value of foreign exchange swap contracts. As of December 31, 2020, there is a registered financial asset amounting to TRY 126,660,021 which costed to TRY 121,308,014. (December 31, 2019: cost total TRY 1,114,629,998, TRY 1,085,032,639 registered swaps)

As of December 31, 2020, the Company has accounted for 'Expense Accruals' amounting TRY 5,352,006 arising from the valuation of derivative instruments held by the Company in 'Expense Accruals' account. (December 31, 2019: TRY 29,597,359 'Expense Accruals').

2.12 Offsetting Financial Instruments

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or when the acquisition of the asset and the settlement the liability take place simultaneously.

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments, which have maturities with three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. (Note 14.)

2.14 Share Capital

As of December 31, 2020, the Company's nominal capital is TRY 306,000,000 (December 31, 2019: TRY 306,000,000). Share capital is represented by 30,600,000,000 of equity shares having a nominal amount of TRY 0.01 each. The share capital structure of the Company is as follows:

	December 31, 2020		December 31, 2019	
	Rate %	Amount TRY	Rate %	Amount TRY
H.Ömer Sabancı Holding A.Ş.	36.00	110,160,000	36.00	110,160,000
Ageas Insurance International NV	36.00	110,160,000	36.00	110,160,000
Other	28.00	85,680,000	28.00	85,680,000
	100.00	306,000,000	100.00	306,000,000

Agreement about the sale of 50% of 18,965,880,200 units of Aksigorta A.Ş. shares with TRY 189,658,802 nominal value that belong to H.Ö. Sabancı Holding ('Holding') portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9,482,940,100 units of Aksigorta A.Ş. shares that correspond to 50% of the Holding's portfolio have been transferred to Ageas Insurance International N.V. with the sale price (excluding the corrections) of USD 220,029,000.

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2. Summary of the Accounting Policies (Continued)

2.14 Share Capital (Continued)

The Company has accepted the registered capital system set out in accordance with the provisions of Law No: 2499 and applied the system as of 15 June 2000 upon the permission no: 67/1039 granted by the Capital Markets Board.

As of December 31, 2020, Company has TRY 500,000,000 registered share capital ceiling. December 31, 2019: TRY 500,000,000).

More extensive details related to the company capital are disclosed in the Note 15.

2.15 Insurance and Investment Contracts - Classification

Insurance Contracts

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insure) when any uncertain case affects the insure. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included with insurance contracts.

Insurance and reinsurance contracts of the Company are included in 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:

The accumulation component present in some life insurance contracts is measured by the Company on a separate basis; On the other hand, as the accounting policies require the recognition of rights and obligations related with the accumulation component, regardless of the measurement principles, the insurance and investment components are not decomposed.

Reinsurance Agreements:

Reinsurance agreements are the agreements agreed by the Company and reinsurance company for the loss which may occur in one or more insurance agreements signed by the Company, and those meet all conditions to be classified as insurance contract and those whose costs are paid.

The Company has excess of loss, surplus and quota share treaty agreements in related branches. In the context of excess of loss agreements, the ceded premiums are accounted for on accrual basis over the related period. The ceded premiums and claims of other agreements are accounted on the basis of the income and loss from related insurance contracts.

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2. Summary of the Accounting Policies (Continued)**2.15 Insurance and Investment Contracts - Classification (Continued)***Reinsurance Agreements (Continued):*

The Company has surplus reinsurance agreement in fire, marine, engineering and other accident branches. Besides, The Company has excess of loss agreements in fire, marine and engineering branches. The Company continues to be exposed to the insurance risk under the insurance contracts whereas the liability of the reinsurer ceases by the end of the agreement period. Company has annual proportional quota-share reinsurance agreement for third person liability, electronic equipment, personal accident, health, professional liability, machinery breakdown and bus compulsory chair branches. Mentioned reinsurance agreements, the reinsurer's liability continues even after expiration of the agreement in the run-off agreements. Catastrophic excess of loss re-insurance agreement, natural disasters such as flood and earthquake is also protected in these branches. In addition, the Company has facultative reinsurance agreements signed separately for certain risks based on certain policies.

Premiums Transferred to Social Security Institution

The collection and settlement of expenses with respect to the medical care related services provided to the injured people due to the traffic accidents have been regulated by Article 98 of Road Traffic Act numbered 2918 altered by Article 59 of 'The Law on Restructuring of Some Receivables and Changes in Social Security and General Insurance Law and Other Laws and Law Decrees' (the 'Law') numbered 6111 and dated February 25, 2011. In this context, all the traffic accident related medical care services provided by any public or private health institution will be covered by Social Security Institution ('SSI') regardless of social security status of the injured. Besides, in accordance with the temporary Article 1 of the Law, all of the expenses with respect to the traffic accident related medical care services provided before enforcement of the Law, will also be covered by SSI.

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated August 27, 2011 ('The Regulation'), 'The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated September 15, 2011 and numbered 2011/17 (the 'Communiqué numbered 2011/17') and 'The Communiqué on the Accounting of Payments to Social Security Institution ('SSI') with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart' dated October 17, 2011 (the 'Communiqué numbered 2011/18'), the regulation (the 'Communiqué numbered 2012/3') making changes in 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated March 16, 2012 and numbered 2012/3 and the communiqué about changes related 'the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated April 30, 2012 and numbered 2012/6 (Note 2.24) (the 'Communiqué numbered 2012/6'). Within this framework, the Group is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued as of February 25, 2011 the notice numbered 2012/3 and the communiqué numbered 2012/6 in 'Compulsory Transportation', 'Compulsory Traffic' and 'Compulsory Motor Personal Accident' branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law.

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2. Summary of the Accounting Policies (Continued)

2.15 Insurance and Investment Contracts - Classification (Continued)

Premiums Transferred to Social Security Institution (Continued)

Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 - December 31, 2020 accounting period as TRY 144,624,135 (January 1 - December 31, 2019: TRY 135,165,977) and unearned premium reserve amounting to TRY 82,349,652, (January 1 - December 31, 2019: TRY 76,801,473) for the period ended as of January 1 - December 31, 2020; classified under the accounts of 'Premiums ceded to SSI' and 'Change in SSI share of Unearned Premiums Reserve', respectively (Note 20).

In the Board of Directors meeting of The Association of the Insurance and Reinsurance Companies of Turkey dated September 22, 2011 and numbered 18, it was decided to appeal Council of State for the 'suspense of execution' and 'cancellation' of the Regulation and the Communiqué numbered 2011/17; and the cancellation of related provisions of the Law as being contradictory to the Constitution. The legal procedures are in progress as of the date of the preparation of the financial statements.

Premium ceded to Turkish Motor Insurers' Bureau

The Pool of Higher Risk Policies ('The Pool') was established by Treasury and Finance Ministry in accordance with 'the Regulation Regarding Change in the Regulation on Tariff Application Principals of Motor Liability Insurance' issued on the Official Gazette dated July 11, 2017 and numbered 30121 for the vehicle groups and/or steps what have high damage frequency valid for written motor liability policies after April 12, 2017. In accordance with the Higher Risk Policies Operating Principals that is effectuated with aforementioned regulation, Turkey Motor Insurance Bureau ('TMIB') makes two-step calculations premiums and claims of motor liability policies which are subject to the Pool. Hereunder, 50% of premiums and claims is apportioned between insurance companies equally and the other 50% is apportioned according to insurance companies' share of motor liability premiums in last 3 years.

In accordance with the Higher Risk Policies Operating Principals issued by TMIB on August 15, 2017; 76% of total premiums net of deductions to be received from the insured, on policies issued after July 11, 2017 which are subject to the Pool, will be ceded to the Pool.

The Company has recorded the amounts of premiums, claims and commissions paid to the Pool under the regulation and taken over from the Pool within the scope of the Company's share, taking into account the monthly receipts finalized by the TMTB as of December 31, 2020. As at December 31, 2020, the Company accounted TRY 201,023,372 premium ceded to the Pool and TRY 88,489,772 paid claim; TRY 158,035,898 premium which is reported as Company share from the pool, TRY 52,273,251 claims paid, TRY 517,821 recourse and TRY 684,309 salvage are accounted in accordance with the related legislation.

2.16 Insurance and Investment Contracts with Discretionary Participation Features

None (December 31, 2019: None).

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2. Summary of the Accounting Policies (Continued)**2.17 Investment Contracts without Discretionary Participation Features**

None (December 31, 2019: None).

2.18 Borrowings

As of December 31, 2020, the Company has TRY 13,065,843 borrowings with one day maturity without interest rate and classified as 'Other Financial Liabilities. (December 31, 2019: TRY 12,806,818).

2.19 Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits according to 'Turkish Accounting Standards Regarding Employee Benefits' ('TAS 19') and classifies in balance sheet under the account 'Provision of Employment Termination Benefits'.

According to the Turkish Labor Law, the Company is required to pay termination benefits to each employee whose jobs are terminated except for the reasons such as resignation, retirement and attitudes determined in Labor Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labor Law by considering determined actuarial estimates (Note 22).

2.20 Provisions (Non-technical)

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured over expenditures expected to be required to settle the obligation by considering the risks and uncertainties related to the obligation at the balance sheet date. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to present value of the related cash outflows.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized as an asset if and only it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities 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 entity are classified as contingent liabilities and not included in the non-consolidated financial statements (Note 23).

2.21 Revenue Recognition***Written Premium Commission***

Written premiums represent premiums on policies written during the year, net of cancellations. Premium income is recognized in the financial statements on accrual basis by allocating the unearned premium provision over written premiums.

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2. Summary of the Accounting Policies (Continued)

2.21 Revenue Recognition (Continued)

Written Premium Commission (Continued)

Commission income received in relation to ceded premiums to reinsurance companies is accrued in the related period and classified in technical part under operating expenses in the income statement.

The part of paid amounts to the assistance services which hit the following periods are deferred in accordance with the Technical Provisions Regulation numbered 27655 and dated July 28, 2010.

Interest income and expense

Interest income and expenses are accounted on an accrual basis in the related period's profit/loss. Interest income includes income gains from the coupons of the fixed return investment instruments and valuation of discounted government bonds based on internal rate of return method.

Dividend income

Dividend income from the equity share investments are recognized when the shareholder has the right to receive dividends.

2.22 Profit Share Distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the Company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

The excess portion of the inflation adjustment of the general reserves including prior year losses and profits, share premiums and shareholders' equity excluding capital is considered in the calculation of the net distributable profit.

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2. Summary of the Accounting Policies (Continued)**2.22 Profit Share Distribution (Continued)****Covid-19 Legal Regulations**

With the Law on Reducing the Economic and Social Effects of the '2020 New Coronavirus (Covid-19) Epidemic, published in the Official Gazette dated April 17, 2020, and the Law Amending Some Laws and with the amendment made in the Turkish Commercial Code, it may be decided to distribute only up to twenty-five percent of the net profit for the year 2019 until September 30, 2020. If the General Assembly decided to distribute dividends for the 2019 fiscal year, but the shareholders have not yet been paid or partial payments have been made, the payments for the part exceeding twenty-five percent of the net profit for the year 2019 will be postponed until the end of the specified period. At the Ordinary General Assembly Meeting held on March 11, 2020, the Company distributed a gross dividend of TRY 201,960,000 from the net profit for the 2019 fiscal year TRY 366,358,436 in cash on 13 March 2020, in line with the profit distribution proposal of the Board of Directors.

2.23 Related parties

Parties are considered related to the Company if;

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i) Has control or joint control over the reporting entity;
 - ii) Has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity or of a parent of the reporting.

If the reporting Company or a parent company of the reporting Company is a member of the key management personnel.

2.24 Foreign currency transactions

Transactions are recorded in TRY, which represents the Company's functional currency. Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are converted into TRY at the exchange rates ruling at the reporting date with the resulting exchange differences recognized in the statement of profit or loss as foreign exchange gains or losses.

Foreign currency assets and liabilities are converted by using period end exchange rates of Central Bank of the Republic of Turkey's bid rates. For the conversion of liabilities the exchange rate stated at the contract is used.

The Central Bank of the Republic of Turkey exchange rates used in the conversion is as follows:

	December 31, 2020		December 31, 2019	
	USD/ TRY	EUR/ TRY	USD/ TRY	EUR/ TRY
Buying rate	7,3405	9,0079	5,9402	6,6506
Selling rate	7,3647	9,0376	5,9598	6,6725

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3. Significant Accounting Estimates and Requirements

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions.

One of the most important accounting estimates for the Company is to estimate the final net liabilities relating to the expenses to arise from the effective policies. As per its nature, estimating liabilities regarding the insurance business includes the evaluation of many uncertainties.

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 hard to anticipate. Maximum risk that the Company bears is limited to the coverage amount specified in the insurance contract.

The Company has adopted central risk assessment policy and this policy is applied in relation to the Company's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

The Company is managing its insurance risk by policy production strategies, reinsurance contracts and effective settlement and payment operations.

4.1.1.1 Sensitivity to insurance risk

The Company is managing its insurance risk by policy production strategies, reinsurance contracts and effective settlement and payment operations.

The Company's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, geographical area and accurate distribution of the risk incurred.

Reinsurance contracts include excess of loss (quota-share and excess loss) and catastrophic coverage. The Company can also enter into reinsurance contracts with facultative participation under its reinsurance program.

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4. Insurance and Financial Risk Management (Continued)**4.1 Insurance Risk (Continued)***Reinsurance Company Notification*

2020		2019	
Reinsurance Company	Standard & Poor's Rating	Reinsurance Company	Standard & Poor's Rating
African Re	A-	African Re	A-
Ageas	A	ARIG	NR
American Agricultural	NR	Asia Capital Re	A-
Central Re	A	China Re	A
China Property & Casualty Reinsurance (China Re P&C)	A	Covea Cooperations	A+
Covea Cooperations	AA-	Everest Re	A+
Dongbu Re (DB Insurance)	A	Fair Pool	NR
EMC	NR	GIC	NR
Everest Re	A+	Hannover Re	AA-
Hannover Rueck SE	AA-	Korean Re	A
HCC 4141	A+	Mapfre Re	A
Korean Re	A	Milli Re	trA+
Labuan Re	AA-	MS Amlin AG	A
Lib Synd Paris (4472)	A+	Odyssey Re	A-
Malaysian Re	NR	Partner Re	A+
Mapfre Re	A+	QBE	A+
Milli Re	TR A+	Samsung Fire&Marine Re	AA-
MS Amlin AG	A	Sava Re	A
Munich Re	AA-	Scor Global P&C	AA-
New Re	AA-	Toa Re	A+
Odyssey Re	A-	Tokio Millenium Re	A+
Partner Re	A+	Trust Re	NR
QBE	A+	Unipol Re	NR
R+V Versicherung AG (R+V Re)	AA-	VIG	A+
Samsung Fire&Marine Re	AA-	XL Catlin Re	AA-
Sava Re	A		
Scor	AA-		
Shelter Re	NR		
Taiping Re	A		
Toa Re	A+		
Turk Re	NR		
Unipol Re	NR		
VHV Re	NR		
VIG Re	A+		

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4. Insurance and Financial Risk Management (Continued)

4.1 Insurance Risk (Continued)

4.1.1.2 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)

Generally, the Company's insurance contracts include fire and natural disasters, marine, accident, motor vehicles, air crafts, water crafts, general losses, motor vehicles liability, air crafts liability, general liability, financial losses, legal protection, illness/health and life branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

Total Claims Liability (*)	December 31, 2020			December 31, 2019		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Motor Crafts Liability	1,055,217,192	(33,233,699)	1,021,983,493	813,372,523	(24,277,783)	789,094,740
General Liability	818,244,642	(640,478,140)	177,766,502	587,034,338	(455,674,426)	131,359,912
Motor Own Damage	113,310,064	(1,561,264)	111,748,800	99,102,286	(204)	99,102,082
Fire and Natural Disaster	849,958,406	(789,927,564)	60,030,842	682,056,042	(645,451,686)	36,604,356
Transportation	81,296,748	(68,381,394)	12,915,354	58,021,514	(48,146,372)	9,875,142
General Losses	244,226,568	(232,829,594)	11,396,974	275,074,848	(264,431,598)	10,643,250
Health	30,784,935	(22,726,488)	8,058,447	18,591,478	(13,191,960)	5,399,518
Financial Losses	60,590,284	(56,575,170)	4,015,114	90,207,565	(85,959,053)	4,248,512
Fidelity Guarantee	105,791,672	(102,874,980)	2,916,692	87,583,476	(84,371,502)	3,211,974
Accident	6,071,640	(3,674,740)	2,396,900	5,901,468	(3,017,587)	2,883,881
Watercrafts	15,786,252	(13,459,954)	2,326,298	32,231,008	(30,061,736)	2,169,272
Legal Protection	392,792	-	392,792	412,001	-	412,001
Life	144,645	-	144,645	136,311	-	136,311
Credit	761,838	(723,747)	38,091	727,288	(690,924)	36,364
Air Crafts Liability	45,222,050	(45,215,005)	7,045	15,756,454	(15,742,697)	13,757
Air Crafts	84,043,676	(84,042,838)	838	31,150,045	(31,150,045)	-
Total	3,511,843,404	(2,095,704,577)	1,416,138,827	2,797,358,645	(1,702,167,573)	1,095,191,072

(*) Total claim liability includes all outstanding claims reserves and IBNR as of the balance sheet date.

4.1.1.3 Comparison of the incurred claims with past estimates (claim development process)

	Effect on Current Period (Net)	December 31, 2020			December 31, 2019		
		Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Unpaid Claims	(172,385,147)	2,857,447,297	(2,020,542,066)	836,905,231	2,412,577,612	(1,748,057,528)	664,520,084
Discount Effect of Reported Damages	79,665,147	(577,131,903)	244,761,398	(332,370,505)	(420,273,765)	167,568,407	(252,705,358)
Claim Provisions (*)	(228,219,421)	1,231,383,365	(319,923,909)	911,459,456	804,918,487	(121,678,452)	683,240,035
Non-life Total	(320,939,421)	3,511,698,759	(2,095,704,577)	1,415,994,182	2,797,222,334	(1,702,167,573)	1,095,054,761
Life	(8,334)	144,645	-	144,645	136,311	-	136,311
Grand Total	(320,947,755)	3,511,843,404	(2,095,704,577)	1,416,138,827	2,797,358,645	(1,702,167,573)	1,095,191,072

(*) Claim provisions include all additional provisions within unpaid claims in the total outstanding compensation provision in the balance sheet date.

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4. Insurance and Financial Risk Management (Continued)

4.1 Insurance Risk (Continued)

Insurance Risk (Continued)

Outstanding Claim Reserve:

	December 31, 2020			December 31, 2019		
	Gross Total	Reinsurance	Net Total	Gross Total	Reinsurance	Net Total
	Claims	Share of Total	Claims	Claims	Share of Total	Claims
	Liability	Claims	Liability	Liability	Claims	Liability
Beginning of the period - January 1	2,412,577,612	(1,748,057,528)	664,520,084	1,783,361,109	(1,235,866,842)	547,494,267
Opened in the period	2,675,645,411	(1,043,199,491)	1,632,445,920	2,741,942,058	(1,326,122,966)	1,415,819,092
Paid from current period (-)	(1,293,849,921)	447,014,673	(846,835,248)	(1,415,526,122)	545,334,628	(870,191,494)
Paid from previous periods (-)	(936,925,805)	323,700,280	(613,225,525)	(697,199,433)	268,597,652	(428,601,781)
Period end reported claims	2,857,447,297	(2,020,542,066)	836,905,231	2,412,577,612	(1,748,057,528)	664,520,084
Life	144,645	-	144,645	136,311	-	136,311
Reported claims discount effect	(577,131,903)	244,761,398	(332,370,505)	(420,273,765)	167,568,407	(252,705,358)
IBNR	1,231,383,365	(319,923,909)	911,459,456	804,918,487	(121,678,452)	683,240,035
Total	3,511,843,404	(2,095,704,577)	1,416,138,827	2,797,358,645	(1,702,167,573)	1,095,191,072

Claims development tables prepared in accordance with the Technical Provision Regulations which are used in the ACLM calculation are explained below:

Gross claim development table prepared on the principles of incurred claims by December 31, 2020:

	01/01/2014 12/31/2014	01/01/2015 12/31/2015	01/01/2016 12/31/2016	01/01/2017 12/31/2017	01/01/2018 12/31/2018	01/01/2019 12/31/2019	01/01/2020 12/31/2020	Gross Claim
Claim realized in the accident period	838,172,102	841,913,192	930,621,837	1,366,238,878	1,564,047,984	2,299,878,599	2,069,675,811	9,910,548,403
1 year later	239,937,131	216,699,946	420,934,178	793,577,616	606,370,322	939,075,198	-	3,216,594,391
2 year later	144,014,862	126,303,760	345,579,004	633,208,482	352,446,585	-	-	1,601,552,693
3 year later	120,606,234	110,917,361	344,631,786	602,343,699	-	-	-	1,178,499,080
4 year later	133,086,346	113,024,946	398,378,186	-	-	-	-	644,489,478
5 year later	151,210,707	120,467,564	-	-	-	-	-	271,678,271
6 year later	174,627,627	-	-	-	-	-	-	174,627,627
TOTAL	1,801,655,009	1,529,326,769	2,440,144,991	3,395,368,675	2,522,864,891	3,238,953,797	2,069,675,811	16,997,989,943

Gross claim development table prepared on the principles of incurred claims by December 31, 2019:

	01/01/2013 12/31/2013	01/01/2014 12/31/2014	01/01/2015 12/31/2015	01/01/2016 12/31/2016	01/01/2017 12/31/2017	01/01/2018 12/31/2018	01/01/2019 12/31/2019	Gross Claim
Claim realized in the accident period	673,019,738	838,172,102	841,913,192	930,621,837	1,366,238,878	1,564,047,984	2,299,187,241	8,513,200,972
1 year later	160,181,399	239,937,131	216,699,946	420,934,178	793,577,616	606,286,572	-	2,437,616,842
2 year later	84,819,582	144,014,862	126,303,760	345,579,004	633,208,482	-	-	1,333,925,690
3 year later	67,301,174	120,606,234	110,917,359	344,631,786	-	-	-	643,456,553
4 year later	65,886,722	133,086,346	113,024,946	-	-	-	-	311,998,014
5 year later	65,079,638	151,210,207	-	-	-	-	-	216,289,845
6 year later	70,135,757	-	-	-	-	-	-	70,135,757
TOTAL	1,186,424,010	1,627,026,882	1,408,859,203	2,041,766,805	2,793,024,976	2,170,334,556	2,299,187,241	13,526,623,673

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4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk

4.2.1 Capital risk management and capital requirement

The Company's main purpose in capital management is to maintain its status as an revenue generating company of the group and to protect shareholder and corporate partners' benefits while sustaining the most effective capital structure in order to reduce capital costs.

Company management believes that, as of December 31, 2020, the necessary capital adequacy has been provided for the interim period January 1 - December 31, 2020 considering the movement of equity.

4.2.2. Financial risk factors

The Company is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk due to its assets and liabilities and reinsurance assets and liabilities. The Company's risk management generally focuses on minimizing the probable adverse effects of uncertainties in financial markets over the Company's performance. The Company's exposure to interest rate risk and credit risk in general is due to its financial investments and insurance receivables, respectively.

Market risk

The Company is exposed to market risk due to fluctuations in the exchange rates, interest rates and equity share prices.

Exchange rate risk

The Company's foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analyzing exchange rate position. The details of the Company's foreign currency denominated assets and liabilities as of December 31, 2020 and December 31, 2019 are presented in details in Note 12.4

Sensitivity to exchange rate risk

The Company's sensitivity to a 10% increase/decrease in USD and Euro currencies are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets outstanding at the end of period and indicates the effects of 10% changes in exchange rates. Positive value indicates an increase in profit/loss and other equity items.

	December 31, 2020		December 31, 2019	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit/Loss Increase	16,886,161	6,801,248	10,913,037	5,177,297
Profit/Loss (Decrease)	(16,886,161)	(6,801,248)	(10,913,037)	(5,177,297)

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4. Insurance and Financial Risk Management (Continued)**4.2 Financial Risk (Continued)****4.2.2 Financial risk factors (Continued)***Interest rate risk*

	December 31, 2020	December 31, 2019
Total	Effect on profit and profit reserves	
Market interest rate increase / (decrease)		TRY
+%1	(2,093,886)	(6,705,683)
-%1	2,304,606	7,942,645
Financial assets	Effect on profit and profit reserves	
Market interest rate increase/(decrease)		TRY
+%1	(2,093,886)	(6,705,683)
-%1	2,304,606	7,942,645

The Company is required to manage its interest rate risks due to price fluctuations in its financial instruments arising from changes in interest rates. The Company's sensitivity to interest rate risk results from the mismatch in maturities of its assets and liabilities. Interest rate risk is managed by offsetting the assets that are affected by the interest rate fluctuations against the liabilities in same nature.

Price risk

The Company is exposed to price risk due to its available for sale financial assets. As of the reporting date, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, the Company's sensitivity is as follows. The sensitivity of the Company for the price risk is arising from the available for sale financial assets as of December 31, 2020.

	December 31, 2020	December 31, 2019
Total	Effect on Financial assets available for sale	
Price increase/(decrease)		TRY
+10%	148,079,045	73,763,135
-10%	(148,079,045)	(73,763,135)

Credit risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Credit risk is managed by setting out limits and providing guarantees for receivables from a specific party. Limits and guarantees are determined based on the assessment of the respective party's financial ability and trading capacity. The Company is exposed to credit risk in Turkey because it mainly performs its operations in Turkey.

As of December 31, 2020, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

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4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial risk factors (Continued)

Liquidity risk

Liquidity risk is the possibility of non-performance of the Company's due liabilities. Events that give rise to funding shortages, such as; market deteriorations and decrease in credit ratings, are the main reasons of liquidity risk. The Company manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds..

The company implements strategies and policies to ensure that liquidity risk is effectively managed and maintained to maintain its operations due to the Coronavirus (COVID-19) outbreak worldwide.

Liquidity risk table

December 31, 2020

	Up to 1 month	1 - 3 month	3 months-1 year	1 - 5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	1,221,480,537	864,266,192	105,247,617	-	-	79,230,054	2,270,224,400
Financial Assets Available for Sale	31,037,645	112,580,873	640,723,212	466,432,369	85,564,805	137,191,736	1,473,530,640
Financial Assets Held for Trading	-	-	-	-	-	63,234,980	63,234,980
Held-to-Maturity Financial Assets	-	150,513,077	21,937,908	33,076,385	-	-	205,527,370
Investments with Risks on Policy Holders	-	-	-	-	-	-	-
Investments	-	-	-	1,952,843	-	-	1,952,843
Receivables from Main Operations	229,586,738	267,710,313	614,191,433	8,250,954	-	-	1,119,739,438
Due from Related Parties	178,735	-	-	-	-	-	178,735
Other Receivables	-	-	22,669,699	-	-	-	22,669,699
Prepaid Expenses and	-	-	-	-	-	-	-
Income Accruals	47,605,225	79,859,685	212,400,614	-	-	-	339,865,524
Total	1,529,888,880	1,474,930,140	1,617,170,483	509,712,551	85,564,805	279,656,770	5,496,923,629
Financial Liabilities	72,628,202	-	7,377,417	21,514,606	-	-	101,520,225
Payables from Main Operations	229,913,557	58,629,635	477,085,415	-	-	-	765,628,607
Due to Related Parties	456,757	-	1,143	-	-	-	457,900
Other Payables	-	143,722,890	-	-	-	8,186,452	151,909,342
Insurance Technical Reserves	979,634,863	925,812,518	981,963,870	171,679,493	8,623,520	-	3,067,714,264
Taxes Payable and Similar Liabilities	-	77,151,855	-	-	-	-	77,151,855
Prepaid Expenses and Income Accruals	22,439,426	44,878,852	87,629,902	-	-	-	154,948,180
Long Term Insurance Technical Reserves	-	-	-	1,418,276	96,570,268	-	97,988,544
Provisions for Other Risks	-	-	-	-	-	9,095,078	9,095,078
Total Liabilities and Shareholders' Equity	1,305,072,805	1,250,195,750	1,554,057,747	194,612,375	105,193,788	17,281,530	4,426,413,995

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4. Insurance and Financial Risk Management (Continued)**4.2 Financial Risk (Continued)****4.2.2 Financial risk factors (Continued)***Liquidity risk (Continued)*

December 31, 2019

	Up to 1 month	1 - 3 month	3 months-1 year	1 - 5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	942,019,120	1,080,190,601	20,293,159	-	-	20,539,632	2,063,042,512
Financial Assets Available for Sale	20,993,443	16,816,813	114,942,696	415,543,534	56,413,071	78,040,075	702,749,632
Financial Assets Held for Trading	448,138,096	-	-	-	-	142,613,230	590,751,326
Financial assets	-	-	-	34,881,722	-	-	34,881,722
Held-to-Maturity Financial Assets	-	-	-	1,806,587	-	-	1,806,587
Investments with Risks on Policy Holders							
Investments	235,458,533	200,768,514	294,341,193	30,051,374	-	-	760,619,614
Receivables from Main Operations	-	-	160,165	-	-	-	160,165
Due from Related Parties	-	-	17,597,262	-	-	-	17,597,262
Other Receivables	41,425,868	69,643,629	183,461,586	-	-	-	294,531,083
Total Assets	1,688,035,060	1,367,419,557	630,796,061	482,283,217	56,413,071	241,192,937	4,466,139,903
Financial Liabilities	60,777,683	-	3,806,567	25,943,674	-	-	90,527,924
Payables from Main Operations	283,517,463	140,377,879	117,966,682	12,188,792	-	-	554,050,816
Due to Related Parties	286,511	-	1,143	-	-	-	287,654
Other Payables	-	147,073,119	-	-	-	-	147,073,119
Insurance Technical Reserves	720,574,743	630,761,513	401,332,066	755,461,917	6,911,092	-	2,515,041,331
Taxes Payable and Similar Liabilities	-	93,440,050	-	-	-	-	93,440,050
Prepaid Expenses and Income Accruals	21,696,551	54,964,596	67,982,526	-	-	-	144,643,673
Long Term Insurance Technical Reserves	-	-	-	1,446,871	95,692,471	-	97,139,342
Provisions for Other Risks	-	-	-	-	-	7,052,711	7,052,711
Total Liabilities and Shareholders' Equity	1,086,852,951	1,066,617,157	591,088,984	795,041,254	102,603,563	7,052,711	3,649,256,620

Categories of Financial Assets

Current Financial Assets	December 31, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets Available for Sale	1,473,530,640	1,473,530,640	702,749,632	702,749,632
Financial Assets Held for Trading	63,234,980	63,234,980	590,751,326	590,751,326
Financial Assets Held to Maturity	208,004,963	205,527,370	36,506,714	34,881,722
Financial Investments with Risks on Policy Holders	1,952,843	1,952,843	1,806,587	1,806,587
Total Financial Assets	1,746,723,426	1,744,245,833	1,331,814,259	1,330,189,267

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4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial risk factors (Continued)

Fair value of financial assets

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions.

	December 31, 2020	Category 1	Category 2	Category 3
Financial Assets Available for Sale				-
Corporate Bond	476,919,365	476,919,365	-	-
Eurobond	658,081,546	658,081,546	-	-
Government Bonds	201,337,991	201,337,991	-	-
Stocks	137,191,738	136,469,582	-	722,156
Financial Assets Held for Trading				
Reverse Repo	56,027,437	56,027,437	-	-
Investment Funds	7,207,543	7,207,543	-	-
Held to Maturity Financial Assets				
Eurobond	138,255,898	138,255,898	-	-
Government Bonds	67,271,472	67,271,472	-	-
Financial Investments with Risks on Policy Holders				
Government Bonds	1,952,843	1,952,843	-	-
Total	1,744,245,833	1,743,523,677	-	722,156

	December 31, 2019	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Corporate Bond	333,690,554	333,690,554	-	-
Eurobond	152,749,578	152,749,578	-	-
Government Bonds	137,902,513	137,902,513	-	-
Stocks	78,406,987	77,976,955	-	430,032
Financial Assets Held for Trading				
Reverse Repo	448,138,097	448,138,097	-	-
Investment Funds	142,613,229	142,613,229	-	-
Held to Maturity Financial Assets				
Eurobond	24,027,260	24,027,260	-	-
Government Bonds	10,854,462	10,854,462	-	-
Financial Investments with Risks on Policy Holders				
Government Bonds	1,806,587	1,806,587	-	-
Total	1,330,189,267	1,329,759,235	-	430,032

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. 'Category 1', was organized market obtained from fair values (market data), the 'Category 2' precedent that has truth according to processes and 'Category 3' is the future cash flows to their present reduced according to the values that are valued financial assets represents.

The following methods and assumptions were used to estimate the fair value of financial instruments for which fair value estimates are practicable.

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4. Insurance and Financial Risk Management (Continued)**4.2 Financial Risk (Continued)****4.2.2 Financial risk factors (Continued)***Financial assets*

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short-term nature and having insignificant potential losses.

Market value is taken as a basis in the measurement of fair value of government bonds and equity shares.

Financial liabilities

It is anticipated that fair value of monetary liabilities will converge to their carrying value based on their short-term nature.

5. Segment Information**5.1 Operating segments**

Information related to the operational reporting made by the Company to the chief operating decision-maker in the accordance with the 'TFRS 8 - Operating Segments' is disclosed in this part.

Numerical limits in 'TFRS 8 - Operating Segments' is also considered as well as management reporting in the determination of operating segments. Premium production and net technical income of different operating segments are grouped separately.

The Company operates in Turkey. Since the results of operating activities abroad have very low effect on financial statements, the information about geographical segmentation has not been given.

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS

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5. Segment Information (Continued)

5.1 Operating segments (Continued)

Segment results for the period ended at December 31, 2020:

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	211,123,674	33,355,030	1,050,625,481	1,524,759,902	188,469,942	24,202,808	31,389,220	131,307,607	128,906	-	3,195,362,570
1- Earned Premiums (Net of Reinsurer Share)	173,652,362	26,816,683	926,394,383	1,303,329,756	151,977,704	20,682,735	27,314,067	106,745,955	-	-	2,736,913,645
1.1- Premiums (Net of Reinsurer Share)	189,542,472	27,913,256	1,035,002,354	1,395,991,916	163,993,593	25,282,404	32,166,483	98,751,162	-	-	2,968,643,640
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(15,890,110)	(1,096,573)	(108,607,971)	(92,662,160)	(2,566,678)	(4,599,669)	(4,852,416)	7,994,793	-	-	(222,280,784)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	(9,449,211)	-	-	-	-	-	(9,449,211)
2- Investment Income transferred from Non-Technical Part	31,599,845	5,286,651	103,055,613	193,294,917	35,700,563	3,273,822	4,075,153	21,777,871	128,906	-	398,193,341
3- Other Technical Income (Net of Reinsurance Share)	-	-	5,098,156	-	-	-	-	2,783,781	-	-	7,881,937
4- Accrued Subrogation and Salvage Income (+)	5,871,467	1,251,696	16,077,329	28,135,229	791,675	246,251	-	-	-	-	52,373,647
TECHNICAL EXPENSES	(173,818,060)	(16,525,039)	(900,696,708)	(1,172,272,740)	(139,710,936)	(13,110,814)	(24,103,338)	(60,083,727)	(153,686)	-	(2,500,475,038)
1- Total Claims (Net of Reinsurer Share)	(98,255,634)	(8,470,278)	(609,371,780)	(951,720,701)	(76,244,509)	(12,056,444)	(15,914,245)	(8,792,656)	(182,281)	-	(1,781,008,528)
1.1- Claims Paid (Net of Reinsurer Share)	(74,829,148)	(5,430,065)	(596,725,062)	(718,831,948)	(31,704,761)	(11,359,414)	(14,872,702)	(6,133,726)	(173,947)	-	(1,460,060,773)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(23,426,486)	(3,040,213)	(12,646,718)	(232,888,753)	(44,539,748)	(697,030)	(1,041,543)	(2,658,930)	(8,334)	-	(320,947,755)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	5,512	-	-	-	(695)	-	-	-	-	-	4,817
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(1,329,619)	-	868,055	-	161,286	(577,519)	-	-	-	-	(877,797)
4- Operating Expenses	(59,974,796)	(7,716,253)	(223,076,962)	(193,868,209)	(57,687,288)	311,047	(7,956,910)	(47,761,534)	-	-	(597,730,905)
4.1- Production Commissions (-)	(120,935,233)	(15,005,377)	(169,331,087)	(162,107,870)	(84,239,530)	(21,128,490)	(6,833,661)	(90,462,021)	-	-	(670,043,269)
4.2- Reinsurance Commissions (+)	99,145,220	10,094,614	236,261	28,134,037	43,573,469	27,012,858	(275,952)	52,679,745	-	-	260,600,252
4.3- General Administrative Expenses	(38,184,783)	(2,805,490)	(53,982,136)	(59,894,376)	(17,021,227)	(5,573,321)	(847,297)	(9,979,258)	-	-	(188,287,888)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	28,595	-	28,595
6- Other Technical Expenses (Net of Reinsurer Share)	(14,263,523)	(338,508)	(69,116,021)	(26,683,830)	(5,939,720)	(787,898)	(232,183)	(3,529,537)	-	-	(120,891,220)
TECHNICAL PROFIT/(LOSS)	37,305,614	16,829,991	149,928,773	352,487,162	48,759,016	11,091,994	7,285,882	71,223,880	(24,780)	-	694,887,532
Financial income	-	-	-	-	-	-	-	-	-	737,192,342	737,192,342
Depreciation expense	-	-	-	-	-	-	-	-	-	(52,626,448)	(52,626,448)
Provisions account, net	-	-	-	-	-	-	-	-	-	(70,031,673)	(70,031,673)
Tax expenses	-	-	-	-	-	-	-	-	-	(122,913,021)	(122,913,021)
Financial expenses	-	-	-	-	-	-	-	-	-	(743,093,742)	(743,093,742)
Other	-	-	-	-	-	-	-	-	-	(9,072,104)	(9,072,104)
NET PROFIT/(LOSS)	37,305,614	16,829,991	149,928,773	352,487,162	48,759,016	11,091,994	7,285,882	71,223,880	(24,780)	(262,544,646)	432,342,886

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5. Segment Information (Continued)**5.1 Operating segments (Continued)****Segment results for the period ended at December 31, 2019:**

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	198,100,013	30,339,366	882,889,773	1,279,985,490	190,226,398	21,316,933	23,060,982	126,314,150	130,771	-	2,752,363,876
1- Earned Premiums (Net of Reinsurer Share)	158,658,326	23,808,190	771,967,612	1,015,025,969	145,350,786	19,058,330	17,883,973	91,591,091	-	-	2,243,324,247
1.1- Premiums (Net of Reinsurer Share)	172,352,362	24,191,655	851,150,726	1,234,579,990	163,334,917	17,572,291	24,509,005	114,646,852	-	-	2,602,337,798
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(13,694,036)	(383,465)	(96,465,054)	(219,554,021)	(6,944,488)	1,466,039	(6,625,032)	(23,055,761)	-	-	(365,255,818)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	17,281,940	-	(11,039,673)	-	-	-	-	-	6,242,267
2- Investment Income transferred from Non-Technical Part	35,912,941	6,982,236	100,040,483	246,449,836	44,815,541	2,154,209	5,177,009	34,723,059	130,771	-	476,386,085
3- Other Technical Income (Net of Reinsurance Share)	-	-	5,678,324	-	-	-	-	-	-	-	5,678,324
4- Accrued Subrogation and Salvage Income (+)	3,528,746	(451,060)	5,203,354	18,509,685	60,101	124,394	-	-	-	-	26,975,220
TECHNICAL EXPENSES	(146,070,760)	(11,012,712)	(792,103,260)	(992,679,346)	(136,893,022)	(13,820,182)	(15,082,735)	(60,439,514)	(158,154)	-	(2,168,259,685)
1- Total Claims (Net of Reinsurer Share)	(62,391,448)	(6,635,251)	(551,208,622)	(821,830,304)	(71,183,362)	(10,255,402)	(9,924,693)	(10,968,009)	(184,919)	-	(1,544,582,010)
1.1- Claims Paid (Net of Reinsurer Share)	(67,743,962)	(2,933,108)	(546,561,278)	(619,483,742)	(33,092,173)	(11,104,093)	(8,770,481)	(8,926,877)	(177,561)	-	(1,298,793,275)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	5,352,514	(3,702,143)	(4,647,344)	(202,346,562)	(38,091,189)	848,691	(1,154,212)	(2,041,132)	(7,358)	-	(245,788,735)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	(3,000)	9,142	83,916	-	(1,416)	-	-	-	-	-	88,642
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(11,722,683)	-	(1,079,707)	-	(212,435)	(329,076)	-	-	-	-	(13,343,901)
4- Operating Expenses	(60,612,005)	(4,141,608)	(186,769,774)	(149,259,575)	(60,779,393)	(2,530,579)	(5,021,364)	(43,849,274)	-	-	(512,963,572)
4.1- Production Commissions (-)	(103,202,480)	(10,706,883)	(133,641,790)	(126,553,218)	(83,503,033)	(21,623,633)	(6,583,605)	(70,378,362)	-	-	(556,193,004)
4.2- Reinsurance Commissions (+)	77,802,880	9,087,702	46,133	23,306,777	38,960,308	24,087,121	2,290,189	36,906,590	-	-	212,487,700
4.3- General Administrative Expenses	(35,212,405)	(2,522,427)	(53,174,117)	(46,013,134)	(16,236,668)	(4,994,067)	(727,948)	(10,377,502)	-	-	(169,258,268)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	(11,341,624)	(244,995)	(53,129,073)	(21,589,467)	(4,716,416)	(705,125)	(136,678)	(5,622,231)	26,765	-	(97,485,609)
6- Other Technical Expenses (Net of Reinsurer Share)	-	-	-	-	-	-	-	-	-	-	-
TECHNICAL PROFIT/(LOSS)	52,029,253	19,326,654	90,786,513	287,306,144	53,333,376	7,496,751	7,978,247	65,874,636	(27,383)	-	584,104,191
Financial income	-	-	-	-	-	-	-	-	-	-	662,995,479
Depreciation expense	-	-	-	-	-	-	-	-	-	-	(33,510,804)
Provisions account, net	-	-	-	-	-	-	-	-	-	-	(60,410,995)
Tax expenses	-	-	-	-	-	-	-	-	-	-	(107,566,718)
Financial expenses	-	-	-	-	-	-	-	-	-	-	(671,653,422)
Other	-	-	-	-	-	-	-	-	-	-	(7,599,295)
NET PROFIT/(LOSS)	52,029,253	19,326,654	90,786,513	287,306,144	53,333,376	7,496,751	7,978,247	65,874,636	(27,383)	(217,745,755)	366,358,436

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6. Tangible Assets

December 31, 2020

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Right of Use Assets	Total
1 January	1,598,569	2,720,001	27,612,750	21,347,617	34,372,885	87,651,822
Additions	-	-	3,505,326	334,940	6,756,386	10,596,652
Disposals	-	-	(686,905)	-	-	(686,905)
31 December	1,598,569	2,720,001	30,431,171	21,682,557	41,129,271	97,561,569
<u>Accumulated Depreciation</u>						
1 January	(601,945)	(549,962)	(17,306,145)	(11,657,802)	(8,243,981)	(38,359,835)
Additions	(31,246)	(544,000)	(4,195,274)	(2,183,573)	(9,399,081)	(16,353,174)
Disposals	-	-	653,467	-	-	653,467
31 December	(633,191)	(1,093,962)	(20,847,952)	(13,841,375)	(17,643,062)	(54,059,542)
Net Book Value as of December 31	965,378	1,626,039	9,583,219	7,841,182	23,486,209	43,502,027

The Company has no impairment loss recognized for tangible fixed assets in the current period (December 31, 2019: None).

December 31, 2019

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Right of Use Assets	Total
1 January	1,598,569	2,720,001	23,741,539	21,052,437	33,797,961	82,910,507
Additions	-	-	4,680,142	316,837	574,924	5,571,903
Disposals	-	-	(808,931)	(21,657)	-	(830,588)
31 December	1,598,569	2,720,001	27,612,750	21,347,617	34,372,885	87,651,822
<u>Accumulated Depreciation</u>						
1 January	(569,248)	(5,962)	(14,906,985)	(9,370,383)	-	(24,852,578)
Additions	(32,697)	(544,000)	(3,140,454)	(2,295,548)	(8,243,981)	(14,256,680)
Disposals	-	-	741,294	8,129	-	749,423
31 December	(601,945)	(549,962)	(17,306,145)	(11,657,802)	(8,243,981)	(38,359,835)
Net Book Value as of December 31	996,624	2,170,039	10,306,605	9,689,815	26,128,904	49,291,987

7. Investment Properties

December 31, 2020

Cost Value	Land	Buildings	Total
1 January	-	170,958	170,958
Additions	-	-	-
Disposals	-	(170,958)	(170,958)
31 December	-	-	-
<u>Accumulated Depreciation</u>			
1 January	-	(7,892)	(7,892)
Charge for the Period	-	(12,123)	(12,123)
Disposals	-	20,015	20,015
December 31	-	-	-
Net Book Value as of December 31	-	-	-

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7. Investment Properties (Continued)

In the period of January 1 - December 31, 2020, the Company has no obtained rental income from investment properties (January 1 - December 31, 2019: None).

December 31, 2019

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
1 January	-	-	-
Additions	-	170,958	170,958
Disposals	-	-	-
31 December	-	170,958	170,958
<u>Accumulated Depreciation</u>			
1 January	-	-	-
Charge for the Period	-	(7,892)	(7,892)
Disposals	-	-	-
December 31	-	(7,892)	(7,892)
Net Book Value as of December 31	-	163,066	163,066

8. Intangible Assets**December 31, 2020**

<u>Cost Value</u>	<u>Advances for Intangible Assets (*)</u>	<u>Rights</u>	<u>Total</u>
1 January	3,489,088	134,184,258	137,673,346
Additions	9,933,093	22,996,180	32,929,273
Disposals	-	(13,980)	(13,980)
Transfers	(4,258,386)	4,258,386	-
31 December	9,163,795	161,424,844	170,588,639
<u>Accumulated Amortization</u>			
1 January	-	(77,104,087)	(77,104,087)
Charge for the Period	-	(36,261,151)	(36,261,151)
Disposals	-	136	136
31 December	-	(113,365,102)	(113,365,102)
Net book Value as of December 31	9,163,795	48,059,742	57,223,537

(*) Intangible assets advances include the administrative advances for the projects implemented. Since the related assets do not create economic benefits no amortization is calculated over intangible assets.

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8. Intangible Assets (Continued)

December 31, 2019			
Cost Value	Advances for Intangible Assets (*)	Rights	Total
1 January	1,949,163	111,808,560	113,757,723
Additions	3,196,473	21,332,352	24,528,825
Disposals	-	(613,202)	(613,202)
Transfers	(1,656,548)	1,656,548	-
31 December	3,489,088	134,184,258	137,673,346
Accumulated Amortization			
1 January	-	(58,117,829)	(58,117,829)
Charge for the Period	-	(19,246,232)	(19,246,232)
Disposals	-	259,974	259,974
31 December	-	(77,104,087)	(77,104,087)
Net book Value as of December 31	3,489,088	57,080,171	60,569,259

(*) Intangible assets advances include the administrative advances for the projects implemented. Since the related assets do not create economic benefits no amortization is calculated over intangible assets.

As of December 31, 2020, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2019: None).

The Company has no goodwill amount in its financial statements.

9. Investments in Affiliates

In 28 June 2019, in accordance with the Resolution of the Board of Directors dated December 31, 2019, numbered 41; Merter B. V., a wholly-owned subsidiary of 25% of its capital, was awarded with Apollo European Real Estate III Coöperatief U.A. and Apollo European Real Estate III (EU) Coöperatief U.A. sold to firms.

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11. Financial Assets**11.1 Subcategories of Financial Assets**

Financial Assets and Financial Investments with Risks on Policy Holders	December 31, 2020	December 31, 2019
Financial Assets Available for Sale	1,473,530,640	702,749,632
Financial Assets to be Held Until Maturity	205,527,370	34,881,722
Financial Assets Held for Trading	63,234,980	590,751,326
Financial Investments with Risks on Policy Holders	1,952,843	1,806,587
Total	1,744,245,833	1,330,189,267

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11. Financial Assets

11.1 Subcategories of Financial Assets

Financial Assets Available for Sale

	December 31, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Private Sector bonds	466,632,308	476,919,365	476,919,365	326,266,711	333,690,554	333,690,554
Eurobond	651,580,189	658,081,546	658,081,546	152,806,509	152,749,578	152,749,578
Government Bonds	200,278,369	201,337,991	201,337,991	133,150,541	137,902,513	137,902,513
Equity Shares (Listed on the stock exchange)	126,165,411	136,469,582	136,469,582	70,267,685	77,976,955	77,976,955
Equity Shares (Not listed on the stock exchange) Net	722,156	-	722,156	430,032	-	430,032
Total	1,445,378,433	1,472,808,484	1,473,530,640	682,921,478	702,319,600	702,749,632

Held-to-Maturity Financial Assets

	December 31, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	136,087,693	139,192,396	138,255,898	23,431,170	24,095,114	24,027,260
Eurobond	62,670,791	68,812,567	67,271,472	9,194,956	12,411,600	10,854,462
Total	198,758,484	208,004,963	205,527,370	32,626,126	36,506,714	34,881,722

Financial Assets Held for Trading

	December 31, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Reverse Repo	55,999,882	56,027,437	56,027,437	447,999,882	448,138,097	448,138,097
Investment Funds	6,466,902	7,207,543	7,207,543	116,663,610	142,613,229	142,613,229
Total	62,466,784	63,234,980	63,234,980	564,663,492	590,751,326	590,751,326

Financial Investment with Risks on Policy Holders

	December 31, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	1,647,665	1,952,843	1,952,843	1,647,665	1,806,587	1,806,587

The breakdown of the shares classified as available-for-sale financial assets is as follows:

December 31, 2020

Equity Shares	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Listed on Borsa İstanbul		120,870,033	132,433,408	132,433,408
Foreign Stock Exchange Listed		5,295,378	4,036,174	4,036,174
Tarım Sigortaları Havuz İşletmesi A.Ş.	4.17	722,156	-	722,156
Unlisted		722,156	-	722,156
Total		126,887,567	136,469,582	137,191,738

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11. Financial Assets (Continued)
11.1 Subcategories of Financial Assets (Continued)
December 31, 2019

Equity Shares	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Listed on Borsa İstanbul		70,267,685	77,976,955	77,976,955
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4.17	430,032	-	430,032
Unlisted		430,032	-	430,032
Total		70,697,717	77,976,955	78,406,987

As of December 31, 2020, and December 31, 2019, the blockage on financial assets in favour of Treasury and Finance Ministry has been disclosed in Note 17.1.

11.2 Securities other than equity shares issued in the current period:

None (December 31, 2019: None).

11.3 Securities issued representing the amortized borrowing in the current period:

None (December 31, 2019: None).

11.4 Fair value of securities and long-term financial assets that are carried at cost in the balance sheet and cost of securities and long-term financial assets that are carried at fair value in the balance sheet

None (December 31, 2019: None).

11.5 Marketable securities issued by the shareholders, affiliates and subsidiaries of the Company classified under marketable securities and associates and their issuers:

None (December 31, 2019: None).

11.6 Increase in value of financial assets in the last three years

Value increases and decreases (net-off deferred tax) reflect the difference between the book value and cost value of the financial assets at period end.

Type of Financial Asset	December 31, 2020	December 31, 2019	December 31, 2018
Financial Assets Available for Sale	1,801,936	(8,235,793)	(13,298,346)

11.7 Financial Instruments

- Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.1.
- Information on the book value of the financial assets is disclosed in Note 11.1.
- Comparison of the fair value and book value of financial assets is disclosed in Note 11.1.
- Financial assets overdue or impaired are presented in Note 11.1.

11.8. Financial Instruments

Information related to hedge accounting has been disclosed in Note 34.5

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11. Financial Assets (Continued)**11.9 Effects of Exchange Rate Differences**

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

12. Receivables and Payables**12.1 Details of the Company's receivables**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Receivables from insurance operations		
Receivables from agencies	735,423,012	545,911,687
Bank Guaranteed Credit Card Receivables More than Three Months	314,937,910	170,128,762
Receivables for salvage and claim recovery - net (Note 2.1.1)	46,265,076	31,126,674
Receivables from reinsurance companies	28,370,213	22,338,183
Other receivables	534,116	517,651
Receivables from insurance operations	1,125,530,327	770,022,957
Cash deposited for insurance and reinsurance companies	30,954	30,954
Receivables from insurance and reinsurance companies	30,954	30,954
Claim recovery receivables under legal follow-up	142,988,823	109,552,591
Doubtful receivables from main operations	36,520,503	32,475,839
Total provision amount for doubtful receivables	179,509,326	142,028,430
Receivables from main operations	1,305,070,607	912,082,341
Provision for due from insurance operations (-) (*)	(17,859,556)	(18,093,784)
Provision for doubtful receivables from main operations (-) (**)	(24,482,790)	(23,816,352)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(142,988,823)	(109,552,591)
Total provision amount for doubtful receivables	(185,331,169)	(151,462,727)
Receivables from main operations - net	1,119,739,438	760,619,614

(*) In balance sheet disclosed under provision for receivables from insurance operations.

(**) In balance sheet disclosed under provision for receivables from main operations.

The movement table of provision for doubtful receivables under legal follow-up is presented below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
0 - 90 days	39,706,076	9,029,378
90+	18,111,489	21,712,042
Not due receivables	1,067,712,762	739,312,491
Total	1,125,530,327	770,053,911

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12. Receivables and Payables (Continued)

12.1 Details of the Company's receivables (Continued)

The details of guarantees for the Company's receivables are presented below:

Type of Guarantees	December 31, 2020		December 31, 2019	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Real Estate Pledges	57,345,412	531,200	55,282,791	1,195,700
Letters of Guarantee	91,776,888	55,000	43,933,079	-
Cash Guarantees	8,186,217	-	3,002,608	-
Government Bonds and Equity	1,748,553	-	314,439	7,500
Other	309,696	7,500	2,424,466	-
Total	159,366,766	593,700	104,957,383	1,203,200

The Company books provision for 100% of doubtful receivables disclosing guarantees. The movement table of provision for doubtful receivables under legal follow-up is presented below:

Doubtful trade receivable transactions	2020	2019
Opening Balance, 1 January	(133,368,943)	(106,734,101)
Charge for the period	(41,575,126)	(33,517,236)
Collections	7,472,456	6,882,394
Closing Balance, 31 December	(167,471,613)	(133,368,943)

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

Due to/from shareholders, affiliates and subsidiaries in balance sheet includes dividends which have paid in previous years but not yet collected by shareholders. As of December 31, 2020, the Company has liabilities amounting to TRY 1,143 to shareholders (December 31, 2019: TRY 1,143).

12.3 Total pledges and other guarantees received for receivables amount

Total amount of pledges and other guarantees received for receivables amounts to TRY 159,366,766 as of December 31, 2020 (December 31, 2019: TRY 104,957,383).

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12. Receivables and Payables (Continued)

12.4 Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

December 31, 2020

Banks (Foreign Currency)

	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	20,805,122	7,3405	152,719,998
EUR	1,536,160	9,0079	13,837,576
GBP	100,040	9,9438	994,778
CHF	79,066	8,2841	654,991
Total			168,207,343

Stocks and Bonds

	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	24,956,034	7,3405	183,189,768
Total			183,189,768

Receivables from Insurance Operations

	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	47,616,088	7,3405	349,525,894
EUR	18,785,729	9,0079	169,219,968
GBP	98,084	9,9438	975,328
CHF	68,286	8,2841	565,688
Total			520,286,878

Outstanding Claims Reserve

	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(9,473,467)	7,3405	(69,539,985)
EUR	(1,134,957)	9,0079	(10,223,579)
Total			(79,763,564)

Payables from Insurance Operations

	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(60,000,422)	7,3405	(440,433,098)
EUR	(11,572,916)	9,0079	(104,247,670)
Other			(1,379,856)
Total			(546,060,624)

Payables to Suppliers

	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(899,254)	7,3405	(6,600,974)
EUR	(63,701)	9,0079	(573,812)
Total			(7,174,786)

Net Foreign Currency Position

238,685,015

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12. Receivables and Payables (Continued)

12.4. Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below (Continued)

December 31, 2019

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TRY
EUR	2,401,308	6,6506	15,970,139
USD	2,405,752	5,9402	14,290,648
GBP	130,106	7,7765	1,011,769
CHF	100,218	6,0932	610,648
Other	943	0,0543	51
Total			31,883,255

Stocks and Bonds	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	30,724,479	5,9402	182,509,550
Total			182,509,550

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	46,809,061	5,9402	278,055,184
EUR	15,914,733	6,6506	105,842,523
GBP	76,635	7,7765	595,952
Other	96,229	6,0932	586,343
Total			385,080,002

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(11,809,266)	5,9402	(70,149,402)
EUR	(2,454,675)	6,6506	(16,325,062)
Other			(86,474,464)

Total	Amount in Foreign Currency	Exchange Rate	Amount TRY
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Payables from Insurance Operations			
	(49,015,172)	5,9402	(291,159,925)
USD	(7,960,738)	6,6506	(52,943,684)
EUR			(1,964,019)
Other			(346,067,628)
Total			

Payables to Suppliers	Amount in Foreign Currency	Exchange Rate	Amount TRY
	(743,357)	5,9402	(4,415,689)
USD	(115,922)	6,6506	(770,951)
EUR			(5,186,640)
Total			161,744,075

13. Derivative Financial Instruments

During the period between January 1 - December 31, 2020, total income resulting from short-term swap contracts' market valuation has been accounted under 'Income from derivatives' in the income statement in amounting to TRY 77,270,026 (January 1 - December 31, 2019: TRY 155,026,807).

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14. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash at Banks	1,600,368,638	1,356,583,321
<i>Time Deposit</i>	<i>1,521,138,584</i>	<i>1,336,043,689</i>
<i>Demand Deposit</i>	<i>79,230,054</i>	<i>20,539,632</i>
Bank Guaranteed Credit Card Receivables with Maturities less than three months	669,855,762	706,459,191
Total	2,270,224,400	2,063,042,512
Interest Accrual on Cash and Cash Equivalents	(11,553,673)	(2,557,348)
Blocked Deposits (*)	(264,061,660)	(228,718,207)
Cash Flow Based Grand Total	1,994,609,067	1,831,766,957

(*) Details of blocked deposits in the company's treasury are given in footnote 17.1.

The details of interest rates received from time deposits as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
	Annual Interest Rate	Annual Interest Rate
	(%)	(%)
TRY	13.65 - 22.25	10.65 - 18.00
USD	0.20 - 3.10	1.25
EUR	0.01 - 0.05	0.50 - 0.35

As of December 31, 2020, the maturities of TRY deposits are between January 4, 2021 and December 22, 2021; The maturity of foreign currency USD deposits varies between 4 January 2021 and 3 February 2021.

As of December 31, 2019, the maturities of TRY deposits vary between January 2, 2020 and October 2, 2020; while the currency of foreign exchange deposits varies between January 2, 2020 and March 3, 2020.

As of 31 December 2020, the reverse repo transaction accounted under the Company's Other Financial Liabilities account includes TRY 59,562,359 TL and TRY 13,065,843 loan used for tax payment (31 December 2019: TRY 47,970,865 repo transaction and TRY 12,806,818 tax payment).

As of December 31, 2020, the Company has accounted TRY 133,728 in the valuation of repurchase agreements. (December 31, 2019: TRY 303,863) (Note 26).

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15. Share Capital**15.1 Transactions between the Company and its shareholders, showing each distribution made to the shareholders separately**

The Company's shareholders and its shareholders' equity structure as of December 31, 2020 and December 31, 2019 are presented in Note 2.14.

The details of the transactions between the Company and its shareholders and the related balances as of the end of the period are presented in 'Related Parties' note.

According to the provisions of the tax legislation, 50% of the profits arising from the sales of real estates in the assets of the companies are exempted from the corporation tax, provided that they are kept in a special fund account for at least five full years. The exempted profit can be transferred to another account nor be withdrawn unless it is in any other account, except for the addition to the capital within five years. The Sales Profit to Be Added to The Capital account includes the amounts transferred from the real estate sales to the equity.

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**Legal Reserve**

According to the Turkish Commercial Code, legal reserves; consists of first and second legal reserves. The first legal reserve is appropriated out of the statutory profits at the rate of 5% per annum, until the total reserve reaches 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 cannot be distributed unless they exceed 50% of the total capital; however, they can be used to compensate for losses in case of depletion of reserve reserves. The Company transferred TRY 36,983,922 from the profit of the period to legal reserves with the decision of the General Assembly dated 11 March 2020. As of December 31, 2020, the Company has legal reserves amounting to TRY 82,866,210 (December 31, 2019: TRY 45,882,288).

Special Funds (reserves)	December 31, 2020	December 31, 2019
Actuarial (gain)/loss	5,451,203	4,518,213
Total	5,451,203	4,518,213

Sales Profits To Be Added To The Capital

The Company has decided to close all Previous Years Losses amounting to TRY 4,387,874 with Retained Earnings Company at the Ordinary General Assembly held on March 4, 2019, it was decided, and the company has a Capital Reserve of TRY 90,989,327.

15.3 For each class of share capital**15.3.1 The explanation about the number of capital shares**

The Company's issued capital share is composed of 30,600,000,000 shares having a nominal amount of TRY 0.01 each. These shares are presented by Class 10 shares (December 31, 2019: 30,600,000,000 shares with a nominal amount of TRY 0.01 each).

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15. Share Capital (Continued)**15.3 For each class of share capital (Continued)****15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares**

None (December 31, 2019: None).

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

Nominal value of equity shares is TRY 0.01 per share (December 31, 2019: TRY 0.01 per share).

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

	Number of Shares	
	December 31, 2020	December 31, 2019
Beginning of the Period, 1 January	30,600,000,000	30,600,000,000
Issued in the Current Period	-	-
End of the Period, 31 December	30,600,000,000	30,600,000,000

15.3.5 Rights, privileges and limitations on dividend payments and repayment of share capital

In accordance with Article 61 of the Company's Articles of Association, corporate tax is deducted from the net profit which is determined and calculated based on the issued balance sheet. 5% of statutory reserve is allocated over the remaining amount and subsequent to this allocation, at minimum, 1. dividend amount that is determined by the CMB is also allocated over the final remaining amount.

The Company's capital does not include any preferred shares.

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated January 27, 2010 for the distribution of dividends from the profit generated from operating activities in 2010, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota. Furthermore, it has been agreed upon to let public entities perform dividend distributions as stated within the 'Communique Concerning Principal Matters on Dividend Advances Distributed by Public Entities Under the Regulation of the Capital Markets Law' (Serial: IV, No: 27), as stated within the principal agreement of the companies and as stated within the policies on dividend distribution that have been shared with the public.

15.3.6 Equity shares held by the Company, its affiliates or its subsidiaries

None (December 31, 2019: None).

15.3.7 Equity shares held for future sale for forward transactions and contracts

None (December 31, 2019: None).

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15. Share Capital (Continued)**15.4 Share based payments**

None (December 31, 2019: None).

15.5 Subsequent events

Disclosed in note 46.

16. Other Provisions 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**

	December 31, 2020	December 31, 2019
Available for sale financial assets valuation difference	1,801,936	8,235,793
Deferred tax effect	(360,387)	(1,647,159)
Total	1,441,549	6,588,634

In accordance with changes regarding 'TAS 19 - Employee Benefits' effective as of January 1, 2013, actuarial loss amounting to TRY 6,814,004 (Deferred tax effect: TRY 1,362,801), (December 31, 2019: TRY 5,647,766, Deferred tax effect: TRY 1,129,553) resulting from retirement pay liability calculation has been accounted to 'Other Reserves and Retained Earnings' under equity.

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

None (December 31, 2019: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2019: None).

16.4 Hedging against financial risks

Information related to hedge accounting has been disclosed in Note: 34.5.

16.5 Gains and losses from available for sale financial assets recognized directly in equity for in the current period and amounts recognized in the current profit or loss taken from shareholders' equity

	2020 Increase/(Decrease)	2019 Increase/(Decrease)
Beginning of the Period, 1 January	6,588,634	(10,638,677)
Increase/decrease in value recognized under the shareholders' equity in the current period	(5,147,085)	17,227,311
End of the Period, 31 December	1,441,549	6,588,634

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16. Other Provisions and Capital Component of Discretionary Participation (Continued)**16.6 Income and loss related to affiliates recognized directly in equity in the current period**

None (December 31, 2019: None).

16.7 Revaluation increases in tangible fixed assets

None (December 31, 2019: None).

16.8 Current and deferred tax in relation to debit and credit items directly charged in equity

None (December 31, 2019: None).

17. Insurance Liabilities and Reinsurance Assests**17.1 Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets**

The Company's guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets are below:

Branch	December 31, 2020		December 31, 2019	
	Amount to be Provided TRY	Current Blockage TRY	Amount to be Provided TRY	Current Blockage TRY
Life	1,577,345	1,952,843	1,602,590	1,806,587
Government Bonds		1,952,843		1,806,587
Non-Life (*)	308,576,202	313,961,660	195,062,313	228,718,207
Credit Card		175,000,000		50,000,000
Time Deposit		89,061,660		178,718,207
Government Bonds		49,900,000		-
Total	310,153,547	315,914,503	196,664,903	230,524,794

(*) As of December 31, 2020, the required guarantee amount has been calculated based on capital requirements in June 30, 2020. The Company has on behalf of Treasury and Finance Ministry, TRY 89,061,660 in time deposits, TRY 49,900,000 government bonds and TRY 175,000,000 credit card blocked.

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

	2020		2019	
	Unit	Mathematical Reserves TRY	Unit	Mathematical Reserves TRY
Beginning of the Period, 1 January	172	1,446,871	181	1,473,636
Participations in the Current Period	-	-	-	-
Leavings in the Current Period	(6)	(28,595)	(9)	(26,765)
End of Period, 31 December	166	1,418,276	172	1,446,871

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17. Insurance Liabilities and Reinsurance Assests (Continued)

17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurances and their mathematical reserves (Continued)

Mathematical reserves amounting to TRY 1,418,276 (December 31, 2019: TRY 1,446,871) and Reserves for the policies, investment risk of which belongs to life insurance policy holders amounting TRY 141,828 (December 31, 2019: TRY 144,687) and cancelled policy numbers together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Available For Sale under Financial Investments at Policyholder's Risk are valued with current value as explained in note 11; as of December 31, 2019, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2019: None).

17.3 Insurance guarantees given ton on life insurances based on insurance branches

Branch	December 31, 2020	December 31, 2019
Motor Crafts Liability	53,797,363,591,986	30,947,452,871,905
Health	6,679,519,586,938	19,184,808,633,587
Fire and Natural Disaster	1,284,858,156,955	1,108,881,267,915
General Losses	354,206,047,585	401,874,537,958
Transportation	310,748,830,487	229,031,409,773
Motor Own Damage	216,041,601,896	120,500,080,048
Financial Losses	156,308,878,106	143,962,247,275
General Liability	149,326,884,506	217,122,301,005
Air-Crafts Liability	86,695,373,025	56,376,566,352
Accident	45,440,548,020	38,320,933,542
Air Crafts	21,370,330,291	6,849,068,075
Legal Protection	10,648,456,187	9,761,649,517
Fidelity Guarantee	1,948,512,473	1,701,829,554
Credit	1,115,106,185	964,404,821
Total	63,115,591,904,640	52,467,607,801,327

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

None (December 31, 2019: None).

17.5 Number and amount of participation certification in portfolio and circulation

None (December 31, 2019: None).

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

None (December 31, 2019: None).

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

None (December 31, 2019: None).

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17. Insurance Liabilities and Reinsurance Assests (Continued)**17.8 Number of the additions and their group or individual gross and net share participations in the current period**

None (December 31, 2019: None).

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

None (December 31, 2019: None).

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

None (December 31, 2019: None).

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

None (December 31, 2019: None).

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

None (December 31, 2019: None).

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves

All of disposals of life insurances in current period are individual and units and amounts are represented in Note 17.2.

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

In the current period, profit share distribution rate of life insurances are calculated as below:

	December 31, 2020	December 31, 2019
	Profit Share Distribution	Profit Share Distribution
TRY (Life Insurance)	9.00	9.00

17.15 Explanation of information that describes amounts arose from insurance agreements

None (December 31, 2019: None).

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.16 Assets, liabilities, income, expense and cash flows from insurance contracts recognized when the insurer is a ceding company:**

Reinsurance Assets				December 31, 2020	December 31, 2019
Reinsurance Share of Outstanding Claims Reserve (Note 4.1.2.2)				2,095,704,577	1,702,167,573
Reinsurance Share of Unearned Premiums Reserve (Note 20)				1,299,053,674	951,108,392
Ongoing Risks Provision Reinsurer Share (Note 20)				906,674,991	149,871,549
Equalization Provision Reinsurer Share (Note 20)				195,058,293	160,236,890
Cash Deposited for Insurance & Reinsurance Companies (Note 12.1)				28,370,213	22,338,183
Bonus and rebates provision Reinsurance Share (Not 20)				452,167	892,018
Deposits of Reinsurance Company (Note 12.1)				30,954	30,954
Total				4,525,344,869	2,986,645,559
Reinsurance Debts				December 31, 2020	December 31, 2019
Payables to Insurance and Reinsurance Companies (Note 19.1)				765,628,607	554,050,816
Deferred Commissions Income (Note 19.1)				149,596,174	115,046,314
Total				915,224,781	669,097,130
Income/Expense on Reinsurance Agreements				January 1, - December 31, 2020	January 1, - December 31, 2019
Reinsurance Share of Claims Paid				770,714,953	813,932,280
Ongoing Risks Provision Reinsurer Share (Note 20)				756,803,442	42,951,349
Reinsurance Share of Outstanding Claims Reserve				393,537,004	455,291,739
Reinsurance Share of Unearned Premiums Reserve (Note 20)				347,945,282	221,560,317
Commissions Received (Note 32)				260,600,252	212,487,700
Bonus and rebates provision Reinsurance Share (Not 20)				(439,851)	(61,173,502)
Premiums Ceded to Reinsurers (-)				(2,303,498,417)	(1,871,222,042)
Total				225,662,665	(186,172,159)

Branch	December 31, 2020			December 31, 2019		
	Premiums Ceded (*)	Reinsurance Share of Technical Reserves (**)	Reinsurance Share of Claims Paid	Premiums Ceded	Reinsurance Share of Technical Reserves	Reinsurance Share of Claims Paid
Fire and Natural Disaster	(792,211,293)	274,095,428	254,127,561	(640,426,124)	178,104,280	330,612,719
Health	(373,282,389)	66,166,853	193,491,519	(276,285,004)	43,392,614	188,851,687
General Losses	(215,261,129)	(4,462,403)	99,513,000	(202,708,502)	(74,996,714)	79,650,705
Motor Crafts Liability	(348,011,779)	23,113,517	87,778,000	(319,071,858)	55,203,263	90,013,413
Air Crafts	(70,270,116)	44,893,741	42,805,636	(40,693,186)	60,241,513	3,142,800
General Liability	(202,824,682)	282,627,851	32,371,729	(160,221,319)	316,899,524	22,388,795
Water Crafts	(24,127,665)	(16,576,787)	27,729,586	(18,368,780)	37,353,772	3,219,910
Financial Losses	(99,079,400)	(29,157,779)	20,833,885	(110,840,632)	71,260,203	75,799,087
Transportation	(61,050,152)	24,511,480	20,523,995	(48,982,107)	14,260,246	18,342,963
Accident	(23,597,474)	9,751,157	2,498,365	(11,273,437)	(1,713,781)	6,199,912
Air Crafts Liability	(72,523,480)	792,589,921	354,801	(23,420,329)	(59,623,821)	6,445
Credit	(3,477,571)	618,043	314,846	(2,656,074)	(2,086,986)	838,544
Motor Own Damage	(5,653,565)	9,368,802	(1,811)	(4,648,272)	7,743,161	(820)
Fidelity Guarantee	(12,127,722)	20,306,053	(11,626,159)	(11,626,418)	12,592,629	(5,133,880)
Total	(2,303,498,417)	1,497,845,877	770,714,953	(1,871,222,042)	658,629,903	813,932,280

(*) As explained in Note 2.15, Transferred Premiums amounted to TRY 144,624,135 (December 31, 2019: TRY 135,165,977) transferred to the Social Security Institution as of December 31, 2020.

(**) Technical reserves reinsurer share includes unearned premium reserve, unexpired risk reserve, outstanding claim reserve, bonus and discount reserve.

The company defers commission income that arises from reinsurance agreements which has been bought ascendant enterprise

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.17. Comparison of incurred claims with past estimations**

Disclosed in Note 4.1.1.3.

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

Disclosed in note 4.1.1.4.

17.19 Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs, if any

	2020	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	669,097,130	2,986,645,559
Net change of the year	246,127,651	1,538,699,310
End of the period - December 31	915,224,781	4,525,344,869
	2019	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	520,228,222	2,281,356,921
Net change of the year	148,868,908	705,288,638
End of the period - December 31	669,097,130	2,986,645,559

17.20 Deferred production commissions and deferred commission income

The part of the commissions paid to the intermediaries for the premiums written and the commissions received from the reinsurers due to the premiums transferred to the reinsurers are accounted for in the balance sheet under 'Deferred manufacturing expenses' and 'deferred commission income' accounts, respectively, and in the Income Statement under the operating expenses account. Deferred commission expenses and deferred commission income as of December 31, 2020 amounted to TRY 334,192,509 (December 31, 2019: TRY 291,440,909) and TRY 149,596,174 (December 31, 2019: TRY 115,046,314), respectively, deferred production expenses and deferred tax commission income is included in account items.

18. Investment Contract Liabilities

Disclosed in Note 17.3.

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19. Trade and Other Payables, Deferred Income

19.1 Sub-classifications of presented items in the Company's operations line with

	December 31, 2020	December 31, 2019
Payables from Insurance and Reassurance Operations (Note 17.16)	765,628,607	554,050,816
Payables from Insurance Operations	765,628,607	554,050,816
Payables to sellers	26,540,034	27,539,894
Current account of natural catastrophe insurance	29,576,727	23,480,700
Negotiated service and debts to institutions	40,496,161	48,821,504
DASK debts to agencies	1,273,306	979,333
Other	276,459	856,603
Other Payables	98,162,687	101,678,034
Payables to SSI regarding medical expenses	45,560,203	42,392,477
Deferred commission income (Not 17.16)	149,596,174	115,046,314
Provision for Cost Expenses (Not 23.4)	70,812,935	59,947,386
Expense accruals	5,352,006	29,597,359
Deferred Income and Expense Accruals	225,761,115	204,591,059
Total Short-Term Liabilities	1,135,112,612	902,712,386
Total Trade and Other Payables, Deferred Income	1,135,112,612	902,712,386

19.2 Related Party Disclosures

Details related with related party balances and transactions for the current financial period are disclosed in Note 45.

20. Payables

Insurance Technical Reserves	December 31, 2020	December 31, 2019
Unearned Premiums Reserve - Net (*)	1,627,711,840	1,405,431,056
Unexpired Risks Reserve - Net (Note 4.1.1.3)	1,416,138,827	1,095,191,072
Equalization Provision - Net	96,570,268	95,692,471
Ongoing Risks Provision- Net	23,860,001	14,410,790
Mathematical Reserves - Net	1,418,276	1,446,871
Bonus and Discount Provisions - Net	3,596	8,413
Total	3,165,702,808	2,612,180,673

(*) While calculating the income statement effect of the provisions for unearned premiums, TRY 7,590,563 the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2019: TRY 9,906,207)

As disclosed in Note 2.15, the reinsurers' share of unearned premiums includes SSI share as of December 31, 2020 which is TRY 5,548,179 (December 31, 2019: TRY 23,363,624).

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20. Payables (Continued)

The movement of technical reserves are as follows:

Unearned Premium Reserve:

	December 31, 2020			December 31, 2019		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	2,356,539,448	(951,108,392)	1,405,431,056	1,769,723,313	(729,548,075)	1,040,175,238
Net change	570,226,066	(347,945,282)	222,280,784	586,816,135	(221,560,317)	365,255,818
End of the Period, December 31	2,926,765,514	(1,299,053,674)	1,627,711,840	2,356,539,448	(951,108,392)	1,405,431,056

(*) The reinsurance share for unearned premiums also includes the share of SSI amounting to TRY 5,548,179 (December 31, 2019: TRY 23,363,624).

Unexpired Risk Reserve:

	December 31, 2020			December 31, 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	164,282,339	(149,871,549)	14,410,790	127,573,257	(106,920,200)	20,653,057
Net change	766,252,653	(756,803,442)	9,449,211	36,709,082	(42,951,349)	(6,242,267)
End of the Period, December 31	930,534,992	(906,674,991)	23,860,001	164,282,339	(149,871,549)	14,410,790

Equalization Reserve:

	December 31, 2020			December 31, 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	255,929,361	(160,236,890)	95,692,471	189,329,309	(106,980,739)	82,348,570
Net change	35,699,200	(34,821,403)	877,797	66,600,052	(53,256,151)	13,343,901
End of the Period, December 31	291,628,561	(195,058,293)	96,570,268	255,929,361	(160,236,890)	95,692,471

(*) The company has offset TRY 8,553,028 and TRY 8,270,839; which it has paid for the Elazığ Earthquake and Izmir Earthquake claims in 2020, from the balancing provision it has allocated in previous years.

Provision for bonus and discount

	December 31, 2020			December 31, 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	900,431	(892,018)	8,413	62,162,575	(62,065,520)	97,055
Net change	(444,668)	439,851	(4,817)	(61,262,144)	61,173,502	(88,642)
End of the Period, December 31	455,763	(452,167)	3,596	900,431	(892,018)	8,413

Outstanding claims reserve:

The movement of Outstanding Claims Reserve of 2020 and 2019 are presented in note 4.1.2.3.

The movement table of the total lease obligation and lease obligations that the Company is as follows:

	December 31, 2020	December 31, 2019
Short-term rent liabilities	13,524,088	12,599,956
Long-term rent liabilities	28,360,104	36,383,769
Alternative borrowing rate and discount amount	(12,992,169)	(19,233,484)
Total rent liabilities	28,892,023	29,750,241

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20. Payables (Continued)

Outstanding claims reserve (Continued):

	December 31, 2020	December 31, 2019
1 January	29,750,241	-
TFRS 16 effect	-	31,004,961
New lease agreements	6,756,386	-
Rent payments (Real Estates and Motor Vehicles)	(15,518,592)	(9,570,804)
Interest payments	7,903,988	8,316,084
December 31, 2019	28,892,023	29,750,241

21. Deferred Income Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for Turkey Accounting Standards (TAS) purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS.

The Company's deferred income tax amounts are disclosed in footnote 35.

22. Retirement and Welfare Liabilities

Provisional Article 23 of the Banking Act No: 5411 requires the transfer of pension funds, which are established for employees of financial institutions, insurance and reinsurance companies under Social Security Act, to Social Security Institution ('SSI') as of the effective date of the Act within 3 years and principles and procedures of fund transfer are also prescribed in accordance with the Council of Ministers' order no: 2006/11345 issued on November 30, 2006. However, transfer requirement in the related Act was annulled based on the application made by the Turkish President on November 2, 2005 in accordance with the order of the Constitutional Court (no: E,2005/39, K,2007/33) issued on March 22, 2007 as effective from the date of publishment in the Official Gazette no: 26479 on March 31, 2007.

On the other hand, the Act No: 5754 'Amendments in Social Securities and General Health Insurance Acts Specific Laws and Related Requirements' published in the Official Gazette No: 26870 on May 8, 2008, requires the transfer of participants or beneficiaries of pension funds to SSI as of the effective date of the Act within 3 years and prescribes the extension period of the transfer as maximum of two years upon the order of Council of Ministers.

The Act prescribes that, as of the transfer date, present value of fund liabilities should be measured by considering the fund income and expense based on the insurance branches presented in the related act using 9,8% of technical interest rate in the actuarial calculation. The Act also specifies that the uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by institutions that made the fund transfers.

Aksigorta A.Ş. is a member of Akbank T.A.Ş Pension Fund (Akbank T.A.Ş Tekaüt Sandığı). At each period-end, the Company pays its liability calculated for its share to the pension fund. As the result of the actuarial calculations made in relation to the Pension Fund of Akbank T.A.Ş. established in accordance with Article 20 of the Social Securities Act No: 506, the Company has no deficits by the end of the current period and no payments have been made in relation to any deficit amount by the Company. Fund assets are adequate in covering all the funds liabilities; therefore, the Company management anticipates no liabilities to be assumed in relation to the above-mentioned matter.

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22. Retirement and Welfare Liabilities (Continued)**Retirement Pay Provisions:**

Under the terms of Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment.

Employee termination benefits provisions are legally not a subject of funding. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ('Employee Benefits') requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2020 and December 31, 2019; the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of December 31, 2020; the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 12.1% (December 31, 2019: 15.4%) and a discount rate of 14% (December 31, 2019: 11.7%), resulting in a real interest rate of 4% (December 31, 2019: 4%). The anticipated rate of forfeitures is considered and estimated rate of the Company's retirements pay is also taken into account.

Actuarial loss amounting to TRY 6,814,004 (Deferred tax effect: TRY 1,362,801) in the calculation of severance pay provision is accounted in the account of private funds under the equity (Note 15.2).

As the maximum liability is updated semiannually, as of December 31, 2020, the maximum amount of TRY 7,639 effective from January 1, 2021 has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2019: TRY 6,730).

Movement of employee termination benefits provisions are presented in the statement below:

	2020	2019
Beginning of the period, January 1	7,052,711	6,503,684
Charge for the period (Note 47)	1,663,144	1,749,671
Actuarial Gain/(Loss)	1,166,238	1,145,242
Retirement Payments (-)	(787,015)	(2,345,886)
End of the period, December 31	9,095,078	7,052,711

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23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	2020		2019	
	Unused Vacations Provisions	Social Security Premiums Payable	Unused Vacations Provisions	Social Security Premiums Payable
Beginning of the period, January 1	2,051,784	219,015	1,833,998	168,325
Movements in the Current Period	198,850	40,075,400	480,190	30,185,870
Payments in the Current Period	(92,053)	(40,055,785)	(262,404)	(30,135,180)
End of the period, December 31	2,158,581	238,630	2,051,784	219,015

23.2 Total Amount of Non-Liability Commitments

Company's statement of pledges and commitments as of December 31, 2020 and December 31, 2019 are presented below:

Collaterals, Pledges and Mortgages Given by the Company (CPM)	December 31, 2020		December 31, 2019	
	Amount in Original Currency	Amount TRY	Amount in Original Currency	Amount TRY
A. Total amount of CPM's given on behalf of the Company legal entity			-	-
B. Total amount of CPM's given in favor of joint ventures included in full consolidation			-	-
C. Total amount of CPM's given as the guarantee of the third parties for the maintenance purpose of the ordinary activities		11,426,306		7,786,291
Turkish Lira	11,426,306	11,426,306	7,786,291	7,786,291
USD			-	-
D. Total amount of the other CPM's given		488,179		488,179
i. Total amount of CPM's given in favor of the parent company			-	-
ii. Total amount of CPM's given in favor of other group companies not included in clauses B and C			-	-
iii. Total amount of CPM's given in favor of third parties not included		488,179		488,179
Turkish Lira	488,179	488,179	488,179	488,179
Total		11,914,485		8,274,470

Other CPM's given by the Company is zero in proportion to the Company's equity (December 31, 2019: None).

Contingent Liabilities	December 31, 2020	December 31, 2019
Outstanding Claims under Litigation (*)	977,496,405	712,591,573
Unused Vacation allowance	2,158,581	2,051,784
Business Cases Provision	1,633,654	1,230,851
Total	981,288,640	715,874,208

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23. Other Liabilities and Expense Accruals (Continued)**23.2 Total Amount of Non-Liability Commitments (Continued)**

Contingent Assets	December 31, 2020	December 31, 2019
Subrogation Receivable Litigations, Gross	194,192,120	131,094,166
Trade Receivable Litigations and Executions	8,295,660	8,946,215
Total	202,487,780	140,040,381

(*) Outstanding claims provision consists of net receivables, interest and expenses & agency fees in the amount of TRY 579,468,044, TRY 187,422,308 and TRY 210,606,053 respectively.

As of June 24, 2014, Tax Inspection Board of T.C. Ministry of Finance has launched a limited tax investigation related to the Banking and Insurance Transaction Tax for the years 2009, 2010, 2011 and 2012 and as a consequence of the tax inspection, tax of TRY 1.8 million and tax penalty of TRY 2.8 million for the year 2009, tax of TRY 2 million and tax penalty of TRY 3 million for the year 2010, tax of TRY 3 million and tax penalty of TRY 4.6 million for the year 2011 and tax of TRY 4.3 million and tax penalty of TRY 6.4 million for the year 2012 and in total tax and tax penalty of TRY 27.9 million related to Banking Insurance Transaction Tax were imposed to the Company. The Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015, the Company filed a reconciliation request for the year 2009 and on February 20, 2015 filed a reconciliation request for the years 2010, 2011 and 2012 to the Large Taxpayers Office Commission of Reconciliation. Large taxpayers were interviewed by the Tax Office on February 15, 2018, and on February 27, 2018 a lawsuit was filed against the Grand Taxpayers Office as no compromise could be reached. In the cases of 2009, 2010, 2011 and 2012, in tax litigation related to BITT, Tax Court has decided in favor of the Company in the cases of 2009 and 2010. The cases of 2011 and 2012 continue before the Tax Court.

23.4 Provision for Expense Accruals

	December 31, 2020	December 31, 2019
Commission provision (*)	35,959,660	28,447,678
Guarantee fund provision	15,455,363	13,656,077
Performance premium provision	10,544,208	8,433,529
Expense provision	4,353,920	5,528,924
Allowance	2,158,581	2,051,784
Business cases provision	1,633,654	1,230,851
Other	707,549	598,543
Total	70,812,935	59,947,386

(*) Commission provision to be distributed to the agency, bank and institutional channels for the current period.

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24. Net Insurance Premium Revenue

	January 1 - December 31, 2020		
	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	1,744,003,695	(348,011,779)	1,395,991,916
Motor Own Damage	1,040,655,920	(5,653,566)	1,035,002,354
Fire and Natural Disaster	981,753,765	(792,211,293)	189,542,472
General Losses	319,959,085	(215,261,129)	104,697,956
Health	472,033,551	(373,282,389)	98,751,162
Financial Losses	143,489,996	(99,079,400)	44,410,596
Accident	59,300,681	(23,597,474)	35,703,207
Transportation	88,963,407	(61,050,151)	27,913,256
General Liability	228,904,062	(202,824,682)	26,079,380
Legal Protection	4,951,152	-	4,951,152
Water Crafts	27,539,408	(24,127,665)	3,411,743
Fidelity Guarantee	14,196,450	(12,127,722)	2,068,728
Credit	3,595,499	(3,477,571)	117,928
Air Crafts Liability	72,524,702	(72,523,480)	1,222
Air Crafts	70,270,684	(70,270,116)	568
Total - Non-life branches	5,272,142,057	(2,303,498,417)	2,968,643,640
Written premium - Life branch	-	-	-
Total	5,272,142,057	(2,303,498,417)	2,968,643,640

	January 1 - December 31, 2019		
	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	1,553,651,846	(319,071,857)	1,234,579,989
Motor Own Damage	855,798,998	(4,648,272)	851,150,726
Fire and Natural Disaster	812,778,486	(640,426,124)	172,352,362
Health	390,931,857	(276,285,005)	114,646,852
General Losses	297,970,039	(201,217,704)	96,752,335
Financial Losses	155,717,870	(110,840,632)	44,877,238
Accident	44,718,568	(12,783,663)	31,934,905
Transportation	73,173,762	(48,982,107)	24,191,655
General Liability	182,790,235	(160,201,891)	22,588,344
Legal Protection	4,399,320	-	4,399,320
Fidelity Guarantee	14,108,970	(11,626,418)	2,482,552
Water Crafts	20,637,266	(18,368,780)	2,268,486
Credit	2,768,035	(2,656,074)	111,961
Air Crafts Liability	23,420,872	(23,420,329)	543
Air Crafts	40,693,716	(40,693,186)	530
Total - Non-life branches	4,473,559,840	(1,871,222,042)	2,602,337,798
Written premium - Life branch	-	-	-
Total	4,473,559,840	(1,871,222,042)	2,602,337,798

(*) Reinsurance share of land vehicles liability branch amounting to TRY 144,624,135 (January 1 - December 31, 2019: TRY 135,165,977) includes premiums to be ceded to SSI.

25. Fee Income

None (January 1 - December 31, 2019: None.).

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26. Investment Income/(Expense)

	January 1 - December 31, 2020	January 1 - December 31, 2019
Realized Investment Income/Expenses		
Eurobond	63,287,049	18,135,838
Term Deposit	62,868,925	108,029,870
Private Sector Bonds	62,673,718	67,654,772
Investment Fund	47,746,783	24,713,755
Government Bond	21,241,038	25,675,758
Stock	15,670,337	8,209,000
Treasury Bond	13,749,437	9,417,737
Total	287,237,287	261,836,730
Unrealized Investment Income/(Expenses)		
Term Deposit	9,217,126	(9,108,944)
Eurobond	8,627,247	980,452
Private Sector Bonds	5,269,009	(6,905,359)
Government Bond	3,219,001	4,524,953
Stock	528,787	439,268
Treasury Bond	(128,906)	(130,771)
Repo	(133,728)	303,863
Investment Fund	(23,534,522)	536,849
Total	3,064,014	(9,359,689)
Investment Income/Expense, Net	290,301,301	252,477,041

27. Net Accrual Income on Financial Assets

	January 1 - December 31, 2020	January 1 - December 31, 2019
Financial Assets Available for Sale		
Valuation differences recognized under shareholders' equity	1,441,549	6,588,634
Total	1,441,549	6,588,634

28. Assets Held at Fair Value through Profit and Loss

The net gain which is booked in income statement from the fair value difference reflected to gain or loss of the financial assets, is amounting to TRY 2,477,593 as of December 31, 2020 (January 1 - December 31, 2019 TRY 840,711).

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

29. Insurance Rights and Demands

Outstanding Claims Reserve Expenses	January 1 - December 31, 2020	January 1 - December 31, 2019
Motor Crafts Liability	(232,888,753)	(202,346,560)
General Liability	(46,406,588)	(39,399,305)
Fire and Natural Disaster	(23,426,486)	5,352,514
Motor Own Damage	(12,646,718)	(4,647,344)
Transportation	(3,040,213)	(3,702,143)
Health	(2,658,930)	(2,041,133)
General Losses	(1,018,383)	(99,875)
Water Crafts	(157,026)	(493,402)
Credit	(1,728)	100,392
Air Crafts	(835)	6,383
Air Crafts Liability	6,711	(5,424)
Legal Protection	19,209	(128,900)
Fidelity Guarantee	295,282	(432,411)
Financial Losses	233,398	3,239,775
Accident	751,639	(1,183,944)
Total Non-life	(320,939,421)	(245,781,377)
Life	(8,334)	(7,358)
Total (*)	(320,947,755)	(245,788,735)

(*) For current previous period comparison please refer to note 4.1.1.3.

30. Investment Agreement Types

None. (December 31, 2019: None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

32. Expense Type

	January 1 - December 31, 2020	January 1 - December 31, 2019
Production Commissions (-)	(670,043,269)	(556,193,004)
Employee Wages and Expenses (-) (*) (Not 33)	(127,209,376)	(108,318,094)
Information Technology Expenses (-)	(23,598,190)	(19,890,295)
Advertisement Expenses (-)	(7,686,707)	(6,216,165)
Meeting and Training Expenses (-)	(4,225,508)	(8,054,920)
Social Relief Expenses (-) (Not 33)	(2,235,208)	(5,655,130)
Transportation Expenses (-)	(1,662,758)	(4,465,507)
Reinsurance Commissions (+)	260,600,252	212,487,700
Other (-)	(21,670,141)	(16,658,157)
Total	(597,730,905)	(512,963,572)

(*) The Company makes payments to pension contribution (3% of the monthly gross salary) for the employees who fulfill conditions and this amount is presented in employees' wages and expenses.

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33. Employee Wages and Expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Salary and Bonus Payments	(99,779,115)	(86,305,296)
Insurance Payments	(23,837,216)	(17,697,458)
Other Payments	(5,828,253)	(9,970,470)
Total (Note 32)	(129,444,584)	(113,973,224)

34. Financing Cost**34.1 Financial Expenses:**

None. (December 31, 2019: None).

34.2 Current period's financial expenses related to shareholders, affiliates and subsidiaries:

None. (December 31, 2019: None).

34.3 Sales transactions with shareholders, affiliates and subsidiaries:

Disclosed in Note 45.

34.4 Interest, rent and similar balances with shareholders, affiliates and subsidiaries:

Disclosed in Note 45.

34.5 Hedge accounting principle**Cash Flow hedging principle**

None. (December 31, 2019: None).

Type risk and principle of the cash flow hedge

None. (December 31, 2019: None).

34.6 Exchange differences, other than those arising from financial assets held at fair value through profit and loss.

None. (December 31, 2019: None).

35. Corporate Tax

	December 31, 2020	December 31, 2019
<u>Current Tax Liability:</u>		
Corporate Tax Liability Provision on Period Profit	117,630,688	125,897,143
Prepaid Taxes and Other Liabilities on Period Profit (-)	(94,016,621)	(73,065,163)
Total	23,614,067	52,831,980

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35. Corporate Tax (Continued)

	January 1 - December 31, 2020	January 1 - December 31, 2019
<u>Tax (Expense)/Income is Formed by the Items Below:</u>		
Current Tax Income/(Expense)	(117,630,688)	(125,897,143)
Deferred Tax Income/(Expense) due to Temporary Differences	(5,282,333)	18,330,425
Total Tax Income/(Expense)	(122,913,021)	(107,566,718)
<u>Deferred Tax</u>	2020	2019
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	(360,387)	(1,647,159)
Actuarial Gain/Loss Effect	1,362,801	1,129,553
	1,002,414	(517,606)

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

For severance indemnity provision and marketable securities valuation difference, 20% is used.

Deferred tax items are as follows:

	Temporary differences December 31, 2020	Temporary differences December 31, 2019	Deferred Tax Assets/(Liabilities) December 31, 2020	Deferred Tax Assets/(Liabilities) December 31, 2019
Deferred Tax Assets / (Liabilities)				
Ongoing Risks	23,860,001	14,410,790	4,772,000	3,170,374
Expense reserves	22,348,560	20,409,676	4,469,712	4,490,129
Provision for doubtful receivables	18,369,483	34,734,800	3,673,897	7,641,656
Performance premium provision (Note 23.4)	10,544,208	8,433,529	2,108,842	1,855,376
Balancing Equivalent	7,674,976	8,525,890	1,534,995	1,875,696
Provision for employment termination benefits (Note 22)	9,095,078	7,052,711	1,819,016	1,410,542
Tangible assets leasing	5,405,814	3,621,337	1,081,163	796,694
Investment fund valuation effect	5,352,006	30,321,953	1,070,401	6,670,830
Unused vacation allowance (Note 23.4)	2,158,581	2,051,784	431,716	451,392
Tangible and intangible assets economic life differences	1,421,990	(11,328,416)	284,397	(2,492,252)
Bonuses and Discounts	3,596	8,413	719	1,851
Instrument Valuation Effect	(5,367,432)	(9,551,452)	(1,073,487)	(1,936,603)
Deferred Tax Assets/(Liabilities)	100,866,861	108,691,015	20,173,371	23,935,685

Corporation tax reconciliation is as below:

	2020	2019
Confirmation of Tax Provision		
Profit Before Tax	555,255,907	473,925,154
Tax Calculated: 22%	(122,156,300)	(104,263,534)
Effect of Additions	(30,886,358)	(44,012,743)
Effect of Discounts, net	35,411,970	22,379,134
Corporate Tax Liability Provision on Period Profit	(117,630,688)	(125,897,143)

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35. Corporate Tax (Continued)

Reconciliation of period tax expense with net income for the period is as below:

	2020	2019
Profit before tax	555,255,907	473,925,154
Calculated tax revenue: 22%	(122,156,300)	(104,263,534)
Tax rate change effect (Note 2.1.1)	(210,707)	108,170
Disallowable expenses	(546,014)	(3,411,354)
Total Tax Expense	(122,913,021)	(107,566,718)

36. Net Foreign Exchange Gain/Loss

	January 1 - December 31, 2020	January 1 - December 31, 2019
Recognized in Profit / Loss:		
Foreign Exchange Income	316,242,743	230,548,082
Foreign Exchange Expense	(285,747,047)	(161,736,401)
	30,495,696	68,811,681

Earnings per Share

	2020	2019
Number of Equity Shares Outstanding Beginning Period, 1 January	30,600,000,000	30,600,000,000
Number of Equity Shares Issued in Cash	-	-
Number of Equity Shares Outstanding End of Period, 31 December	30,600,000,000	30,600,000,000
Weighted Average Number of Outstanding Shares (Unit of 1; TRY 0.01)	30,600,000,000	30,600,000,000
Net Profit for the Period/(Loss) (TRY)	432,342,886	366,358,436
Earnings/(Loss) per Share (TRY)	1,4129	1,197

38. Dividends per share

Pursuant to the decision taken in the Company's Ordinary General Meeting held on March 11, 2020, dividend distribution to shareholders was TRY 201.960,000 based on the 2019 operating results. (December 31, 2019: TRY 201,960,000).

39. Cash Generated from the Operations

Cash Generated from Operations is presented in the Cash Flow Statement.

40. Equity Share Convertible Bonds

None (December 31, 2019: None).

41. Cash Convertible Privileged Equity Shares

None (December 31, 2019: None).

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

42. Risks

The Company's contingent asset and liabilities are presented in Note 23.3.

43. Commitments

Total amount of off-balance sheet commitments are presented in Note 23.2.

44. Business Combinations

None (December 31, 2019: None).

45. Related Parties

Related Party Receivables/(Payables)

The details of transactions between the Company and other related parties are disclosed below.

<u>Bank Deposit</u>	December 31, 2020	December 31, 2019
Group Companies	409,450,889	484,545,450
Total	409,450,889	484,545,450
<u>Private Sector Bonds</u>	December 31, 2020	December 31, 2019
Group Companies	28,642,016	27,149,232
Total	28,642,016	27,149,232
<u>Investment Funds</u>	December 31, 2020	December 31, 2019
Group Companies	95,998,460	142,613,229
Total	95,998,460	142,613,229
<u>Related Party Receivables/(Payables)</u>	December 31, 2020	December 31, 2019
Group Companies	91,461,912	58,379,601
Shareholders	2,254,915	44,663
Total	93,716,827	58,424,264
<u>Premium production</u>	January 1 - December 31, 2020	January 1 - December 31, 2019
Group Companies	132,381,217	171,870,456
Shareholders	-	2,349,511
Total	132,381,217	174,219,967
<u>Claims Paid</u>	January 1 - December 31, 2020	January 1 - December 31, 2019
Group Companies	11,411,400	46,014,074
Total	1,848	
Claims Paid	11,413,248	46,014,074

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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45. Related Parties (Continued)

Related Party Receivables/(Payables) (Continued)**Interest Income Received from Related Part**

	January 1 - December 31, 2020	January 1 - December 31, 2019
Group Companies	48,594,991	78,335,240
Total	48,594,991	78,335,240

Commission Expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Group Companies	122,037,729	126,568,178
Total	122,037,729	126,568,178

46. Subsequent Events

None.

47. Other

Details of 'Other' items in the balance sheet which exceed 20% of its respective account group or 5% of total assets:

Other Receivables	December 31, 2020	December 31, 2019
Receivables from Tarım Sigortaları A.Ş.	11,988,852	8,888,272
Receivables from Agencies due to DASK Premiums	6,069,346	5,232,500
Other Receivables	3,632,284	2,674,168
Total	21,690,482	16,794,940

Other Short-Term Payables	December 31, 2020	December 31, 2019
Payables to suppliers	40,496,161	48,821,504
Turkish Catastrophe Insurance Pool Payables to agencies	29,576,727	23,480,700
Payables to contracted enterprises	26,540,034	27,539,894
Payables to Turkish Catastrophe Insurance Pool	1,273,306	979,333
Other	276,459	856,603
Total	98,162,687	101,678,034

Other Prepaid Expenses	December 31, 2020	December 31, 2019
Prepaid Expenses	4,973,654	2,569,734
Total	4,973,654	2,569,734

Other Prepaid Expenses (Long Term)	December 31, 2020	December 31, 2019
Prepaid Expenses	61,469	149,980
Total	61,469	149,980

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47. Other (Continued)

Assistance services under other technical expenses in the income statement, amounting to TRY 120,891,220 (December 31, 2019: TRY 97,485,609), consist of deferral of these amounts and technical expenses of these services.

Income and Profit/Expenses and Losses from Other and Extraordinary Activities	January 1 - December 31, 2020	January 1 - December 31, 2019
Provisions Account (+/-)	(70,031,673)	(30,294,342)
<i>Provisions for doubtful receivable (Note 12.1)</i>	(33,868,442)	(32,822,837)
<i>Donation (*)</i>	(29,800,000)	(20,675,000)
<i>Provisions No Longer Required (**)</i>	-	30,116,653
<i>Portfolio Management</i>	(3,409,366)	(3,858,176)
<i>Retirement pay provision (Note 22)</i>	(1,663,144)	(1,749,671)
<i>Unused vacation provision (Note 23.1)</i>	(198,850)	(480,190)
<i>Provision for other expenses</i>	(1,091,871)	(825,121)
Specialized Insurance Account (+/-)	1,758,500	1,356,101
Other income and profits	1,507,077	1,374,123
Deferred tax asset account (+/-) (Note 35)	(5,282,333)	18,330,425
Other expenses and losses (-)	(12,337,681)	(40,848,246)
<i>Participation sales loss (**)</i>	-	(30,116,647)
<i>Bank expenses</i>	(9,040,760)	(8,462,577)
<i>Certificate Insolvency</i>	-	-
<i>Disallowable expenses</i>	(805,614)	(354,370)
<i>Participation Management Expenses</i>	-	-
<i>Other</i>	(2,491,307)	(1,914,652)
Total	(84,386,110)	(50,081,939)

(*) Donations to be paid to Hacı Ömer Sabancı Foundation.

(**) Merter BV, the subsidiary of the company, was sold for a euro. While the registered value of the subsidiary is accounted for under the 'Other Expenses and Losses' account after deducting the sales amount, the provision reserved for the subsidiary is recognized under the 'Non-subject Provisions' account.

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