

2019

Annual Report



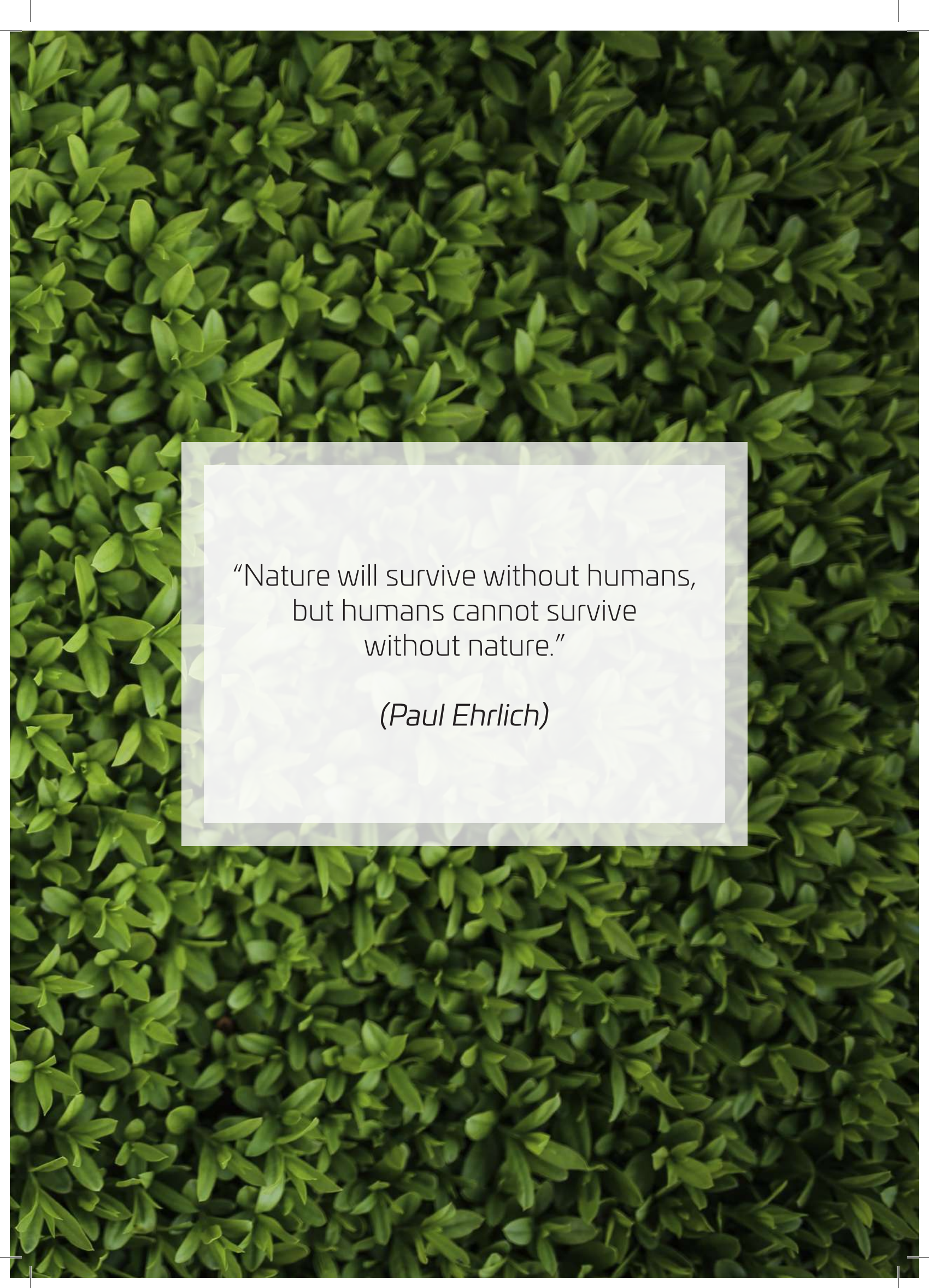
Doğa sigorta

AMATEUR BRANCHES SPONSOR



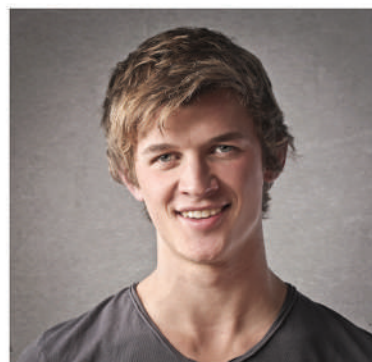
GALATASARAY DOĞA SİGORTA MEN'S BASKETBALL TEAM
TITLE SPONSOR





"Nature will survive without humans,
but humans cannot survive
without nature."

(Paul Ehrlich)



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INTRODUCTION

1.1 Company Information

Our company headquarter is located in Istanbul. As of 31 December 2019, the number of our employees has reached to 269. As of 31 December 2019, we have 78 brokers and as of 1.684 dealers channel 1.765 intermediaries, including 3 banks (Türkiye Finans Katılım Bankası A.Ş. with its 310 branches, Alternatifbank A.Ş. with its 48 branches and QNB Finansbank serving with its 524 branches). In 2019, our company continued its operations within the scope of rendering of services throughout Turkey via 8 regions and a regional representative.

	31 December 2019	31 December 2018
Authorized Agents	1,684	1,655
Broker	78	66
Bankassurance (Totally 882 Branches)	3	2
Total	1,765	1,723

1.2 The Number of our Employees and Regional Representatives

As of 31 December 2019, the total number of our employees is 269 : 188 working at the Headquarter, 51 at Regions, and 30 at the Customer Relations Center.

General Directorate

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

Anatolia/Europe/Major Customers and Corporate (Marmara) Region

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

Eastern and Southeastern Anatolia (Adana) Region

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

Central Anatolia (Ankara) Region

Ceyhun Atuf Kansu Caddesi Bayraktar İş Merkezi No: 114 E Blok D:1 Çankaya/ANKARA
Tel: (0312) 287 31 41 Faks: (0312) 287 31 43

Aegean (İzmir) Region

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

Mediterranean (Antalya) Region

Yenigün Mah. Kızıllırmak Cad. Ali Peçen Plaza A1 Blok K:4 D:10 Muratpaşa/ANTALYA
Tel: (0242) 311 36 32 Faks: (0242) 311 36 33

Black Sea (Samsun) Region

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

Bursa Regional Representative

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

1.3 Historical Development

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

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

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

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

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

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

Doğa Sigorta prioritized profitability and portfolio balance in 2019, as a result of which it increased its premium production in non-motor branches. By the end of 2019, Doğa Sigorta generated TL 1,533,598,888 in premiums, continuing its positions as one of the leading companies in the industry. Being a dynamic and innovative organization allowed Doğa Sigorta to be a company that makes a difference in the sector in 2019, just like in previous years.

1.4 Vision, Mission, Values

1.4.1 Our Vision

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

Maintain profitable, continuous and long-term growth

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

Make Doğa Sigorta preferred and well-known trademark

INTRODUCTION

1.4.2 Our Mission

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

1.4.3 Our Values:



1.5 Articles of Association

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

INTRODUCTION

1.6 Chairman's Message

Dear Business Partners, Distinguished Policyholders and Esteemed Colleagues,

We witnessed numerous economic and political developments both in our country and around the world in 2019.

The trade wars between the USA and China, and the Brexit discussions in the UK, which had global effects, continued in 2019. The global growth slowed down as a result of the decline in global trade and investment growth. The global economy continues its moderate recovery in an environment where uncertainty in trade policies increases and geopolitical tensions rise. A slowing down is observed in productivity growth in advanced, rising and developing economies. Economic activity dropped to its lowest levels since the financial crisis.

In our country, after 2018, which was wrought with difficulties, Turkish economy exhibited signs of recovery in the second half of 2019. The GDP growth and the improvement in the Balance of Payments, the stability in foreign exchange rates, the decrease in interest rates, and the decrease in the inflation expectations help us keep high hopes for 2020.

Globally, the insurance sector weathered many storms in 2019 and great amount of claims have been paid. Although there was not any one big destructive disaster, some disasters which are above average are recorded. Natural disasters caused \$150 billion in losses, whereas the policy holder losses were about \$52 billion. The Hagibis and Faxai typhoons which occurred in Japan were the greatest and most destructive disasters of the year, resulting in \$26 billion worth of damage.

2019 was a year in which damages in fire and natural disaster branches increased in Turkey. The non-life insurance sector, in which we operate, increased more than 20% in 2019 and reached to TL 58 billion of written premiums. The fact that a parallel growth rate was achieved in 2018 proves that the sector is considerably strong. Being able to compete with very powerful rivals in such a strong sector also proves the strength of Doğa Sigorta. Doğa Sigorta, who operates with a domestic capital, and who has reached its growth objectives, reinforced its respectability in the industry with its experienced human resources and cutting-edge technological infrastructure.

Doğa Sigorta managed to reach its balanced and sustainable growth objectives in 2019, showing that it is a significant player in the sector. In line with this objective, we produced TL 1.53 billion of premiums during the January-December 2019 period.

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

Its continuous growth trend leads to the employment of personnel who work painstakingly with a professional approach. In 2019, our personnel increased by 5% from 2018, reaching 269. (2018:256) Aware of the importance of a qualified workforce, we provided training opportunities to our personnel both in Turkey and abroad. We also experienced the positive effects of the performance evaluation system that was introduced last year.

Our company manages the claim procedures successfully, and monitors and controls the widespread and efficient production network closely, which are some of the most significant factors why our policyholders prefer us, and the investments it has made in technological infrastructure have paid off. To stay up to date and take pioneering steps in the sector, our company will continue its interest in the Information Technologies.

A company which is only 5 years old, we introduced many innovations to our company and our sector throughout the stages we have been through. Today, Doğa Sigorta has managed to become a company that produces premiums in various branches through the licenses it holds in all non-life branches. This situation allows us to have a product portfolio that is both desirable and sustainable. Doğa Sigorta has completed a year in which we worked very hard and achieved great success with its customer-oriented and innovative approach it offers to the policyholders, and with its experienced managers and employees.

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

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

Nihat Kırmızı
Chairman of the Board



INTRODUCTION

1.7 General Manager's Message

2019 has been a year in which Doğa Sigorta achieved profitability due to our balanced portfolio. Thanks to our company's strong infrastructure and proficient personnel, we produced more than TL 1.5 billion of premiums, and obtained a 2.65% of market share.

Based on strong bonds with sales channels, we achieved success on sales and growth rate. We offer quality service to our policyholders through our agency network which develops every year, and, as of the end of 2019, we offer our services through 1,764 intermediaries which consist of 78 brokers, 3 banks (Türkiye Finans Katılım Bank with 310 branches, Alternatif Bank with 48 branches and QNB Finansbank A.Ş. with 524 branches) and 1,685 agencies. Thanks to our growing sales network, our sustainable and profitable growth continued in 2019 and we remained one of the strongest companies in the sector by increasing our profitability.

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



As a company that keeps growing and gaining power, we take advantage of the latest technological advances. We updated our existing security systems and took important steps towards compliance with the Law on the Protection of Personal Data with our new investments in the Information Technologies. The policyholder's feedback regarding our mobile application we introduced last year indicates that it has become a viable platform they prefer when purchasing policies. We maintain close interaction with our policy holders and candidates through our mobile application, and by using the social media effectively.

We have adopted a fast and solution-oriented approach regarding the management of claims procedures, one of the most important stages of insurance activities, which continues to increase the trust our customers have in us. We transferred all claims procedures to a user-friendly system which all of our stakeholders can use jointly, becoming one of the leading companies using this system. The figures indicate that the painstaking work we performed in relation to claims paid off and strengthened the bond of trust our policyholders formed with us. In 2019, we decreased the average payment period by 49% comparatively to previous year. Indicators like decreasing numbers on notifications and complaint ratios prove that we manage the claims procedures very professionally.

We achieved 65% growth in Complementary Health Insurance, which we consider one of the most promising areas in insurance, and we will continue to focus on this area in 2020 too.

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Our company made significant progress in Fire and Transport branches, which are considered fundamental areas of insurance, and achieved 58% growth in SME insurance and 49% growth in transportation, which accounts for a significant increase in non-motor branches.

Here in Doğa Sigorta, we have a human resource which we prize and which is very experienced. As of 2019, we have a total of 269 employees in our company: 188 at the Headquarter, 51 at Regions, and 30 at the Customer Relations Services.

In 2019, Doğa Sigorta achieved its targets, self-confidence based on this success, it aimed at continuing its balanced and sustainable growth in 2020 by prioritizing profitability.

We enjoy the self-confidence and the pride of being a company that has achieved its goals through its flexible perspective and solution-oriented approach. We firmly believe that the difference we created in the sector will increasingly continue in 2020 with the support of our business partners and our customers.

Coşkun Gölpınar
General Manager

1.8 Shareholding Structure

FOUNDING PARTNER	AMOUNT OF SHARE (TL)	SHARE PORTION
NİHAT KIRMIZI	99,000,000	45%
NABİ KIRMIZI	74,800,000	34%
DOĞA AKADEMİ EĞ.ORT. SAĞ. GÜV. BİR. ve DANIŞMANLIK A.Ş.	46,200,000	21%
TOTAL	220,000,000	100%

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

INTRODUCTION

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

Operating since 2014, at the end of 2019, Doğa Sigorta serves its policyholders with eight Regional Directorate Offices and one Regional Representation Office in Turkey. It carries out Elementary Insurance activities with 269 employees at the General Directorate and Regional Directorate offices, and 1.765 intermediaries including, 1.685 agencies, 78 brokers, 882 branch offices and 3 bank (QNB Finansbank with its 524 branches, Alternatifbank A.Ş. with its 48 branches and Türkiye Finans Katılım Bankası A.Ş. serving with its 310 branches) sales channels.

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

Sector Data			
	Market	Doğa Sigorta	Market Share
2015	27,264,486,899	291,331,842	1.1%
2016	35,447,988,684	799,901,975	2.3%
2017	39,707,569,944	1,498,476,692	3.8%
2018	47,732,813,112	1,668,708,401	3.5%
2019	57,881,874,321	1,533,598,888	2.6%
Growth (2018- 2019)	21,3%	(8.1)%	

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

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

Doğa Sigorta increased its profitability goals in 2019, achieving a sustainable and successful graphic with its 2.65% market share. Doğa Sigorta achieved very successful works both in terms of realization of premium production and the variety of the production. With our dynamic structure, wide distribution channel, and professionally competent personnel, we are determined to consolidate and develop our position in the industry.

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

Promotion – Branding:

We took important steps and carried out effective activities in 2019 to strengthen our image through significant sponsorships and social responsibility projects we conducted for promotion and branding.

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With the Istanbul Technical University Amateur Branches sponsorship, which is a social responsibility project, we set our course in 2018 in this area and determined our mission as the popularization of sports among the young, and supporting its development in Turkey. In 2019, we showed our strength through the Galatasaray Doğa Sigorta Men's Basketball Team name sponsorship, bringing our name together with one of the leading sport clubs in Turkey and around the world. Our first press conference announcing the cooperation between these two prestigious brands attracted great attention. Another press conference held at the end of 2019 where the continuation of this sponsorship was announced was attended by numerous press members and was covered largely by the media. This resulted in an effect of an event with a great budget. Events, mascots, Doğa Sigorta Dance Group, cross-promotions, and the band kept our sponsorship interesting at all times. We also entertained autistic children, old people, and students from various schools in our boxes. Moreover, we developed an important social responsibility project. In this project, we brought young basketball players between the ages of 12 and 14 from Şanlıurfa to Istanbul, introduced them to the Galatasaray Doğa Sigorta team. They joined the professional team during their training, watched their match, and toured Istanbul. This project was largely covered by the press and discussed and appreciated in the social media extensively.

Our last sponsorship in 2019 involved the İstanbul Arel University Basketball Team.

Within the framework of promotion and branding activities, we put great emphasis on our communication with our agencies since the beginning, and we reinforced the feeling of solidarity with our organizations. We organized overseas trips to Cyprus, Central Europe and Latvia, where members of our agencies stayed at the best hotels and received comprehensive guidance services, which were praised considerably.

We took our team spirit to the top level at the agencies meeting was held in Antalya, where participants enjoyed luxury, comfort and fun at the same time, and which had the "Lions of Nature" theme.

We took important steps in social media communication and shared content from our social media account throughout the year which took us to the top three, which were actual and which reflected our brand reputation and product features.

We adopted effective media management and brand placement strategies in relation to our promotion and branding activities in 2020, and we are planning to conduct promotional activities and social responsibility projects to take our corporate image to the next level.

Information Technologies:

Recent events in Turkey and around the world proved the importance of the security investments for finance companies once more. As Doğa Sigorta, we have continued to work on a plan to re-inspect our security investments and renew all our infrastructures. It continued its investments in 2019 for effective protection against interior and exterior threats using the state-of-the-art technologies in information systems security. We will continue to invest in these fields in 2020 to meet the new requirements brought by growth and keeping up with the digital age.

As the Information Technologies Management, we perform our activities in accordance with the principles below:

- Technical infrastructure necessary for developing new projects must be kept up-to-date.
- Great effort must be made to employ personnel with advanced technical skills in IT.
- All employees must be educated about information security.
- Untrained and wasteful computer use must be eliminated.
- All information services provided must be disciplined, fast, continuous, up-to-date and secure.

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2019 has been a busy year when our infrastructure services were developed, software up-to-dateness was emphasized, and security measures were maximized. In order to respond to employee requests quickly and correctly, our systems were developed, as a result of which we achieved a 95% success rate when responding to requests.

The following can be listed among the above-mentioned activities: installation of a MPLS connection infrastructure which provide a secure connection between our claims department and the Ministry of Justice, renovation of our central infrastructure on the cloud platform, installation of copy/printout/scanning capabilities on all printers in the company via cards or PIN codes, and the reduction of paper use in this manner, and the improvement of data security according to Law on the Protection of Personal Data, and the completion of all infrastructure works of the claims management application (server and network).

“Disaster Recovery Center” project has been successfully completed in order to ensure business continuity as the information technologies department, and İzmir Data Center will be able to broadcast in case of a system failure. Our main objective is to be prepared for any possible event, and to evaluate them and respond to them quickly, completely and accurately if and when they occur.

Training software was developed and commissioned by our department to provide online training. Our company, which is extremely sensitive regarding personal data, developed an application by which it shares its activities within the scope of the Law on the Protection of Personal Data with its employees. It also maximized security levels related to data management steps.

We prepared different scenarios within the scope of security preparations, conducted tests to prevent cyber threats and to ensure general information security, and significant progress was made as a consequence of these tests.

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

Claims:

As the Claims Management, we moved claims investigations to a new platform in 2019. This is a new platform where all stakeholders, such as experts, repair shops, mobile repairmen, suppliers, investigators, specialists, and file managers carry out their transactions over the same system. In addition, we changed our catalogue system, which is a vital component of our claims systems. This catalogue system is called Audatex, and we are one of the first two companies in Turkey to use it. In this system, it is possible to find information about all parts in 85% of vehicles in the Turkey park from a catalogue without even consulting a supplier, and to examine all parts of the vehicle in 3D.

Write Off: We continued to perform write off procedures without any human intervention, and to manage procedures of sending agreements to injured /policyholders automatically.

Alternative Repair: In MTPL claims, we started to announce alternative repair tenders for services which can carry out the claims amount notified by repair shops cheaper but with the same quality. We generated TL 8.1 million of saving as a result of this procedure which we introduced in April, 2019.

Mobile Service: We enabled the repair of damaged parts of the vehicles by companies providing mobile repair (on site repair) services at prices lower than those requested by existing repair shops. We generated TL 26.5 million of saving with this practice.

Average Payment Period: The average payment period which was 45 days in 2018 was dropped to 23 days in 2019 with 49% of decrease. (The period between notification and payment)

Field Audit: In 2019, our field experts investigated 16,023 files, and TL 8.9 million was saved from parts sent to repair instead of replacement and from labour.

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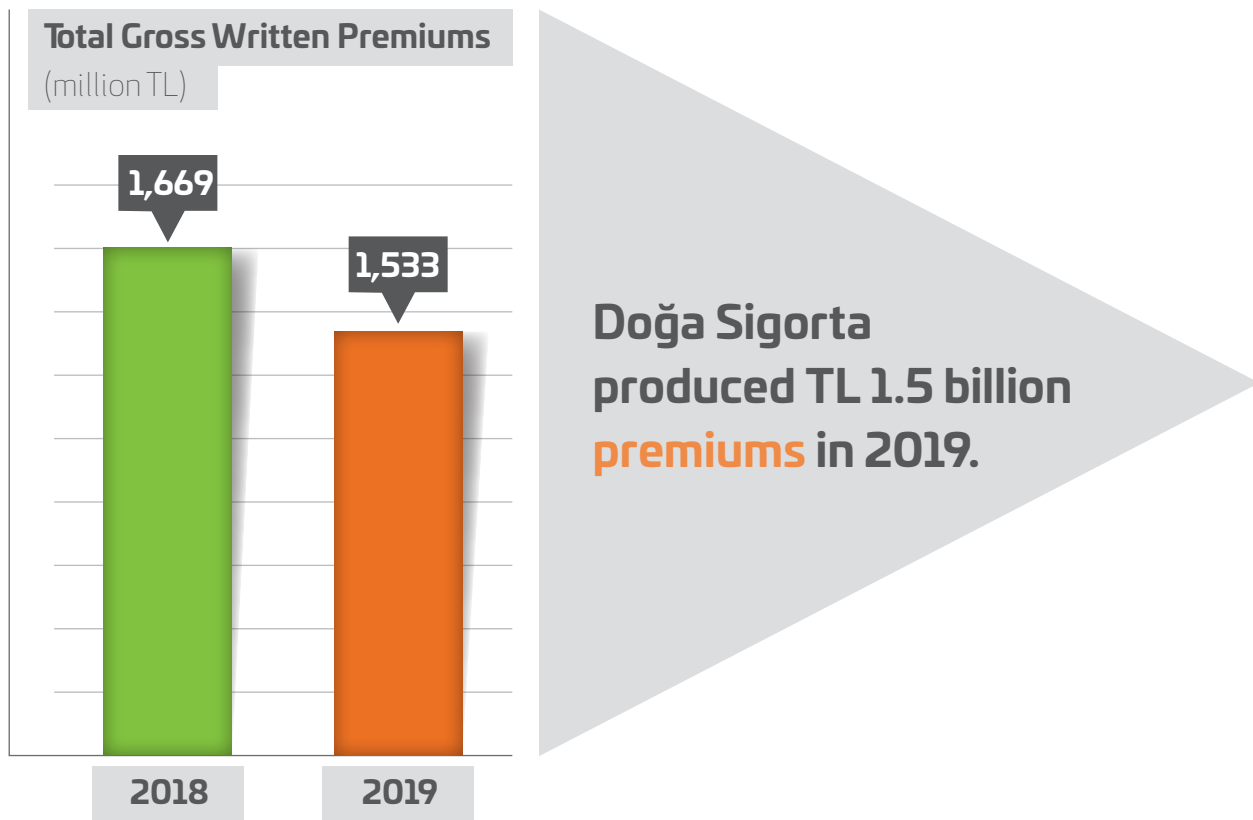
Fraud: As a result of fraud development introduced in 2018, we had determined that 7.5% of short term claims was fake. We increased this number to 13.2% in 2019. We hope to raise this ratio to 15% as a result of the improvements we will make in 2020.

Complaint: 1% of the reports was complaints in 2018, which dropped to 0.4% in 2019. 4% less reports were filed in comparatively to the previous year, and our complaint ratio decreased by 44%.

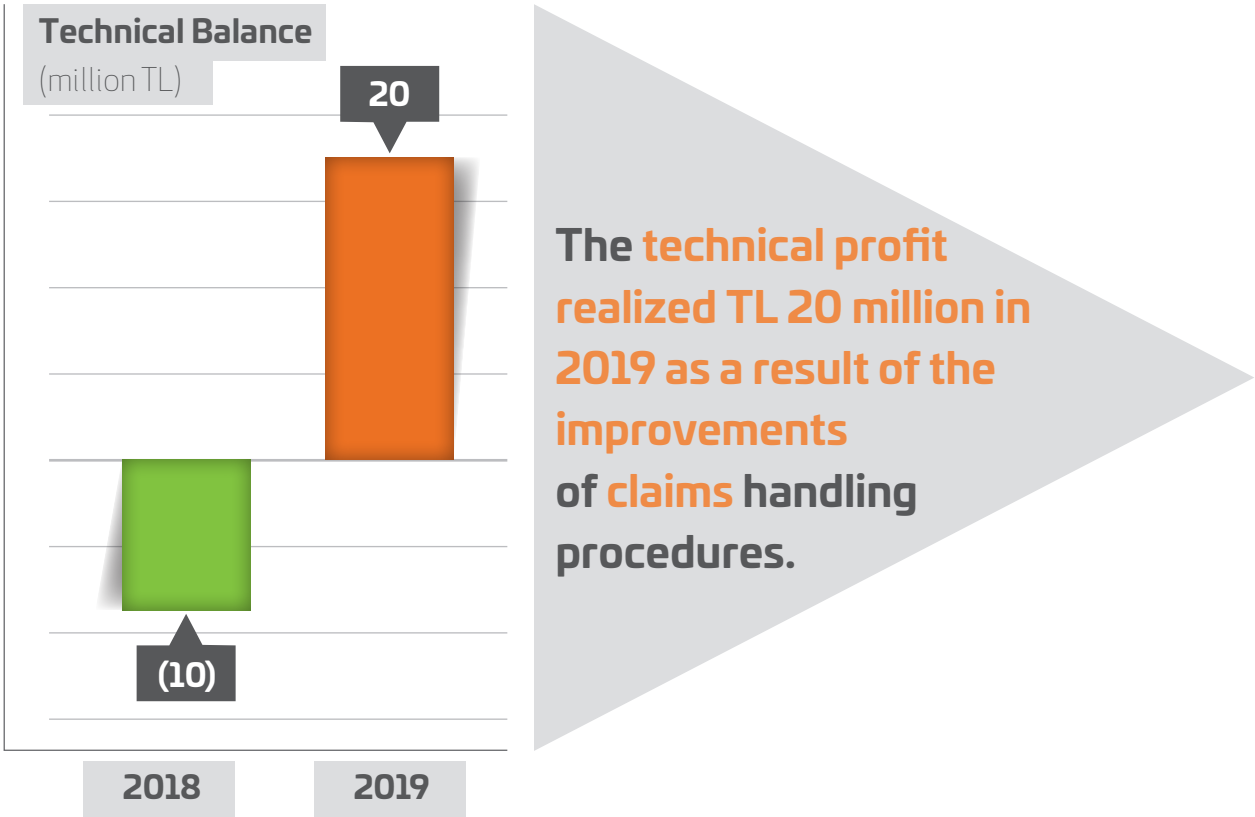
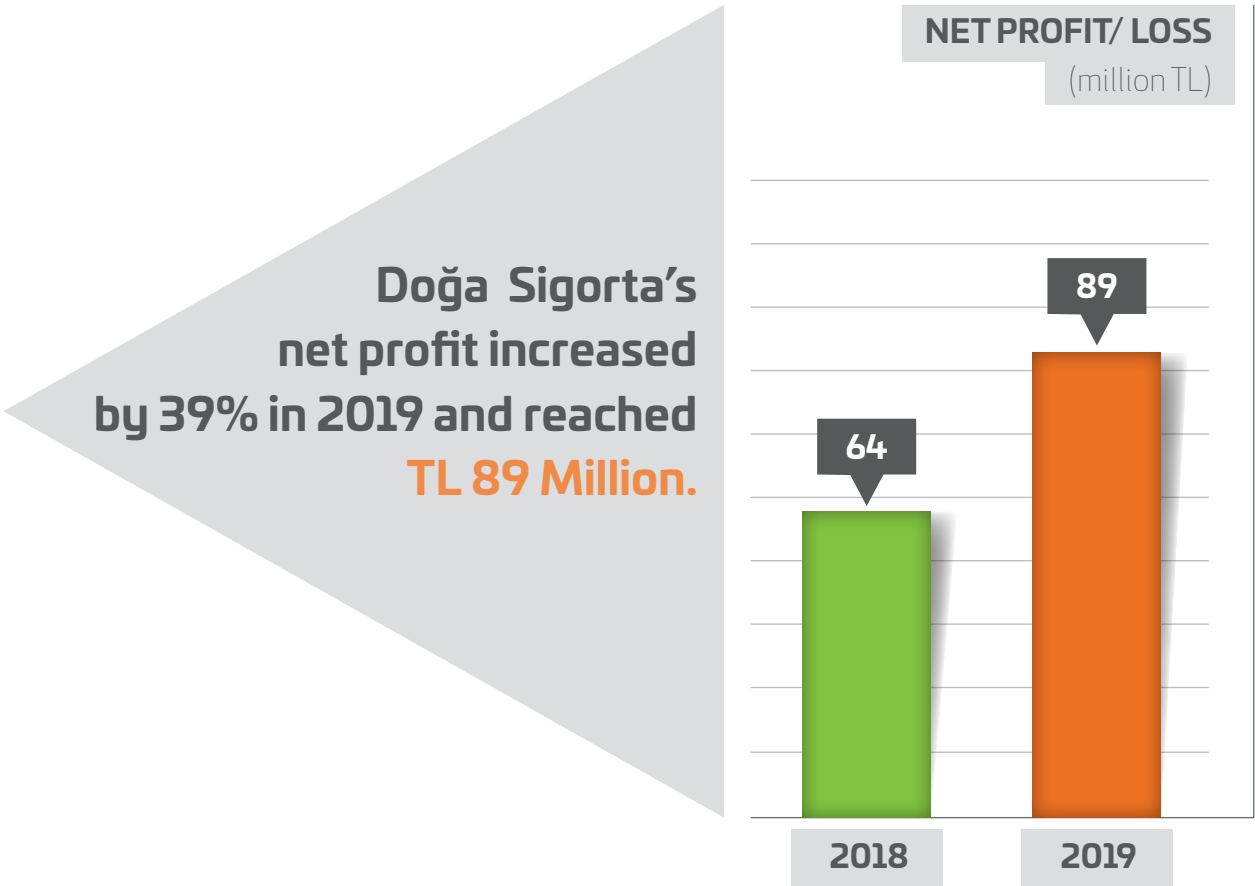
Scrap Parts: TL 778,150 payment was received for parts taken out from our files processed in 2019. A 47% increase was achieved from 2018.

In 2019, we received 283.000 claims notifications with 4% decrease, and paid TL 1,039 million paid claims with 2.5% increase comparatively to previous year (all branches included).

1.11 Financial Results

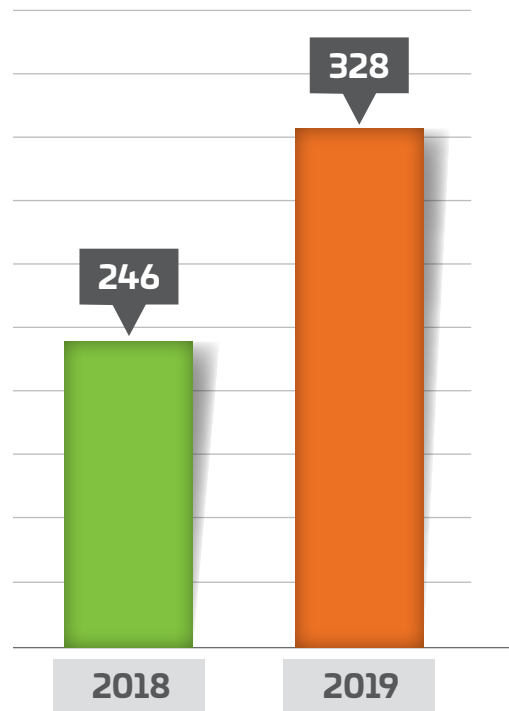


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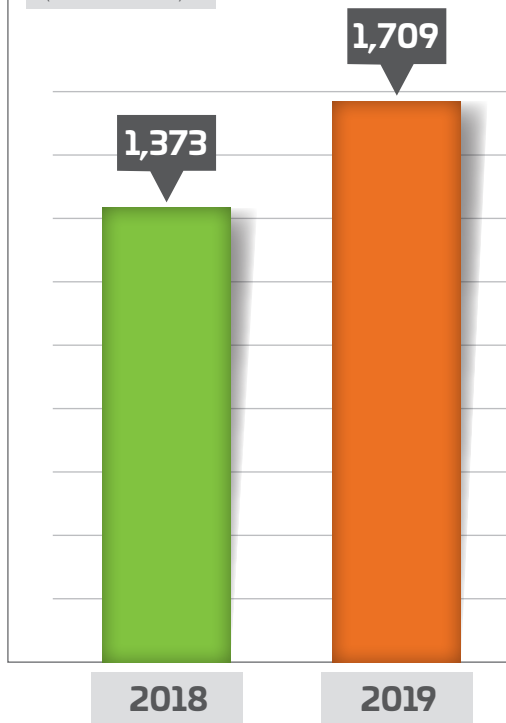


Doğa Sigorta's
Shareholders' Equity
increased by 34% in
2019 and reached to
TL 328 Million.

Shareholders' Equity
(million TL)



Asset Size
(million TL)



Total Assets
increased by 24%
in 2019 and reached TL
1 billion 709
millions.

INTRODUCTION

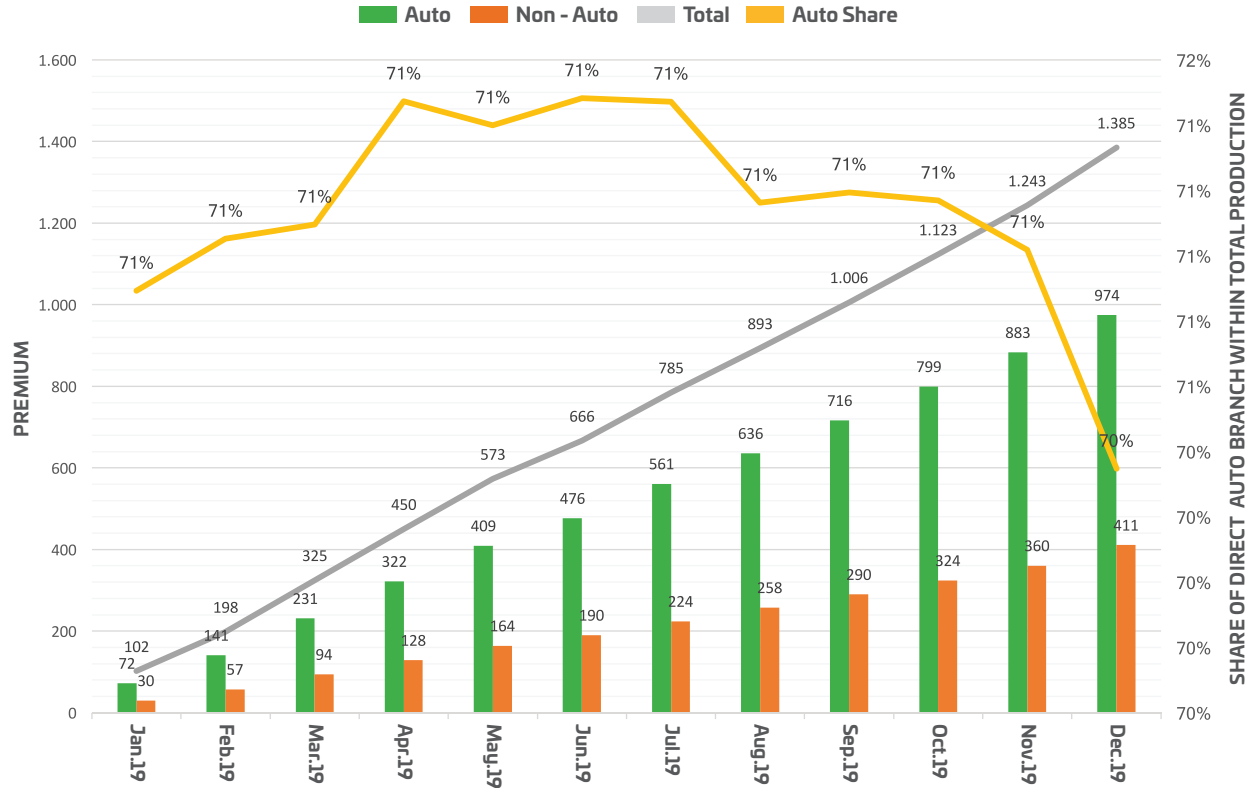
GROSS WRITTEN PREMIUMS (TL)

	2018	2019	GROWTH RATE %
MTPL	1,199,644,833	1,030,687,727	(14)%
Motor Own Damage	170,527,269	161,818,122	(5)%
Fire	136,514,984	139,890,347	2%
Health	52,716,789	66,306,908	26%
Personal Accident	56,978,947	63,094,608	11%
Cargo	22,770,964	33,901,988	49%
Legal Protection	6,698,247	5,430,147	(19)%
Other	22,856,368	32,469,042	42%
TOTAL	1,668,708,401	1,533,598,888	(8)%

Production intensified in the MTPL division while the divisions of health and transport respectively stood out with 26 and 49 percent growth. Our Company recorded TL 1.5 billion of premiums by the end of 2019.

The share of Auto Branch in the company's total production realized as 75% at the end of 2019.

Direct Premium Production (million TL)



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

NET REALIZED CLAIMS (TL)

	2018	2019	CHANGE %
MTPL	504,303,963	548,471,395	9%
Motor Own Damage	92,018,922	68,419,159	(26)%
Health	7,348,437	11,235,141	53%
Fire	5,128,183	7,474,067	46%
Personal Accident	(528,738)	1,178,607	323%
Cargo	199,630	242,768	22%
Legal Protection	(96,581)	17,255	118%
Other	3,490,106	5,894,233	69%
TOTAL	611,863,922	642,932,625	5%

Net actual claim of the company increased by 5%, and realized as TL 642 million. The increase in total net actual claim is largely attributable to the increase in the amount of damages in the MTPL division. As a result of the improvements in the motor own damage branch client portfolio and the remedial effect of the active arrangements in the claims procedures, a 26% of decrease occurred comparatively to 2018 and a TL 24 million positive effect was generated.

NET INCURRED CLAIMS / NET PREMIUMS EARNED

	2018	2019	CHANGE
MTPL	102%	103%	1
Motor Own Damage	114%	73%	(41)
Cargo	54%	53%	(1)
Health	26%	17%	(9)
Fire	6%	12%	6
Personal Accident	(2)%	4%	6
Legal Protection	(4)%	1%	5
Other	65%	110%	45
TOTAL	85%	82%	(3)

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

Due to the legal regulations in 2017 and the macroeconomic evolvments in 2018, there has been a specific increase in the Loss Ratio observed in 2018. Thanks to the improvements in the claims procedures in 2019 and to the macroeconomic stability, 3% improvement was achieved in the Net Claims Incurred / Net Earned Premium ratio.

INTRODUCTION

TECHNICAL BALANCE (TL)

	2018	2019	CHANGE %
MTPL	(98,109,854)	(98,229,790)	0%
Fire	73,384,071	42,478,434	(42%)
Health	18,419,724	39,403,193	114%
Personal Accident	43,787,860	25,778,128	(41%)
Motor Own Damage	(52,567,055)	10,830,436	(121%)
Legal Protection	3,870,998	1,900,227	(51%)
Cargo	85,706	1,299,358	1416%
Other	1,458,947	(3,525,814)	(342%)
TOTAL	(9,669,602)	19,934,172	(306%)

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

Financial Profit	2018	2019	CHANGE %
Investment Incomes	204,216,351	271,853,724	33%
Investment Expenses	(96,902,889)	145,646,488	50%
Other/Extraordinary R/P. and E/L	(12,216,987)	(18,514,415)	52%
Financial Profit	95,096,475	107,692,820	13%

Taking advantage of the financial gains properly, Doğa Sigorta obtained an investment income higher than the year-end exchange rate and interest yield, realizing its financial profit above the annual inflation rate.

2. MANAGEMENT AND CORPORATE GOVERNANCE DEPARTMENT

2.1 Board of Directors

Nihat KIRMIZI

Chairman of the Board

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



Nabi KIRMIZI

Deputy Chairman of the Board

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

Mustafa Arif KÜME

Deputy Chairman of the Board

Mustafa Arif Küme was born in 1978 in İstanbul. He completed elementary school, junior high and high school education in İstanbul. He graduated from the Business department of Faculty of Economics and Administrative Sciences of Muğla University in 2000. Right after graduation, he continued his education life in Australia and graduated from RMIT University Management Information Systems department at the end of 2005. After his graduation, he worked in the Information Technologies sector and the Service sector in Australia for 5 years. By the end of 2010, Mustafa Arif KÜME returned to Turkey and worked as Assistant General Manager responsible for Information Technologies and Business Development at EnglishTime Language Schools operating under the umbrella of Doğa Grup. He has been serving as the Vice Chairman of the Board of Directors of Doga Sigorta A.Ş. since 2014.



MANAGEMENT AND CORPORATE GOVERNANCE

Müslüm Berk KIRMIZI

Member of the Board of Directors

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



Coşkun GÖLPINAR

General Manager - Member

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



2.2 Senior Management

Ercan KÖSOĞLU

Deputy General Manager - Claims and Legal Affairs

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



MANAGEMENT AND CORPORATE GOVERNANCE

Adnan SIĞIN

Deputy General Manager - Sales and Regions

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



Mehmet TÜMER

Deputy General Manager - Underwriting

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

Fehmi ÖZBALKAN

Deputy General Director- CFo

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



MANAGEMENT AND CORPORATE GOVERNANCE

Nuray DAY

Group Manager - Financial and Administrative Affairs

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



Vedat ÖZER

Sales Group Director – Anadolu Regions

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

Ümit GÜLTEKİN

Group Manager - Recourse , MoD , Claim and Logistics

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



MANAGEMENT AND CORPORATE GOVERNANCE

2.3 Human Resources Practices

2019 has been a year in which the organizational structure of our company continued to grow. We increased the quality and number of our employees in order to provide faster and better service to our policyholders and to meet the operation volume created by the increasing premium production.

New departments and/or positions were instituted in our organization in 2019. The most important one of these was the fourth Deputy General Manager (CFO) position to which Accounting, Administrative Affairs and Purchasing Department, Budget Planning and Reporting Functions are connected, and which ensures the management of our company's Financial affairs from a single center.

Bankassurance Department is another unit created in 2019, which enabled the production of premiums through bank agencies as a new distribution channel.

Another new position was created in the Surety Bonds branch. A Surety Bond is a financial product which provides a guarantee against the risk of a debtor's failure to perform its contractual or legal obligations. With the Surety Bond, the insurance company stands surety for a policy holder and undertakes to indemnify the loss the company will suffer if the policy holder fails to perform his/her obligation. As a result of our progress towards greater institutionalization, "Business Intelligence and Special Projects Department" was established in 2019 to monitor and develop the operational activities more efficiently. The main goal here was to process great volumes of data and to contribute to the determination and development of new projects to increase the general profitability of company operations.

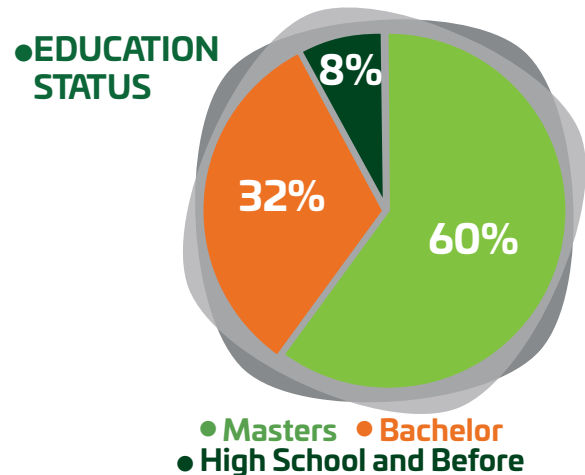
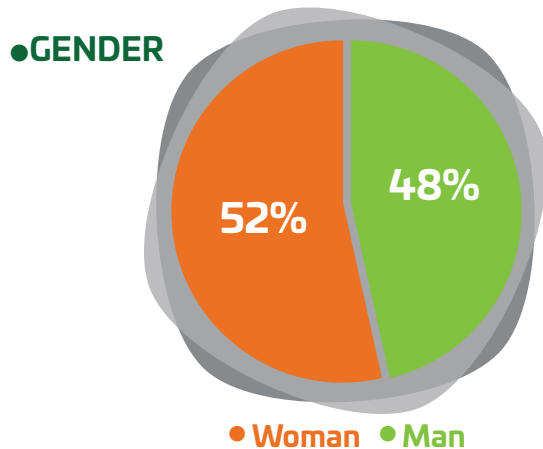
Since 2016, we have been organizing meetings where our agency representatives and General Manager came together. These meetings provided direct communication opportunities for the participants, and various trainings were organized afterwards in order to contribute to their professional and personal development, turning this communication platform into a training opportunity. "Value Oriented Sales", "Emotional Intelligence in Business Life" "Efficiency in Business Processes" were some of these trainings organized in 2019.

Takaful to short and long-term trainings organized by TSEV regarding the professional development of our employees increased in 2019.

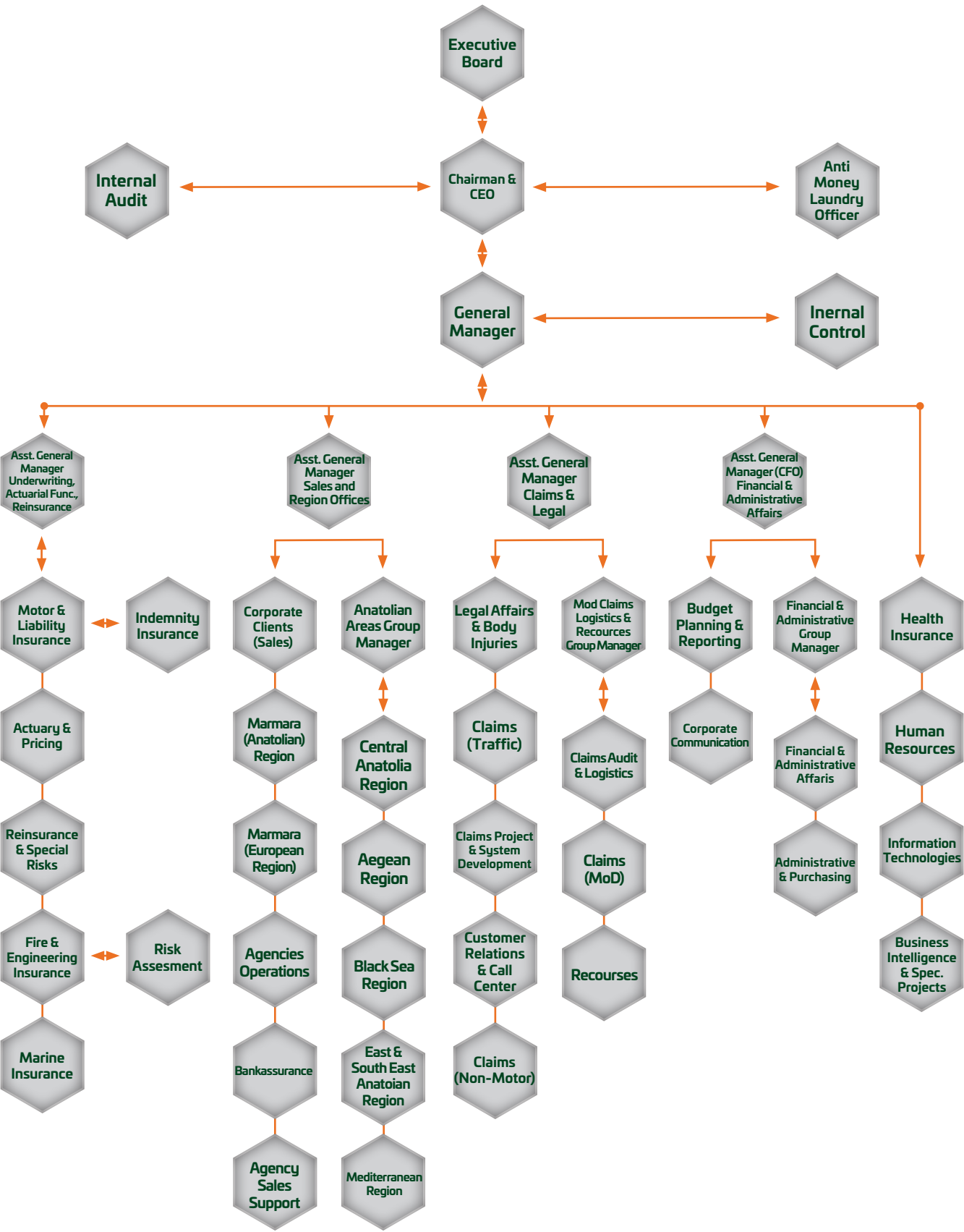
As a young corporation we are well aware of the effect human capital has on our service quality; therefore, we intend to deepen these practices in human resources in 2020. To this end, the KPIs regarding the objectives to be used in the Performance Evaluation System that will be launched in 2020 have been completed by all departments.

As of 31 December 2019, 52% of the 269 employees working in our Company was women and 48% was men. Their educational backgrounds are presented below:

GENDER	MASTERS DEGREE	BACHELOR DEGREE	HIGH SCHOOL AND BEFORE
WOMAN	7%	41%	52%
MAN	5%	58%	37%



2.4 Organizational Structure



2.5 Financial Benefits Provided to Board Members and Senior Executives

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

2.6 General Assembly Information

Our Company's 2019 General Assembly will be held in 2020.

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

Our Company realized 1.533 million TL of Gross Written Premium production. We generated 89 million TL profit after tax as a result of this year's operations. At the end of 2019, our shareholder's equity reached to 328 million TL with our after- tax profit, and Cash Assets reached to 1.080 million TL, and Asset Size reached to TL 1.709 million TL. With these results, our Company's return on equity is realized at 53% in 2019.



Coşkun Gölpınar

Board Member and General Manager

2.8 Business Continuity

Analyses were conducted in line with various risk scenarios determined based on the results of the "Risk Analysis" and "Business Impact Analysis" projects performed in the first phase of business continuity efforts embarked on in 2018, and will continue throughout 2020. Disaster recovery activities continued in coordination with Information Technologies Department and Internal Control and Corporate Risk Management Department in 2019. Business Continuity Committee established within the company met regularly during the year and evaluated periodic activities in this area. Tests and drills to be performed annually based on different scenarios aimed to maximize the awareness of the employees.

2.9 Risk Management

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

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

2.9.1 Risk Appetite Framework

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

2.9.2 Classification of Risks

2.9.2.1 Financial Risks

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

2.9.2.2 Insurance Risks

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

2.9.2.3 Operational Risks

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

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

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

MANAGEMENT AND CORPORATE GOVERNANCE

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

3. INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3.1 Internal Audit

Mustafa Özgür GÖKALP **Internal Audit Manager**

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

2019 Internal Audit Activities;

Internal audits are conducted by the Internal Audit Unit that reports to the Board of Directors as per the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies". Internal Audit Department consisted of two people, one Internal Audit Manager and the Internal Audit Assistant Specialist in 2019.

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

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

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

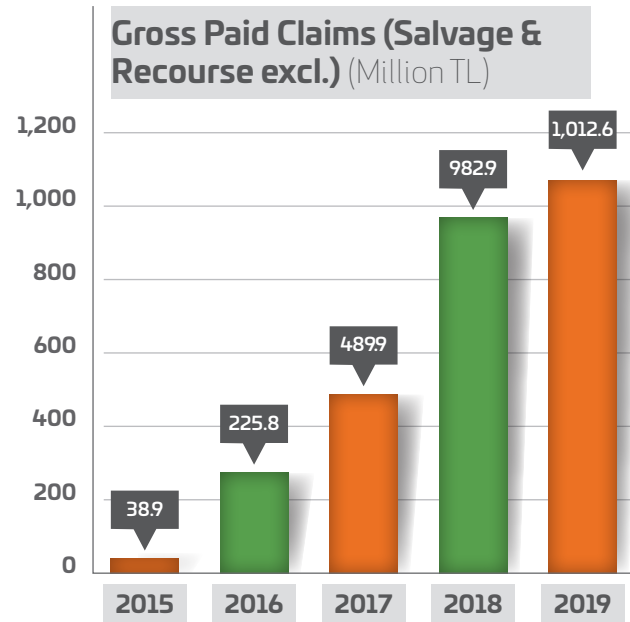
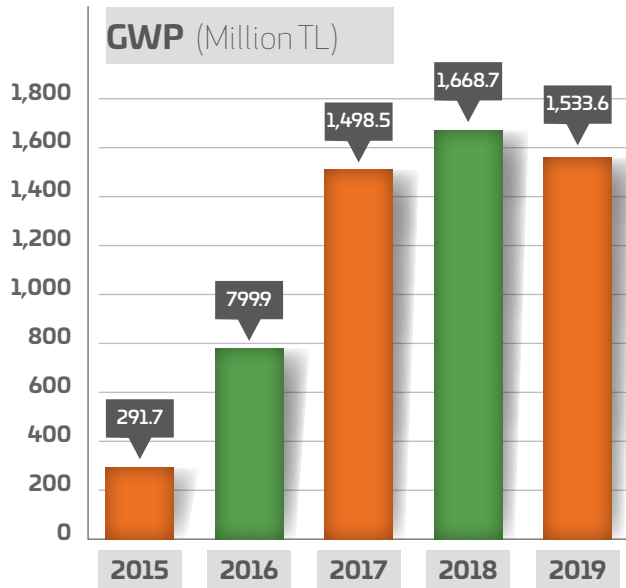
3.2 Disclosures Concerning Special Audit and Public Audit During the Reporting Period

The Audit of Financial Statements and Accounting Transactions (Technical and Financial Analysis Audit) of Doga Sigorta A.Ş. under the Second Term Operation Program pursuant to the Insurance Law no. 5684 and related regulations has been completed as of 03/25/2019 as per the Approval no. 2657 dated 10/26/2018 of the Ministry of Treasury and Finance.

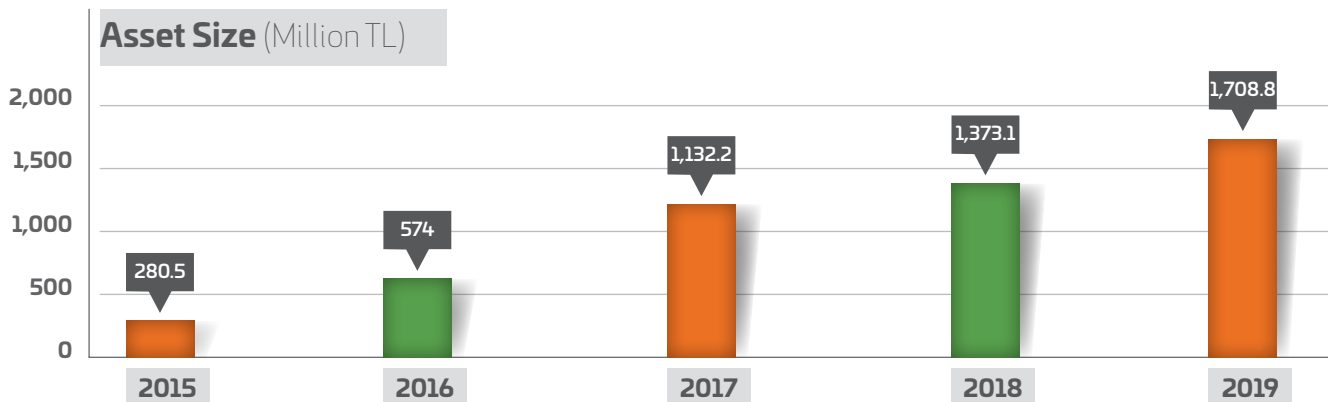
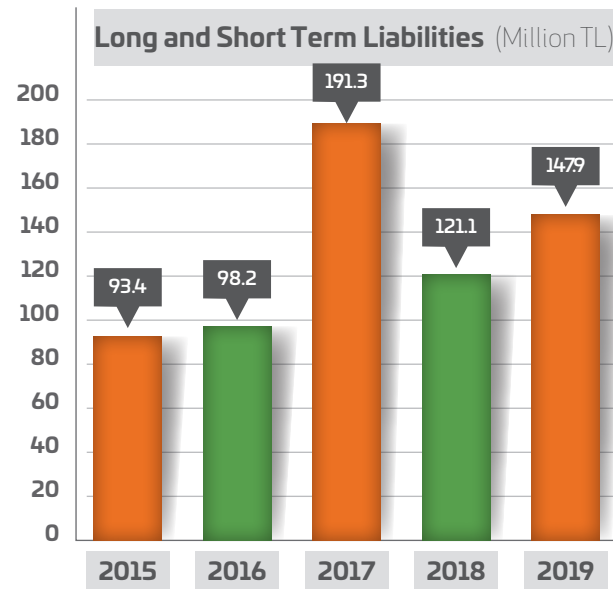
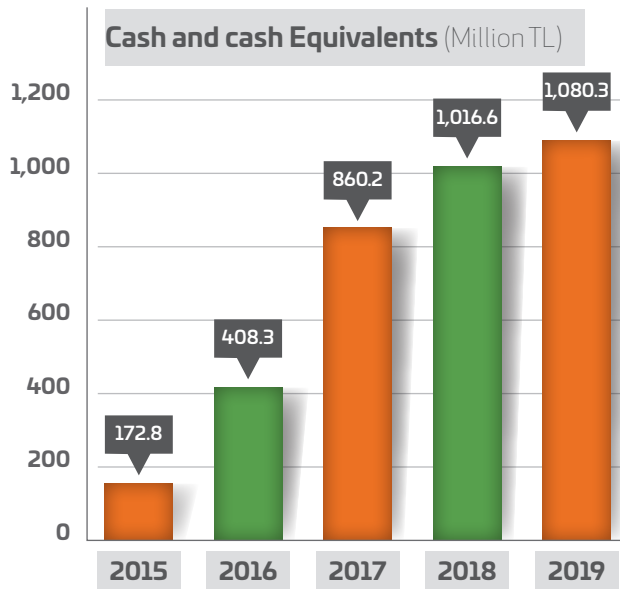
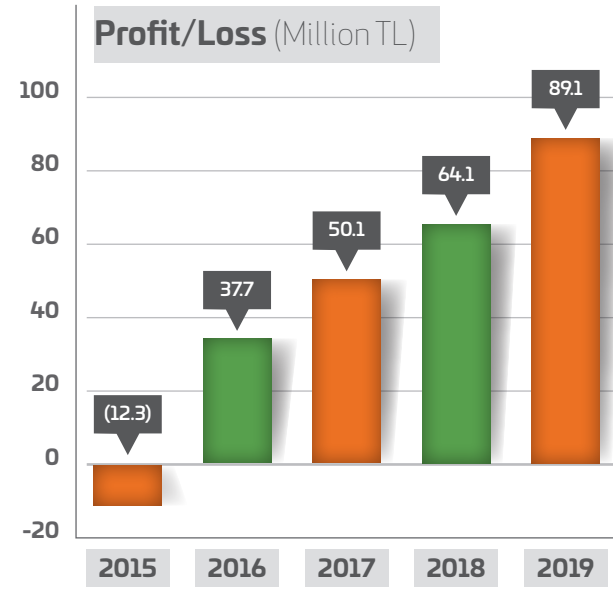
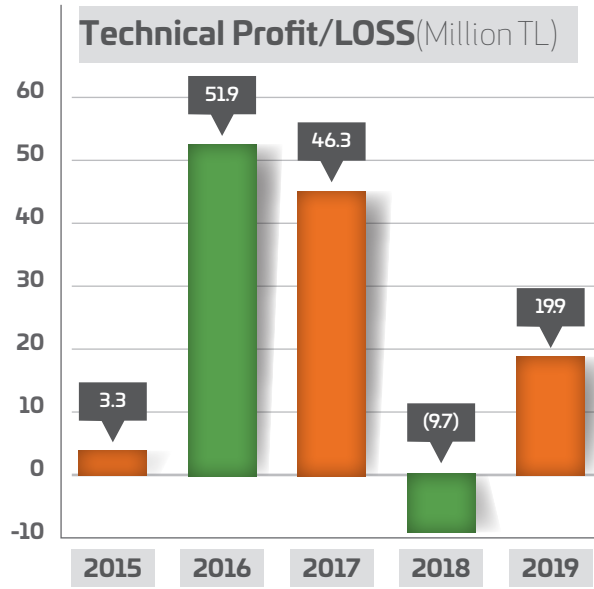
The Legality Audit which started on 01/11/2019 with the directive of Insurance Auditing Board No. E.463564 based on the approval of the Ministry of Treasury and Finance dated 31/10/2019 and No. E.452883 is still underway.

3.3 Financial Information for Five Years Period Including the Report Period

5 Years Data (million TL)	2015	2016	2017	2018	2019
GWP	291.7	799.9	1,498.5	1,668.7	1,533.6
Gross Paid Claims (Salvage & Recourse excl.)	38.9	225.8	489.9	982.9	1,012.6
Technical Profit/ Loss	3.3	51.9	46.3	-9.7	19.9
General administrative expenses	14.2	38.0	74.0	79.4	114.3
Investment Incomes	2.1	14.9	75.6	204.2	271.9
Investment Expenses	0.4	1.0	5.0	9.7	46.1
Profit/ Loss	-12.3	37.7	50.1	64.1	89.1
Cash & Equivalents Assets	172.8	408.3	860.2	1,016.6	1,080.3
Asset Size	280.5	574.0	1,132.2	1,373.1	1,708.8
Long and Short Term Liabilities	93.4	98.2	191.3	121.1	147.9



INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT



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

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

Under article 17 entitled Guarantees of the Insurance Law No. 5684, non-life insurance companies shall establish a minimum guarantee fund which should not be less than one third of their capital requirement. In any period, the minimum guarantee fund should never be less than one third of the capital requirement requisite for each branch in which the company is operating. As of 12/31/2019, there is TL 95,007,117 blocked in favor of the Treasury.

According to the results of the capital adequacy statements measuring the amount of required equity capital for the company, the Company's capital adequacy dated 12/31/2019 was calculated as positive TL 59,936,028.

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

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

1st METHOD (TL)	31.Dec.15	31.Dec.16	31.Dec.17	31.Dec.18	31.Dec.19
Equity Capital Required for Non-Life Branches	22,401,879	60,113,974	111,182,848	106,971,386	120,259,591
Equity Capital Required for Life Branch					
Equity Capital Required for Pension Branch					
Total Required Equity Capital	22,401,879	60,113,974	111,182,848	106,971,386	120,259,591
2nd METHOD (TL)	31.Dec.15	31.Dec.16	31.Dec.17	31.Dec.18	31.Dec.19
Equity Capital Required for Active Risk	6,155,196	15,505,683	26,041,074	41,073,197	78,363,566
Equity Capital Required for Reinsurance Risk	5,989,347	28,043,979	38,501,402	40,052,669	34,350,496
Equity Capital Required for Excessive Premium Increase	-				
Equity Capital Required for Outstanding Claims Reserve	2,390,789	10,303,909	20,271,796	38,093,815	52,533,333
Equity Capital Required for Underwriting Risk	12,789,177	33,285,190	82,530,153	91,511,716	100,089,596
Equity Capital Required for Interest Rate and Exchange Risk	46,016	115,476	232,899	1,326,795	7,695,157
Total Required Equity Capital	27,412,893	87,296,972	167,620,424	212,058,190	273,032,148
Shareholders' equities	37,623,267	95,534,093	180,780,135	245,533,485	328,487,569
Reserve for Balancing	128,229	386,345	1,054,661	2,260,415	4,215,092
Total Required Equity Capital To Be Considered For Capital Adequacy	37,751,499	95,920,438	181,834,797	247,793,899	332,702,661
Subsidiary Deducted from the Equity Capital				180,000	180,000
Capital Adequacy Result	10,338,606	8,623,466	14,214,373	35,555,709	59,490,513

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in the tables enclosed. Previous term comparison was conducted based on the 2018 annual report data.

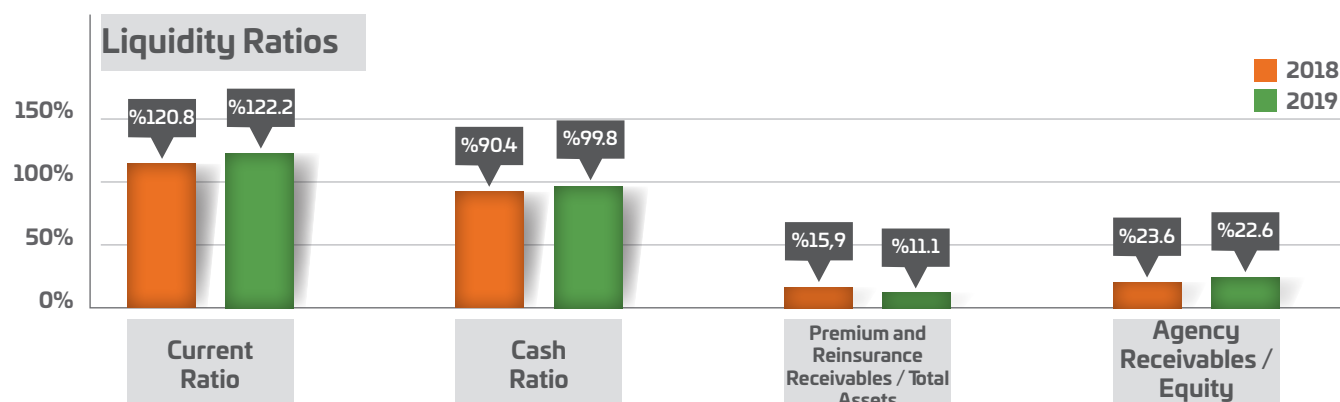
3.5.1 Solvency

SOLVENCY RATIOS	2018	2019
Solvency Ratio	116.8%	121.8%
Equity Profitability Ratio	41.0%	53.3%
Net Risk Ratio	303.2%	248.3%
Shareholders' equities / Total Assets	17.9%	19.2%
Shareholders' equities / Technical Reserves (net)	108.8%	156.3%



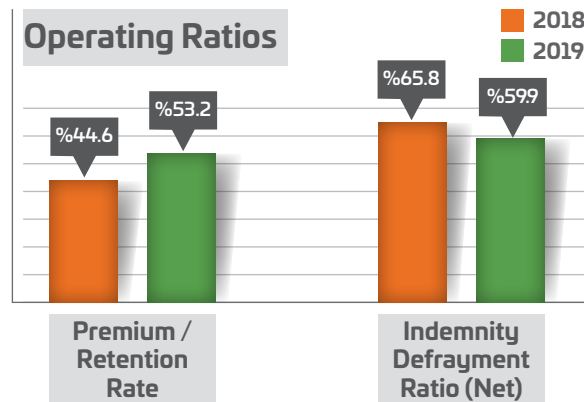
3.5.2 Liquidity

LIQUIDITY RATIOS	2018	2019
Current Ratio	120.8%	122.2%
Cash Ratio	90.4%	99.8%
Premium and Reinsurance Receivables / Total Assets	15.9%	11.1%
Agency Receivables / Equity	23.6%	22.6%



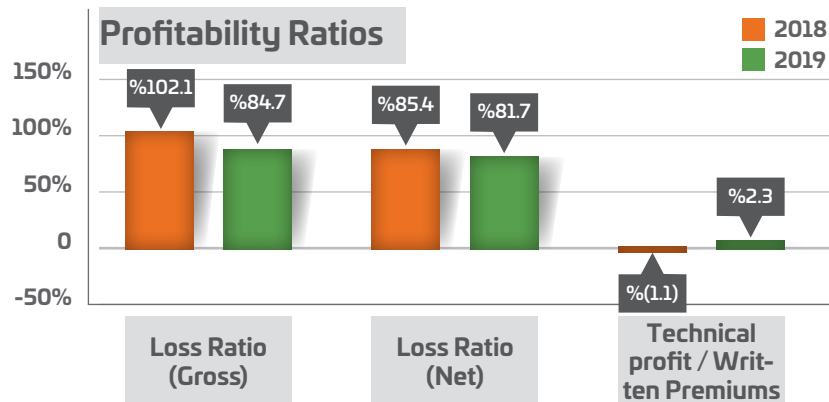
3.5.3 Operation

OPERATING RATIOS	2018	2019
Premium / Retention Rate	44.6%	53.2%
Indemnity Defrayment Ratio (Net)	65.8%	59.9%



3.5.4 Profitability

PROFITABILITY RATIOS	2018	2019
Loss Ratio (Gross)	102.1%	84.7%
Loss Ratio (Net)	85.4%	81.7%
Technical profit / Written Premiums	(1.1) %	2.3%



Our company continued to grow and announced its after-tax financial profit as TL 89.102.660 in 2019. In the same period, there was a 22% increase in long-term and short-term liabilities and realized as TL 148 million. The growth rate of cash and cash equivalents was 18%. In 2019, our premium production rank was 14th. We concluded 2019 by strengthen our solvency and capital structure.

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

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

3.7 Information on Objectives and Achievement Evaluation

Our premium production realized at 82% in 2019. Although GWP were below the targets, as a result of our selectiveness regarding our customer portfolio, the positive impact of improvement on claims, and effect of improvement on the positive deviation in both Paid Claims and the Reserves set aside, we obtained TL 50.3 million more Profit Before Tax than targeted at the beginning of the year, and ended 2019 with TL 127.6 million Profit Before Tax.

2019 INCOME - EXPENSE STATEMENTS (TL)	2019 TARGETED	2019 REALIZED	REALIZATION RATIO %
GWP	1,857,307,013	1,533,598,888	82.6%
CEDED PREMIUMS TO REINSURERS	(900,291,181)	(718,116,500)	79.8%
PAID CLAIMS (NET)	(614,041,126)	(481,584,998)	78.4%
TECHNICAL RESERVES ALLOCATED	(231,717,187)	(174,969,032)	75.5%
OTHERS OPERATING EXPENSES	(273,193,098)	(238,497,075)	87.3%
FINANCIAL INCOMES	272,565,381	271,853,724	99.7%
FINANCIAL EXPENSES	(33,400,000)	(64,658,015)	193.6%
PROFIT/LOSS BEFORE TAX (+) (-)	77,229,802.00	127,626,992.12	165.3%

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

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

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

3.9 Affiliation Report

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

3.10 Takaful

3.10.1 Introduction

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

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

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

Takaful which started with a single company and TL 0.4 billion takaful amount in 2014 grew 8.5 fold and reached TL 3.2 Billion production in 5 years.

By the end of 2019, there are 10 takaful companies in the market. 5 of these operate in pension and life branches whereas the other 5 are in non-life branches.

	DOGA SIGORTA TAKAFUL PREMIUMS	TAKAFUL MARKET PREMIUMS	MARKET SHARE
2014	383,722,042	22,709,549,092	1.69%
2015	533,253,025	31,025,897,629	1.72%
2016	1,045,611,280	40,486,796,941	2.58%
2017	1,315,855,322	46,554,689,545	2.83%
2018	2,231,560,711	54,656,028,968	4.08%
2019	3,230,742,355	69,242,168,593	4.67%

Table 1: The Share of Takaful Production in the Overall Industry

The regulation on the code of practice of takaful business which issued in September 2017 and took effect in October 2017 allowed the takaful business to grow faster and more strongly. Within the scope of the Regulation, a 2+3 year term restriction is applied to companies which practiced takaful with the window model. According to this Regulation, companies are required to choose between carrying out takaful and conventional insurance activities as separate companies, fully returning to takaful, or completely abandoning takaful at the end of this term.

The window model allowed the company to enter the takaful business and proved an important step for the Islamic Insurance business to grow.

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

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

	DOGA SİGORTA AŞ MARKET RANKING IN TOTAL AND TAKAFUL PRODUCTION	TAKAFUL TOTAL SECTOR PRODUCTION (*)	PRODUCTION SHARE
2014		380,348,970	0.00%
2015	406,338	516,200,460	0.08%
2016	3,697,477	1,019,281,828	0.36%
2017	175,075,604	1,269,232,324	13.79%
2018	403,599,055	2,158,876,238	18.69%
2019	384,234,071	3,230,742,355	11.89%

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

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

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

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

3.10.2 Distribution Channels

Doğa Sigorta markets its takaful products through its agencies in operation. 1841 of our agencies in operation, including central production and bank production, played an active role in selling the takaful products in 2019.

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

In 2019, our 1,841 (1,748 in 2018) intermediaries have realized in total takaful production in the regions.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

INTERMEDIARY DISTRIBUTION	2018	2019
ADANA	293	303
ANKARA	330	355
ANTALYA	216	200
BURSA	102	120
MAJOR CUSTOMERS AND CORPORATE SALES	64	54
ISTANBUL (EUROPEAN SIDE+ASIAN SIDE)	389	413
IZMIR	133	240
BLACK SEA	221	156
TOTAL	1748	1841

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

The takaful premium production of our intermediaries in the region / branch is TL. 384,290,296.

2019	FIRE	MOTOR	NON-MOTOR	CARGO	ENGINEERING	HEALTH	AGRICULTURAL POOL	TCIP	TOTAL
ADANA	235,606	47,535,884	8,450	0	132	3,586,635	0	0	51,366,706
ANKARA	92,728	91,817,338	1,233,937	0	90,653	7,035,638	0	0	100,270,293
ANTALYA	26,349	26,805,839	1,570	0	199	2,034,634	0	0	28,868,591
BANK CHANNEL SALES DIRECTORATE	116,113	1,060,503	7,815,759	2,105.26	34,446	20,070	0	0	9,048,996
BURSA	20,275	19,655,116	919	0	0	1,426,678	0	0	21,102,988
MAJOR CUSTOMERS AND CORPORATE SALES	-28,877	20,213,322	-3,423	0	4,388	1,371,901	0	0	21,557,311
ISTANBUL-ASIAN	695,053	35,887,960	86,006	9,780.96	134,725	2,339,344	0	0	39,152,869
ISTANBUL-EUROPEAN	245,153	51,695,584	38,013	114.45	250,064	3,510,164	0	0	55,739,093
IZMIR	48,422	31,031,485	5,964	0	371	2,261,234	0	0	33,347,475
BLACK SEA	20,247	22,058,732	1,253	0	21	1,690,466	0	0	23,770,719
CENTER	55,725	7,449	5	0	0	2,075	0	0	65,254
TOPLAM	1,526,794	347,769,212	9,188,453	12,001	514,999	25,278,838	0	0	384,290,296

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

3.10.3 Takaful Management Model

The models used in Islamic insurance practices;

3.10.3.1 Mudabara Takaful

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

3.10.3.2 Wakalah (Proxy) Takaful

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

3.10.3.3 Hybrid Takaful

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

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

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

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

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

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

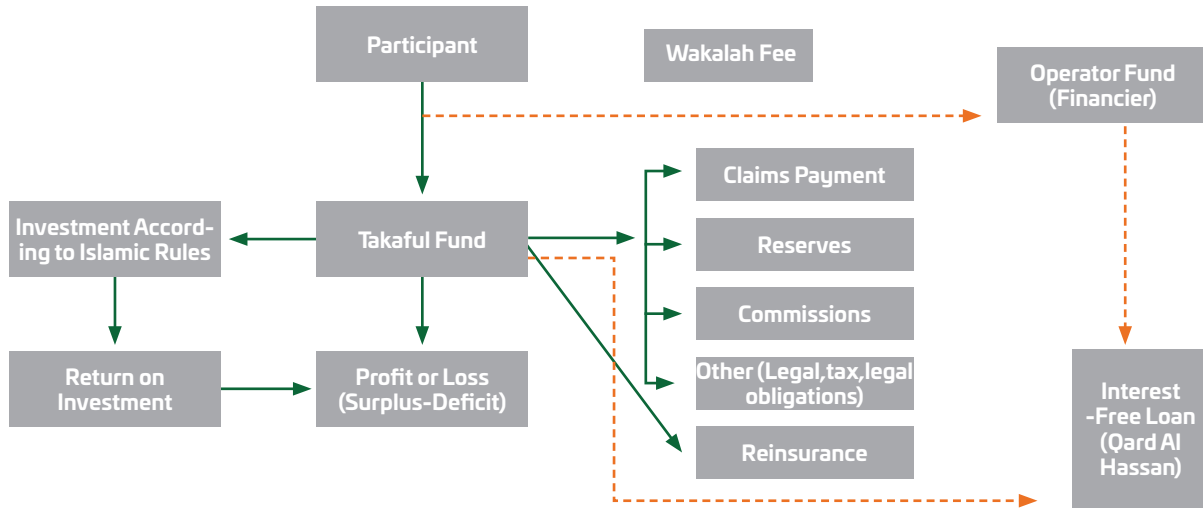


Table 6 : Doga Sigorta A.Ş. Proxy Model (Wakalah) Work Flow

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

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

Table 7 : Doga Sigorta A.Ş. Service cost Rates

3.10.4 Organizational Structure

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

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

3.10.5 Regional Directorates

Our company actively performs its takaful activities through 7 regional directorates, 2 branches and 1 participation bank. Our regional employees who works in regional directorates visit policyholders that lean towards takaful with our agents and inform them about our company and operating conditions. Our regional directorates where takaful is in the greatest demand are in Ankara, Istanbul European and Adana regions.

3.10.6 Advisory Committee

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

Since the advisory committee took up position in 2015;

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

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

3.10.7 Personnel Competence and Training

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

3.10.8 Website

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

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3.10.9 Separation Of The Funds

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

As of the end of 2019, we are collaborating with 4 participation banks to spread the risk and maximize the revenue. The amounts belonging to the insurance fund are forwarded to investment in these banks.

	PERIOD-END RISK POOL BALANCE
End of 2015	
End of 2016	
End of 2017	45,000,000
End of 2018	244,500,000
End of 2019	305,984,830

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

	TAKAFUL INCOME FROM TIME DEPOSITS	TAKAFUL INCOME FROM LEASE CERTIFICATES	TOTAL INCOME
2015			0
2016			0
2017	671,183		671,183
2018	19,201,748	346,962	19,548,710
2019	28,895,511		28,895,511
TOTAL	48,768,442	346,962	49,115,404

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

3.10.10 Risk Fund Income and Expense Items

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

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

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

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

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

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

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

3.10.11 Balance Rebate

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

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

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

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

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

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

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

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

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

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

As a precautionary measure, Doga Sigorta will not refund fund surplus for the first 5 years.

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

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

3.10.12 Retakaful

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

Our retakaful treaty terms which were renewed in June 2019;

RETAKAFUL QUOTA SHARE TREATY 01.06.2015 - 01.06.2020										
PERIOD	2015		2016		2017		2018		2019	
PLACEMENT	NON MOTOR	MOTOR	NON MOTOR	MOTOR	NON MOTOR	MOTOR	NON MOTOR	MOTOR	NON MOTOR	MOTOR
CONSERVATION	30.00%	30.00%	30.00%	30.00%	30.00%	49.50%	30.00%	57.50%	30.00%	57.50%
SWISS RE	35.00%	35.00%	35.00%	24.50%						
GIC RE			5.50%	11.00%	17.50%	28.00%	17.50%	30.00%	30.00%	30.00%
AFRICA RE			5.00%	10.00%	10.00%	10.00%	10.00%	10.00%	7.50%	7.50%
SCR MAROC					10.00%		15.00%		7.50%	
CCR ALGERIA					7.50%		10.00%		7.50%	
TUNIS RETAKAFUL					5.50%		10.00%		7.50%	
ARAB RE					2.50%	2.50%	7.50%	2.50%	10.00%	5.00%
NEW INDIA					10.00%	10.00%				
HANNOVER RETAKAFUL	35.00%	35.00%	24.50%	24.50%	7.00%					
TREATY TOTAL	70.00%	70.00%	70.00%	70.00%	70.00%	50.50%	70.00%	42.50%	70.00%	42.50%

Table 12 : Doga Sigorta A.Ş. Our Retakaful Treaty Terms (2015 – 2020)

3.10.13 Objectives and Strategies for the Upcoming Period

- Designing projects under social responsibility projects inside and outside the industry to raise awareness about the Islamic Insurance system principles of practice in the uninsured segments of the society which avoid insurance because of certain sensitivities but hold considerable potential as future policyholders
- Being one of the leading companies in the participation insurance market
- Increasing participation production in 2020 and carrying it to TL 800 million
- To become one of the pioneers of the sector in Participation Insurance by establishing a Participation Insurance Company in the next 3 years
- Accelerating the growth and development of a participation insurance (Takaful) industry in Istanbul in line with the vision to make the city a financial center, based on our idea that participation insurance is an important instrument in creating funds to grow and develop the Islamic finance industry demanded by both Turkish and foreign investors and utilizing such funds in Islamic finance instruments to maximize investment alternatives

3.10.14 Declaration of Conformity of Advisory Committee For Participation Insurance

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الْحَمْدُ لِلَّهِ الصَّلَاةُ وَالسَّلَامُ عَلَى رَسُولِ اللَّهِ

DOGA SİGORTA A.Ş. DECLARATION OF ADVISORY COMMITTEE

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

The transactions of Doğa Sigorta which are within the scope of the Participation Insurance are carried out in 2019 have been implemented in accordance with the Islamic Principles and we declare that the auditing of the transactions within the scope of the Participation Insurance was carried out by us.

DOGA SİGORTA A.Ş.
Advisory Board
06 March 2020

Prof. Dr. Hayreddin Karaman



Prof. Dr. Vecdi Akyüz



Prof. Dr. İshak Emin Aktepe

3.10.15 Permission (İcazet) Document for Participation Insurance Takaful Transactions



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

Prof. Dr. Hayreddin Karaman

Prof. Dr. Vecdi Akyüz

Doç. Dr. İshak Emin Aktepe

3.11 2019 Declaration of Conformity for The Annual Report

We hereby represent that the content of the Board of Directors' 2019 Annual Report, in relation the activities of our Company is drawn up in compliance with the principles and procedures set out by "Regulation on the Determination of the Minimum Content of Annual Activity Reports of Companies" issued by the Ministry of Customs and Trade which entered in to force after it was published in the Official Gazette dated 28 August 2012 and No. 28395. And by the "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" issued by the Under secretariat of Treasury which entered into force after it was published in the Official Gazette date 7 August 2007 and No. 26606.

İstanbul, 31 December 2019

3.12 Audit Firm Compliance Opinion



INDEPENDENT AUDITOR'S REPORT

To the Doga Sigorta Anonim Şirketi General Assembly

A) Independent Audit of Unconsolidated Financial Reports

1) Opinion

We have audited the unconsolidated balance sheet of Doğa Insurance Corporation ("the Company") as of 31 December 2019 and the related unconsolidated statement of income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as of December 31, 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

2) Basis for Opinion

Our independent audit has been conducted in accordance with the regulations regarding independent auditing principles, and with the Standards on Auditing which is an integral part of the Turkish Auditing Standards ("TAS") published by the POA and the insurance legislation. Our responsibilities under these standards are 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 independent audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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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.

Key audit matter	How our audit addressed the key audit matter
<p><i>Estimates and assumptions used in calculation of insurance contract reserves</i></p> <p>As explained in note 2 and 17, the Company set aside TL 1,049,307,319 in total as insurance technical reserve as of 31.12.2019.</p> <p>The Company accounts for outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. As of 31.12.2019, the Company set aside net TL 592,183,082 as outstanding claims reserve, and net TL 438,588,320 for incurred but not reported claims for the said amount.</p> <p>Due to the high level of estimations and management judgment in the valuation of the outstanding claims reserves which include the IBNR claims, we focused on these matters in our audits and chose this as a key audit matter.</p> 	<p>We performed the audit procedures related to the actuarial assumptions used in the calculation of Outstanding claims reserves and Not Reported claims outstanding claims reserve (IBNR), which are among the insurance technical reserves and which are disclosed in Note 2 and 17 together with the certified actuary auditor from outside the company who is part of our audit team.</p> <p>We examined the data set related to the incurred outstanding claims and paid claims subject to the IBNR account and controlled the relevant period balances.</p> <p>We assessed the convenience of the IBNR calculation method used by the Company for each line of businesses and performed the recalculation procedure on the amount of IBNR calculated by the Company. We examined the opening history of development premiums, final Loss Ratios, outstanding claims, and assessed its consistency with both the branch features and company past experience.</p> <p>We reviewed the interest calculations related to lawsuits. We assessed the reflection of the total outstanding reserves related to lawsuits on the data set subject of the financial statements and the IBNR account. We reviewed the claim analyses made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the explanation in the notes of the financial statements are sufficient.</p>



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

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with Insurance Accounting and Financial Reporting Legislation and designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Independent Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Regulations related to independent audit principles in force on account of insurance legislation, and the InAS which are a part of the Turkish Audit Standards issued by POA will always detect a material misstatement when it exists. 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 unconsolidated financial statements.

As a part of the independent audit principles in force in accordance with the insurance legislation and the InAS which are a part of Turkey Audit Standards issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated 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).
- Obtain an understanding of 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.



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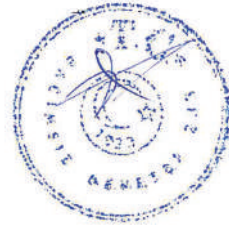
5) Auditor's Responsibilities for the Independent Audit of the Unconsolidated Financial Statements

- 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's 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 unconsolidated 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 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We communicate with those charged with governance the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated 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.



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B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code (TCC); no significant matter has come to our attention that leads us to believe that for the period 1 January - 31 December 2018, the Company's bookkeeping activities are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.



Nazlı ANIL
Partner
5. March. 2020
Istanbul, Turkey

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.
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3.13 31.12.2019 Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE GENERAL ASSEMBLY

To the Doğa Sigorta Anonim Şirketi General Assembly we have audited the annual activity report of Doğa Insurance Corporation Inc. for the financial year ending on December 31, 2019.

General Assembly's Responsibility Concerning the Annual Activity Report

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

Independent Auditor's Responsibility

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

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

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

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



ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.

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Opinion

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

Other Related Legislation Reports of Independent Auditors

In accordance with Article 402 of the TCC, the General Assembly has provided us with the required explanations and documents. Moreover, no significant matter has come to our attention that leads us to believe that the Company's bookkeeping activities for the period ending on December 31, 2019 is not in compliance with the TCC and provisions of the Company's articles of association pursuant to financial reporting.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.



Nazlı ANIL
Partner
5. March. 2020
Istanbul, Turkey

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.

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

To the Doga Sigorta Anonim Şirketi General Assembly

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

General Assembly's Responsibility

2. Pursuant to the subparagraph one of Article 378 of Turkish Commercial Code No. 2.6102 ("TCC"), General Assembly is required to constitute an expert committee, and to run and to develop the necessary system for the purposes of early detection of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks.

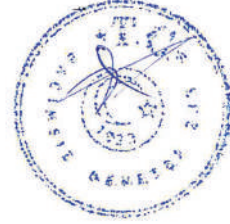
Auditor's Responsibility

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

Our audit does not include evaluating the appropriateness of the remedies put forth by the early detection of the risk committee or the adequacy of the operations carried out by the management of the Company in order to manage these risks.

Information Regarding the Early Risk Detection System and Committee

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



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Conclusion

5. Based on our audit, it has been concluded that, Doğa Insurance Corporation's early risk detection system and committee is sufficient, in all material respects, in accordance with Article 378 of TCC, exclusive of the matters addressed in the paragraph below.

6. The Company's early risk detection system is not designed and applied based on written procedures. Therefore no systematical approach could be observed. However, Members of the General Assembly actively participate in Company operations. Members of the General Assembly are also executives, and they follow the Company's operational, financial and legislative processes, and render and apply decisions regarding them. The vast experience of the Members of the General Assembly in the industry, and their careful and meticulous pursuit of Company activities allow the early identification and detection of the risks. The controls we performed during the performance of our auditing activities support our assessment. It will be beneficial for the General Assembly to write down its organizational risk management activities in the future.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.



Nazlı ANIL
Partner
5. March. 2020
Istanbul, Turkey

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.

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FINANCIAL STATEMENTS OF DOĞA SİGORTA ANONİM ŞİRKETİ
AS OF 31 DECEMBER 2019

We confirm that the unconsolidated financial statements and related disclosures and footnotes as of December 31, 2019 which were prepared in accordance with the accounting principles and standards in force as per the regulations of the Treasury and Finance Ministry of Turkish Republic are in compliance with the “Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies” and the financial records of our Company.

Istanbul, 05.03.2020


Coşkun GÖLPINAR
Genel Müdür


Fehmi ÖZBALKAN
Genel Müdür Yardımcısı


Nuray DAV
Mali ve İdari İşler Grup Müdürü


Esra DENİZCİ
Aktüer(Sicil No:31)

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

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

1. FINANCIAL STATEMENTS:

- a. Financial statements as of 31 december 2019 solo balance sheet. (All figures are expressed in Turkish Lira "TL".)

ASSETS			
I- Current Assets	Footnotes	Independent The items has been subjected to the audit 31 December 2019	Independent The items has been subjected to the audit 31 December 2018
A- Cash and Cash Equivalents		1,080,271,661	1,016,627,186
1- Cash	14	18,885	0
2- Cheques Received		-	-
3- Banks	14	789,714,380	657,423,541
4- Cheques Given and Payment Orders(-)		-	-
5- Credit Card Receivables (Less Than 3 Months)	14	290,538,396	359,203,645
6- Other Cash and Cash Equivalents		-	-
B. Financial Assets and Investments for The Benefit of Life Insurance Policy Holders Who Bear The Investment Risk		288,727,720	-
1- Available for Sale Investments		-	-
2- Held to Maturity Investments		-	-
3- Trading Investments	4.2,11	288,727,720	-
4- Loans		-	-
5- Provision for Loans(-)		-	-
6- Financial Assets at Policyholder's Risk		-	-
7- Company's Shares		-	-
8- Provision for Diminution in Value (-)		-	-
C. Receivables from Operational Activities		179,123,538	214,219,770
1- Due from Insurance Operations	4.2,12.1	159,968,065	191,179,372
2- Provision for Due from Insurance Operations (-)	4.2,12.1	(10,419,672)	(4,903,248)
3- Due from Reinsurance Operations	4.2,12.1	29,575,145	27,943,646
4- Provisions for Due From Reinsurance Operations (-)		-	-
5- Premium Reserves		-	-
6- Policy Loans		-	-
7- Provisions For Policy Loans (-)		-	-
8- Due from Private Pension Fund Operations		-	-
9- Doubtful Receivables from Operational Activities	4.2,12.1	44,555,639	8,714,825
10- Provisions For Doubtful Receivables from Operational Activities(-)	4.2,12.1	(44,555,639)	(8,714,825)
D. Due from Related Parties		66,791	57,487
1- Due from Shareholders		-	-
2- Due from Investments	4.2,45	66,791	57,487
3- Due from Subsidiaries		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Due From Other Related Parties(-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provisions For Doubtful Receivables from Related Parties(-)		-	-
E- Other Receivables		6,385,605	584,663
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	4.2,	159,800	-
4- Other Receivables	4.2,	6,225,805	594,890
5- Rediscount on Other Receivables(-)		-	(10,227)
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables		-	-
F- Deferred Expences and Income Accruals		122,283,557	123,418,658
1- Deferred Expenses	2.20,17.19	109,935,344	95,934,510
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Deferred Expenses and Income Accruals	17.19,	12,348,213	27,484,148
G- Other Current Assets		436,713	3,402,967
1- Office Supplies		-	-
2- Prepaid Taxes and Funds	35	3,643	3,176,876
3- Deferred Tax Assets		-	-
4- Job Advances	4.2,	428,271	222,654
5- Advances to Personnel	4.2,	4,799	3,437
6- Count Shortages		-	-
7- Other Current Assets		-	-
8- Provisions for Other Current Assets(-)		-	-
I- Total Current Assets		1,677,295,585	1,358,310,731

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

b. Financial statements as of 31 december 2019 solo balance sheet (All figures are expressed in Turkish Lira "TL")

ASSETS			
II- Non-Current Assets	Footnotes	Independent The items has been subjected to the audit 31 December 2019	Independent The items has been subjected to the audit 31 Aralık 2018
A- Receivables from Operational Activities		-	-
1- Due from Insurance Operations		-	-
2- Provisions for Due from Insurance Operations (-)		-	-
3- Due from Reinsurance Operations		-	-
4- Provisions for Due From Reinsurance Operations		-	-
5- Premium Reserves		-	-
6- Policy Loans		-	-
7- Provisions For Policy Loans (-)		-	-
8- Due from Private Pension Fund Operations		-	-
9- Doubtful Receivables from Operational Activities		-	-
10- Provisions for Doubtful Receivables from Operational Activities(-)		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Investments		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Due from Related Parties(-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provisions For Doubtful Receivables from Related Parties(-)		-	-
C- Other Receivables		793,406	520,902
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	4.2,	793,406	520,902
4- Other Receivables		-	-
5- Rediscount on Other Receivables(-)		-	-
6- Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables		-	-
D- Financial Assets		730,032	730,032
1- Investment Securities	9	430,032	430,032
2- Investment		-	-
3- Capital Commitments for Participations (-)		-	-
4- Subsidiaries	9	300,000	300,000
5- Subsidiaries Capital Commitments(-)		-	-
6- Joint-Ventures		-	-
7- Joint-Ventures Capital Commitments(-)		-	-
8- Financial Assets and Financial Investments at Policyholder's Risk		-	-
9- Other Financial Assets		-	-
10- Provision for Other Assets Receivables (-)		-	-
E- Tangible Assets		17,260,657	8,840,884
1- Investment Property		-	-
2- Provision for Diminution in Value of Investment Property (-)		-	-
3- Property for Operational Usage		-	-
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	6,137,286	4,641,115
6- Motor Vehicles	6	4,756,598	780,644
7- Other Tangible Assets (Including leasehold improvements)	6	9,878,601	7,914,298
8- Leased Assets	6	6,900,439	-
9- Accumulated Depreciation (-)	6	(10,412,267)	(4,495,173)
10- Advances Related to Tangible Assets (Including construction in progress)		-	-
F- Intangible Assets	8	2,485,216	744,776
1- Rights	8	4,930,459	2,496,928
2- Goodwill		-	-
3- Start-up Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization (-)	8	(2,445,243)	(1,752,152)
7- Advances Given for Intangible Assets		-	-
G-Deferred Expenses and Income Accruals		-	-
1- Deferred Expenses		-	-
2- Income Accruals		-	-
3- Other Deferred Expenses and Income Accruals		-	-
H-Other Non-Current Assets		10,227,126	3,983,053
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Office Supplies		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Receivables	21	10,227,126	3,983,053
6- Other Non-current Assets Receivables		-	-
7- Other Non-current Assets Depreciation(-)		-	-
8- Provision for Diminution in Value of Other Non-Current Assets		-	-
II- Total Non-Current Assets		31,496,437	14,819,647
Total Assets (I + II)		1,708,792,022	1,373,130,378

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

c. Financial statements as of 31 december 2019 solo balance sheet (All figures are expressed in Turkish Lira "TL")

LIABILITIES			
III- Short Term Liabilities	Footnotes	Independent The items has been subjected to the audit 31 December 2019	Independent The items has been subjected to the audit 31 Aralık 2018
A-Financial Payables		2,491,455	-
1- Due to Credit Institutions		-	-
2- Due From Financial Leasing Transactions	20	3,203,053	-
3- Deferred Financial Leasing Borrowing Costs (-)	20	(711,598)	-
4- Short Term Instalments of Long Term Borrowings		-	-
5- Issued Debt Securities		-	-
6- Other Issued Debt Securities		-	-
7- Value Differences of Other Issued Debt Securities(-)		-	-
8- Other Financial Payables (Liabilities)		-	-
B- Operating Activity Payables		104,702,514	75,728,060
1- Insurance Activities	19	33,225,669	22,369,824
2- Reinsurance Activities	10,1716,19	71,476,845	43,537,042
3- Deposits With Cedings and Retroceding Companies	10,1716,19	-	9,821,194
4- Pension Activities		-	-
5- Other Operational Activity Payables		-	-
6- Rediscount on Notes Payable from Other Op. Activities (-)		-	-
C-Due to Related Parties		165,224	952,416
1- Shareholders	45	-	-
2- Affiliates		-	-
3- Subsidiaries		-	-
4- Joint-Ventures		-	-
5- Personnel	45	165,224	952,416
6- Other Related Parties		-	-
D- Other Payables		43,003,860	44,198,749
1- Deposits and Guarantees Received	19	8,911,658	7,087,058
2- Social Security Institute Payables Regarding Treatment Costs	19	22,340,792	24,742,660
3- Other Miscellaneous Payables 3-Other Miscellaneous Payables	19	11,751,410	12,369,031
4- Rediscount on Other Payables(-)4- Rediscount On Other Miscellaneous Payables (-)		-	-
E-Technical Provisions		1,045,092,227	834,862,071
1- Provisions for Unearned Premiums - Net	2.20,171,17,19	423,168,415	394,963,976
2- Provision for Unexpired Risks - Net	17,1,17,19	29,740,730	9,062,641
3- Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims and Compensations - Net	2.20,171,17,19,42	592,183,082	430,835,454
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Financial Investments with Risks on Saving Life Policyholders - Net		-	-
7- Other Technical Provisions - Net		-	-
F- Taxes and Other Liabilities to be Paid and Provisions Thereof		38,058,613	33,795,151
1- Taxes and Funds Payable	23	37,394,922	33,385,300
2- Social Security Premiums to Be Paid	23	663,691	409,851
3- Matured, Delayed or Deferred Tax by Installments and Other Liabilities		-	-
4- Other Tax and Similar Liabilities		-	-
5- Tax Provisions for Profit for The Period & Other Legal Liabilities	23	38,524,331	21,362,035
6- Prepaid Taxes and Other Liabilitiesfor the Profit for the Period (-)	23	(38,524,331)	(21,362,035)
7- Provision for Other Taxes and Similar Liabilities		-	-
G- Provisions Related Other Risks		5,626,909	3,117,723
1- Provision for Termination Indemnities	23	602,633	400,500
2- Provisions for Social Relief Funds Deficits		-	-
3- Provisions for Cost Expenses	23	5,024,276	2,717,223
H- Income Relating to Future Months and Expense Accruals		61,389,095	83,989,701
1- Income Relating to Future Months	2.20,19,17,19	61,389,095	83,989,701
2- Expense Accruals		-	-
3- Income relating to future months		-	-
I- Other Short Term Liabilities		71,550,663	47,688,111
1- Deferred Tax Liability		-	-
2- Inventory Overages		-	-
3- Other Miscellaneous Short Term Liabilities	2.20,17,19, 10	71,550,663	47,688,111
III- Total of Short Term Liabilities		1,372,080,560	1,124,331,983

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

d. Financial statements as of 31 december 2019 solo balance sheet (All figures are expressed in Turkish Lira "TL")

LIABILITIES			
IV- Long Term Liabilities	Footnotes	Independent The items has been subjected to the audit 31 December 2019	Independent The items has been subjected to the audit 31 Aralık 2018
A-Financial Payables		2,400,782	-
1- Due to Credit Institutions		-	-
2- Due to Financial Leasing Transactions	20	2,674,304	-
3- Deferred Financial Leasing Borrowing Costs (-)	20	(273,522)	-
4- Issued Debt Securities		-	-
5- Other Issued Debt Securities		-	-
6- Value Differences of Other Issued Debt Securities(-)		-	-
7- Other Financial Payables (Liabilities)		-	-
B- Operating Activity Payables		-	-
1- Insurance Activities		-	-
2- Reinsurance Activities		-	-
3- Premium Reserves		-	-
4- Pension Activitiess		-	-
5- Other Operational Activity Payables		-	-
6- Rediscount on Payables from Other Activities(-)		-	-
C- Due to Related Parties		9,927	337,747
1- Shareholders	45	9,927	337,747
2- Investments		-	-
3- Subsidiaries		-	-
4- Joint-Ventures		-	-
5- Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Social Security Institute Payables Regarding Treatment Costs		-	-
3- Other Miscellaneous Payables		-	-
4- Rediscount on Other Paybles(-)		-	-
E- Technical Provisions		4,215,092	2,260,415
1- Unearned Premium Reserve-Net		-	-
2- Unexpired Risks Reserve-Net		-	-
3- Mathematical Reserves - Net		-	-
4- Outstanding Claim Provision-Net		-	-
5- Bonus Provision-Net		-	-
6- Other Technical Provisions - Net		-	-
7- Other Technical Provisions - Net	2.20,171,17.19	4,215,092	2,260,415
F- Other Liabilities and Provisions Thereof		-	-
1- Other Payables		-	-
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
3- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Others Risks		1,466,367	574,971
1- Provision for Termination Indemnities	23	1,466,367	574,971
2- Provision For Social Support Fund Deficits		-	-
F- Deferred Income and Expense Accruals Pertaining To Future Years		-	-
1- Income Relating to Future Months		-	-
2- Expense Accruals		-	-
3- Income relatinto future months		-	-
I- Other Long Term Liabilities		131,726	91,778
1- Deferred Tax Liability		-	-
2- Other Miscellaneous Long Term Liabilites		131,726	91,778
IV- Total of Long Term Liabilities		8,223,894	3,264,911

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

e. Financial statements as of 31 december 2019 solo balance sheet (All figures are expressed in Turkish Lira "TL")

EQUITY CAPITAL			
V- Equity Capital	Footnotes	Independent The items has been subjected to the audit 31 December 2019	Independent The items has been subjected to the audit 31 Aralık 2018
A- Paid in capital		220,000,000	70,000,000
1- (Nominal) Capital	2.13,15.1	220,000,000	70,000,000
2) Unpaid Share Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Distinction From Share Capital Adjustment (-)		-	-
B- Capital Reserves		-	87,551,992
1- Equity Share Premiums		-	-
2- Gains on Sale of Cancelled Share Certificates		-	-
3- Capitalized Surplus		-	-
4- Foreign Currency Conversion Adjustments		-	-
5- Other Capital Reserves	15.3.8.	-	87,551,992
C-Profit Reserves		18,277,968	15,137,143
1- Legal Reserves	15.4.1.	4,253,382	1,050,140
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15.4.2.	6,780,498	6,780,498
4- Special Funds (Reserves)	15.4.3.	7,384,087	7,384,087
5- Financial Asset Valuation		-	-
6- Other Profit Reserves	15.4.4,21	(139,999)	(77,582)
D- Profits from Previous Period		1,106,940	8,779,510
1- Previous Years' Profits	15.4.5.	1,106,940	8,779,510
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit for the Period		89,102,662	64,064,838
1- Net Profit for the Period		89,102,662	64,064,838
2- Net Loss For The Period (-)			
Total Shareholders' Equity		328,487,570	245,533,482
Total Liabilities (III + IV + V)		1,708,792,022	1,373,130,378

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- f. Accounting period ending on 31 december 2019 solo income statement (All figures are expressed in Turkish Lira "TL")

I- TECHNICAL DEPARTMENT	Footnotes	Independent The items has been 31 December 2019	Independent The items has been audit 31 Aralık 2018
A- Non-Life Technical Income		903,366,372	805,160,556
1- Earned Premiums (Net of Reinsurance Share)		766,599,861	710,166,321
1.1- Written Premiums (Net of Reinsurance Share)	17,19,24	815,482,389	744,571,662
1.1.1- Gross Written Premiums (+)		1,533,598,888	1,668,708,401
1.1.2- Ceded Premiums to Reinsurers (-)	17,16	(631,003,489)	(817,931,196)
1.1.3- Premiums Transferred to SSI	17,19	(87,113,011)	(106,205,543)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(28,204,439)	(27,807,834)
1.2.1- Provisions for Unearned Premiums (-)		75,190,117	(52,764,008)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17	(93,273,117)	22,961,621
1.2.3- SSI of Unearned Premiums Reserve (+)		(10,121,439)	1,994,553
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(20,678,089)	(6,597,507)
1.3.1- Provision for Unexpired Risks (-)		(28,670,752)	(11,991,576)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)		7,992,663	5,394,069
2- Investment Incomes Transferred From Non -Technical Department	4,2	99,502,888	87,198,804
3- Other Technical Incomes (Net of Reinsurance Share)		47,822	305,644
3.1- Other Gross Technical Incomes (+)		47,822	305,644
3.2- Reinsurance Share In Other Gross Technical Incomes (-)		-	-
4- Accrued Salvage and Subrogation Revenues		37,215,801	7,489,787
A- Non-Life Technical Expenditure (-)		(883,432,200)	(814,830,158)
1- Realized Claims (Net of Reinsurance Share)		(642,932,625)	(611,863,922)
1.1- Claims Paid (Net of Reinsurance Share)	29	(481,584,998)	(414,049,059)
1.1.1- Gross Claims Paid (-)		(1,012,562,689)	(982,564,320)
1.1.2- Reinsurance Share of Claims Paid (+)	17	530,977,691	568,815,260
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(161,347,627)	(197,814,863)
1.2.1- Outstanding Claims Reserve (-)		(212,216,960)	(469,550,001)
1.2.1- Reinsurance Share of Outstanding Claims Reserve (+)	17	50,869,333	271,735,138
2- Change in Provision for Bonus and Discounts (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
2.1- Provision for Bonus and Discounts (-)		-	-
2.2- Reinsurance Share of Provision for Bonus and Discounts (+)		-	-
3- Change in Other Technical Provisions (Net of Reinsurance share and the Transferred Amount) (+/-)	29	(1,954,678)	(1,205,753)
4- Operating Expenses (-)	32,33	(225,912,285)	(188,085,626)
5- Other Technical Provisions		(12,632,612)	(13,674,856)
C- Technical Department Balance- Non-Life (A – B)		19,934,172	(9,669,602)
D- Life - Technical Income		-	-
1- Earned Premiums (Net of Reinsurance Share)		-	-
1.1- Written Premiums (Net of Reinsurance Share)		-	-
1.1.1- Gross Written Premiums (+)		-	-
1.1.2- Ceded Premiums to Reinsurers (-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
1.2.1- Provisions for Unearned Premiums (-)		-	-
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)		-	-
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
1.3.1- Provision for Unexpired Risks (-)		-	-
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income of Life Branch		-	-
3- Unrealized Investment Gains		-	-
4- Other Technical Incomes (Net of Reinsurance Share)		-	-

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

I- TECHNICAL DEPARTMENT	Footnotes	Independent The items has been 31 December 2019	Independent The items has been audit 31 Aralık 2018
E- Life - Technical Expenditure		-	-
1- Realized Claims (Net of Reinsurance Share)		-	-
1.1-Indemnities Paid (Net of Reinsurance Share)		-	-
1.1.1- Gross Indemnities Paid (-)		-	-
1.1.2- Reinsurance Share of Paid Indemnities (+)		-	-
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
1.2.1- Gross Outstanding Claims Reserve (-)		-	-
1.2.1- Reinsurance Share of Outstanding Claims Reserve (+)		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
2.1- Provision for Bonus and Discounts (-)		-	-
2.2- Reinsurance Share of Provision for Bonus and Discounts (+)		-	-
3- Change in Mathematical Life Reserve (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
3.1 Mathematical Life Provision (-)		-	-
3.2 Reinsurance Share of Mathematical Life Provision (+)		-	-
4- Change in Provision for Financial Investments with Risks on Saving Life Policyholders (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
4.1- Provision for Financial Investments with Risks on Saving Life Policyholders (-)		-	-
4.2- Reinsurance Share of Provision for Financial Investments with Risks on Saving Life Policyholders (+)		-	-
5- Change in Other Technical Provisions (Net of Reinsurance share and the Transferred Amount) (+/-)		-	-
6- Operating Expenses (-)		-	-
7- Investment Expenses (-)		-	-
8- Unrealized Investment Losses (-)		-	-
9- Investment Incomes Transferred To Non-Technical Department (-)		-	-
F- Technical Department Balance- Life (D – E)			-
G- Pension Related Technical Income			-
1- Fund Management Revenues		-	-
2- Administrative Expenses Fee		-	-
3- Admission Fee Revenues		-	-
4- Administrative Expenses Fee in Case of Recess		-	-
5- Private Services Expenses Fee		-	-
6- Prepaid Capital Allotment's Increment Value Income		-	-
7- Other Technical Incomes		-	-
H- Pension Related Technical Expenditure			-
1- Fund Management Expenditure (-)		-	-
2- Prepaid Capital Allotment's Impairment Charges (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Provisions (-)		-	-
I- Technical Department Balance- Pension (G – H)			-

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- g. Accounting period ending on 31 december 2019 solo income statement (All figures are expressed in Turkish Lira "TL")

I- NON-TECHNICAL DEPARTMENT	Footnotes	Independent The items has been subjected to the audit 1 January - 31 December 2019	Independent The items has been subjected to the audit 1 January - 31 De- cember 2018
C- Technical Department Balance- Non-Life (A – B)		19,934,172	(9,669,602)
F- Technical Department Balance- Life (D – E)		-	-
I- Technical Department Balance- Pension (G – H)		-	-
J- General Technical Department Balance (C+F+I)		19,934,172	(9,669,602)
K- Investment Incomes		271,853,724	204,216,351
1- Yield From Financial Investments	4, 26	99,502,888	87,198,804
2- Yield From Liquidation Of Financial Investments		-	-
3- Valuation Of Financial Investments		-	-
4- Foreign Exchange Profits	4, 36	80,558,626	29,761,446
5- Dividend Incomes from Associates		-	66,620
6- Incomes Subject to Subsidiaries and Group Companies		-	-
7- Incomes From Landed Property, Parcel of Land and Buildings		-	-
8- Incomes From Derivatives		-	-
9- Other Investments	4.2	91,792,209	87,189,481
10- Transferred Investment Income From Technical Life Department		-	-
L- Investment Expenses (-)		(145,646,488)	(96,902,889)
1- Investment Administration Expenses – Interest Is Included (-)	4.02	(1,046,784)	-
2- Impairment Charges Of Investments (-)		-	-
3- The Arising Losses From Liquidation of Investments (-)		-	-
4- Transferred Investment Income To Non-Technical Life Department (-)	4.02	(99,502,888)	(87,198,804)
5- Losses Arising From Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	4.2 , 36	(38,486,632)	(6,763,689)
7- Depreciation Expenses (-)	4.2 , 6	(6,610,183)	(2,940,396)
8- Other Investment Expenses (-)		-	-
M- Income and Profit, Expenditure and Loss Pertaining To Other Operations and Extra Or- dinary Operations (+/-)		(18,514,415)	(12,216,987)
1- Reserves Account (+/-)	47	(39,163,374)	(8,876,533)
2- Rediscount Account (+/-)	47	14,304,469	(4,560,631)
3- Qualifying Insurance Account (+/-)			
4- Inflation Adjustment Losses (+/-)		-	-
5- Deferred Tax Assets Account (+/-)	35	6,228,469	2,519,381
6- Deferred Tax Obligation Expenditure (-)		-	
7- Other Income and Profits		227,138	316,997
8- Other Ordinary Expenses and Losses (-)		(25,642)	(1,564,774)
9- Previous Period's Income and Profits		-	-
10- Previous Period's expenses and losses (-)		(85,475)	(51,427)
N- Net Profit / Loss for the Period		89,102,662	64,064,838
1- Profit and Loss for the Period	37	127,626,993	85,426,873
2- Provision for Tax And Other Legal Liabilities on Profit (-)	35	(38,524,331)	(21,362,035)
3- Net Profit or Loss for the Period	37	89,102,662	64,064,838
4- Inflation Adjustment Account		-	-

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

h. Accounting period ending on 31 december 2019 solo cash flow statement (All figures are expressed in Turkish Lira "TL")

A. CASH FLOWS ARISING FROM REAL OPERATIONS	Footnotes	Independent The items has been subjected to the audit 1 January - 31 December 2019	Independent The items has been subjected to the audit 1 January - 31 December 2018
1. Cash flows derived from insurance operations		887,685,188	765,372,645
2. Cash flows derived from reinsurance operations		-	-
3. Cash flows derived from pension and retirement operations		-	-
4. Cash outflow derived from insurance operations (-)		(772,540,574)	(806,633,888)
5. Cash outflow derived from reinsurance operations (-)		-	-
6. Cash outflow derived from pension and retirement operations (-)		-	-
7. Cash derived from real operations (A1+A2+A3-A4-A5-A6)		115,144,614	(41,261,243)
8. Interest incomes (-)		-	-
9. Income tax payments (-)		(35,351,097)	(24,302,762)
10. Other cash inflows		8,082,687	12,226,109
11. Other cash outflows (-)		(8,089,522)	(7,159,484)
12. Cash flows arising from real operations		79,786,682	(60,497,380)
B. CASH FLOWS ARISING FROM INVESTMENT OPERATIONS			
wa		-	65,104
2. Intangible Fixed Assets	6	(16,770,398)	(3,256,109)
3. Acquisition of financial assets (-)		(6,166,331,815)	(35,716,308)
4. Sales of financial assets		5,876,714,488	57,937,664
5. Interests received		99,088,074	86,204,085
6. Dividends received		-	-
7. Other cash inflows		169,536,250	115,003,171
8. Other cash outflows (-)		(37,555,116)	(8,727,695)
9. Cash flows arising from investment operations		(75,318,517)	211,509,912
C. CASH FLOWS ARISING FROM FINANCE OPERATIONS			
1. Sales of share certificates	15	-	750,000
2. Cash inflow with respect to loans		-	-
3. Financial Lease Debts Payments (-)		-	-
4. Dividends paid (-)		(6,086,160)	-
5. Other cash inflows	15	4,892,237	-
6. Other cash outflows (-)		(1,046,784)	-
7. Cash flows arising from investment operations		(2,240,707)	750,000
D. EFFECT OF CASH DIFFERENCES TO CASH AND CASH EQUIVALENTS		2,075,261	2,317,358
E. Net increase in cash and cash equivalents (A12+B9+C7+D)		4,302,718	154,079,889
F. Cash and cash equivalents availability in the beginning of the period	14	1,009,812,575	855,732,685
G. Cash and cash equivalents availability at the end of the period (E+F)	14	1,014,115,294	1,009,812,575

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- i. Accounting period ending on 31 december 2019 solo table of changes in equity (All figures are expressed in Turkish Lira "TL".)

	Capital	Stock certificates of the incorporation (-)	Revaluation Increase in Assets	Inflation Adjustment Differences of Capital	Foreign Currency Exchange Differences	Other Capital Reserves	Legal Reserves
II - Outstanding Balance at the End of the Period (31.12.2017)	5,250,700	--	--	--	--	87,551,992	753,389
I - Outstanding Balance at the End of the Previous Period (31.12.2017)	5,250,700	--	--	--	--	87,551,992	753,389
II - Amendments Pursuant to the Errors	--	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2018)	5,250,700	--	--	--	--	87,551,992	753,389
A- Capital Increase	750,000	--	--	--	--	--	--
1- Cash	750,000	--	--	--	--	--	--
2- From Internal Resources	63,999,300	--	--	--	--	--	296,751
B- Purchase of Own Stock Certificates	--	--	--	--	--	--	--
C- Earnings and Losses not Included in the Income Statement	--	--	--	--	--	--	--
D- Valuation of Financial Assets	--	--	--	--	--	--	--
E- Foreign Currency Exchange Differences	--	--	--	--	--	--	--
F- Other Earnings and Losses	--	--	--	--	--	--	--
G- Inflation Adjustment Differences	--	--	--	--	--	--	--
H- Net Profit For the Period	--	--	--	--	--	--	--
I- Distributed Dividend	--	--	--	--	--	--	--
J- Transfer (*)	--	--	--	--	--	--	--
II - Outstanding Balance at the End of the Period (31.12.2018)	70,000,000	--	--	--	--	87,551,992	1,050,140
Statement Of The Changes in Equity Subjected to Independent Audit - 31 December 2019							
	Capital	Stock certificates of the incorporation (-)	Revaluation Increase in Assets	Inflation Adjustment Differences of Capital	Foreign Currency Exchange Differences	Other Capital Reserves	Legal Reserves
II - Outstanding Balance at the End of the Period (31.12.2018)	70,000,000	--	--	--	--	87,551,992	1,050,140
I - Outstanding Balance at the End of the Period (31.12.2018)	70,000,000	--	--	--	--	87,551,992	1,050,140
II - Amendments Pursuant to the Errors	--	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2019)	70,000,000	--	--	--	--	87,551,992	1,050,140
A- Capital Increase	150,000,000	--	--	--	--	--	--
1- Cash	--	--	--	--	--	--	--
2- From Internal Resources	150,000,000	--	--	--	--	--	--
B- Purchase of Own Stock Certificates	--	--	--	--	--	--	--
C- Earnings and Losses Not Included in the Income Statement	--	--	--	--	--	--	--
D- Valuation of Financial Assets	--	--	--	--	--	--	--
E- Foreign Currency Exchange Differences	--	--	--	--	--	--	--
F- Other Earnings and Losses	--	--	--	--	--	--	--
G- Inflation Adjustment Differences	--	--	--	--	--	--	--
H- Net Profit For the Period	--	--	--	--	--	--	--
I- Distributed Dividend	--	--	--	--	--	--	--
J- Transfer (*)	--	--	--	--	--	(87,551,992)	3,203,242
II - Outstanding Balance at the End of the Period (31.12.2019)	220,000,000	--	--	--	--	--	4,253,382

Footnotes offer supplementary information about the financial statement..

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- j. Accounting period ending on 31 december 2019 solo table of changes in equity (All figures are expressed in Turkish Lira "TL".)

	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period (or loss)	Previous Years' Profits	Previous Years' Losses (-)	Total
II - Outstanding Balance at the End of the Period (31.12.2017)	7,384,087	6,764,406	50,136,326	22,939,237	--	180,780,135
I - Outstanding Balance at the End of the Previous Period (31.12.2017)	7,384,087	6,764,406	50,136,326	22,939,237	--	180,780,135
II - Amendments Pursuant to the Errors	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2018)	7,384,087	6,764,406	50,136,326	22,939,237	--	180,780,135
A- Capital Increase	--	--	--	--	--	750,000
1- Cash	--	--	--	--	--	750,000
2- From Internal Resources	--	--	(50,136,326)	(14,159,725)	--	--
B- Purchase of Own Stock Certificates	--	--	--	--	--	--
C- Earnings and Losses not Included in the Income Statement	--	(61,490)	--	--	--	(61,490)
D- Valuation of Financial Assets	--	--	--	--	--	--
E- Foreign Currency Exchange Differences	--	--	--	--	--	--
F- Other Earnings and Losses	--	--	--	--	--	--
G- Inflation Adjustment Differences	--	--	--	--	--	--
H- Net Profit For the Period	--	--	64,064,838	--	--	64,064,838
I- Distributed Dividend	--	--	--	--	--	--
J- Transfer (*)	--	--	--	--	--	--
II - Outstanding Balance at the End of the Period (31.12.2018)	7,384,087	6,702,916	64,064,838	8,779,510	--	245,533,482
Statement Of The Changes in Equity Subjected to Independent Audit - 31 December 2019	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period (or loss)	Previous Years' Profits	Previous Years' Losses (-)	Total
II - Outstanding Balance at the End of the Period (31.12.2018)	7,384,087	6,702,916	64,064,838	8,779,510	--	245,533,483
I - Outstanding Balance at the End of the Period (31.12.2018)	7,384,087	6,702,916	64,064,838	8,779,510	--	245,533,483
II - Amendments Pursuant to the Errors	--	--	--	--	--	--
III - New Balance (I + II) (01/01/2019)	7,384,087	6,702,916	64,064,838	8,779,510	--	245,533,483
A- Capital Increase	--	--	--	--	--	150,000,000
1- Cash	--	--	--	--	--	--
2- From Internal Resources	--	--	--	--	--	150,000,000
B- Purchase of Own Stock Certificates	--	--	--	--	--	--
C- Earnings and Losses Not Included in the Income Statement	--	(62,417)	--	--	--	(62,417)
D- Valuation of Financial Assets	--	--	--	--	--	--
E- Foreign Currency Exchange Differences	--	--	--	--	--	--
F- Other Earnings and Losses	--	--	--	--	--	--
G- Inflation Adjustment Differences	--	--	--	--	--	--
H- Net Profit For the Period	--	--	89,102,662	--	--	89,102,662
I- Distributed Dividend	--	--	(6,086,160)	--	--	(6,086,160)
J- Transfer (*)	--	--	(57,978,678)	(7,672,570)	--	(150,000,000)
II - Outstanding Balance at the End of the Period (31.12.2019)	7,384,087	6,640,499	89,102,662	1,106,940	--	328,487,570

Footnotes offer supplementary information about the financial statement..

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- k. Accounting period ending on 31 december 2019 profit distribution rate statement (All figures are expressed in Turkish Lira "TL".)

	Footnotes	Current Period 31 December 2019	Previous Period 31 December 2018
I. DISTRIBUTION OF THE PROFIT OF THE PERIOD			
1.1. PROFIT FOR THE PERIOD		127,626,993	85,426,873
1.2. TAXES PAYABLE AND OTHER FISCAL LIABILITIES		(38,524,331)	(21,362,035)
1.2.1. Corporate Tax (Income Tax)		(38,524,331)	(21,362,035)
1.2.2. Income Tax Deduction		-	-
1.2.3. Others Tax and Legal Liabilities		-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)		89,102,662	64,064,838
1.3. PREVIOUS YEARS' LOSS (-)		-	-
1.4. PRIMARY RESERVE		4,455,133	3,203,242
1.5. STATUTORY SAVING FUNDS (-)		-	-
B DISTRIBUTABLE NET PROFIT OF THE PERIOD[(A - (1.3 + 1.4 + 1.5)]		84,647,529	60,861,597
1.6. FIRST DIVIDENDS TO THE SHAREHOLDERS (-)		-	-
1.6.1. To the owners of the share certificates		-	-
1.6.2. Holders of Preferred Capital Stock		-	-
1.6.3. Holders of Redeemed Shares		-	-
1.6.4. Holders of Participation Bond		-	-
1.6.5. Holders of Profit and Loss Sharing Certificate		-	-
1.7. DIVIDEND TO EMPLOYEES (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDENDS TO THE SHAREHOLDERS (-)		-	-
1.10.1. To the owners of the share certificates		-	-
1.10.2. Holders of Preferred Capital Stock		-	-
1.10.3. Holders of Redeemed Shares		-	-
1.10.4. Holders of Participation Bond		-	-
1.10.5. Holders of Profit and Loss Sharing Certificate		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES(-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES		-	-
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. To The Owners of the Share Certificates		-	-
2.3.2. Holders of Preferred Capital Stock		-	-
2.3.3. Holders of Redeemed Shares		-	-
2.3.4. Holders of Participation Bond		-	-
2.3.5. Holders of Profit and Loss Sharing Certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
3.1. TO THE OWNERS OF THE SHARE CERTIFICATES		-	-
3.2. TO THE OWNERS OF THE SHARE CERTIFICATES (8%)		-	-
3.3. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
3.4. HOLDERS OF PREFERRED CAPITAL STOCK (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. TO THE OWNERS OF THE SHARE CERTIFICATES		-	-
4.2. TO THE OWNERS OF THE SHARE CERTIFICATES (%)		-	-
4.3. HOLDERS OF PREFERRED CAPITAL STOCK		-	-
4.4. HOLDERS OF PREFERRED CAPITAL STOCK (%)		-	-

Footnotes offer supplementary information about the financial statement.

1. GENERAL INFORMATION

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

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

1.2 Domicile and the legal structure of the Company, country and the address of the registered office (address of the operating center if it is different from the registered office)

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

1.3 The Company's main operations

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

As of 31 December 2019, the Company has 1,765 sales channels. (31 December 2018: 1,723)

	31 December 2019	31 December 2018
Authorized Agency	1,684	1,655
Broker	78	66
Bank	3	2
Total	1,765	1,723

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

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

1. GENERAL INFORMATION (Continued)

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

	31 December 2019	31 December 2018
Senior Manager (*)	8	8
Officer	261	248
Total:	269	256

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

1.6 Total salaries and benefits paid to the executive management

In the accounting period ending on 31 December 2019, the sum of wages and similar benefits provided to the Board of Directors and Senior Executives is TL 8,919,788 (December 31, 2018: TL 3,755,011).

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

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

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

Financial statements include financial information for only Doga Sigorta Anonim Şirketi. As it is explained in detail in Note 2.2, no consolidated financial statements were prepared as of 31 December 2019.

1. GENERAL INFORMATION (Continued)

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

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

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

1.10 Events After the Balance Sheet Date

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Preparation Principles

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

The Company prepares its financial statements in accordance with the Insurance Law numbered 5684 and the principles stipulated for insurance and reinsurance companies by the T.R. Prime Ministry Undersecretariat of Treasury (the "Treasury").

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.1 Preparation Principles (Continued)****2.1.1 Principles used in preparation of the financial statements and information regarding the special accounting policies being implemented (Continued)**

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

As of December 31, 2019, the Company calculates and recognizes its insurance technical reserves in its financial statements in accordance with the “Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested” (“Regulation on Technical Reserves”), which is published in Official Gazette dated 28 July 2010 and numbered 27655 and changes on this regulation numbered 5684 were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Treasury (See Note 2.20.2).

2.1.2 Other Accounting Policies Appropriate for the Understanding of the Financial Statements**Accounting in hyperinflationary countries**

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Preparation Principles (Continued)

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

Other accounting policies

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

2.1.3 Current and reporting currency

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

2.1.4 Rounding scale of the amounts presented in the financial statements

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

2.1.5 Basis of measurement used in the preparation of the financial statements

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

2.1.6 Accounting policies, changes in accounting estimates and errors

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.1 Preparation Principles (Continued)****2.1.7 Comparative Information and Restatement of the Prior Periods' Consolidated Financial Statements**

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

Within this framework, the Company's financial position statement (balance sheet) dated December 31, 2019, financial statement dated December 31, 2018, the statement of income, equity changes statement, and cash flow statement dated 31 December 2019, the statement of income, equity changes statement, and cash flow statement dated 31 December 2018, were presented in comparison.

2.2 Consolidation

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

2.3 Segment reporting

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

2.4 Foreign Currency Reserves

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Tangible fixed assets

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

Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.

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

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

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

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

Tangible fixed assets	Estimated Useful Lives (Years)	Claims Premium Ration (%)
Fixtures and Installations	3 -15	6.67 – 33.33
Motor Vehicles	5	20
Rights	3-5	20.00 – 33.33
Special Costs	5	20.00

Right of Use Assets

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.5 TANGIBLE ASSETS (Continued)**Lease Liabilities

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 TANGIBLE ASSETS (Continued)

Short-term leases and the leases where the underlying asset are low-value. The company applies the short-term lease exemption to short-term machinery and equipment leases (i.e. the assets whose lease term is 12 months or shorter from inception, and for which there is not purchase option). It also applies the exemption to recognize low-value assets to the office equipment which is considered to have low lease value. Short-term leases and low-value asset leases are recognized as expenses based on the straight-line method over term of the lease.

The company applied the TFRS 16 “Leases” standard which replaced TMS 17 “Leasing Transactions” on 1 January 2019 when it was first introduced. The company utilized the simplified transition practice and did not readjust the comparable amounts for the previous year. With this method, all right-of-use assets, were measured based on the amount of the lease liabilities (liabilities which were paid in advance or which were readjusted based on the accrued lease costs) during transition to application.

During the first application, the Company recognized lease liabilities concerning the leases which had been classified as operational leases under TAS 17 previously. These liabilities were measured based on the current value of the remaining lease payments discounted by using the alternative debt interest rates as of 1 January 2019. Within the scope of the simplified transition application specified in the relevant standard, the right of use assets were recognized based on an amount equal to the lease liabilities (those paid in advance or readjusted based on the accrued lease payments). The weighted average of the alternative debt interest which the Company used for TL leases as of 1 January 2019 was 19%.

	1 January 2019	
Operating leases undertakings within the scope of TAS 17		7,115,832
- Short-term leases (-)		(2,583,467)
Total		4,532,365
Total lease liability (not discounted) within the scope of TMS 16		7,115,832
Total lease liability within the scope of TMS 16 (discounted with alternative debt ratio)		5,512,759
Short term lease liability		1,703,648
Long term lease liability		3,809,111
	31 December 2019	1 January 2019
Real Estates	2,782,862	3,682,134
Motor Vehicles	2,130,324	1,830,625
Tenancy of Total assets	4,913,187	5,512,759

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.5 TANGIBLE ASSETS (Continued)**

The company incurred TL 2,388,380 depreciation expense related to the right of use assets for the 12-month period which ended on 31 December 2019.

2.6 Investment Property

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

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

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

As of 31 December 2019, the Company does not own any Investment Properties. (31 December 2018: Not applicable)

2.7 Intangible fixed assets

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 INTANGIBLE FIXED ASSETS (Continued)

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

2.8 Financial assets

Classification and measurement

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

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

- Financial assets at fair value through profit or loss are presented as financial assets held for trading in the accompanying financial statements. Financial assets at fair value through profit or loss are measured at their fair values, and the gain/loss arising due to changes in the fair values of the related financial assets are recorded in the statement of income. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. As of the date of this report, the Company does have any financial assets held for trading. (31 December 2018: Not applicable.)
- *Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables in the Company’s financial statements which are not interest earning are measured by discounting of future cash flows less impairment losses, and interest earning loans and receivables are measured at amortized cost less impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets (Continued)

Classification and measurement (Continued)

- Financial assets to be held until maturity are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity including funding ability yet excluding loans and receivables. Subsequent to initial recognition, financial assets and loans to be held until maturity are measured at amortized cost using effective interest rate method deducting provision for losses, if any. As of the date of this report, the Company has no financial assets that are classified as financial assets to be held until maturity.

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

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

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

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

Purchase and sale transactions of securities are put to accounting process at the date of delivery. The Company does not have any available-for-sale financial assets as at the date of the report. (31 December 2018: Not applicable.)

Derecognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of financial assets

Financial assets or group of financial assets are reviewed during each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Group estimates the amount of impairment. Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event (s) (“loss event (s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

Receivables are presented with net amounts after deducting specific provisions against non-collection risk. Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to decrease these loans and receivables to the level of recoverable amounts.

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans measured to fair value is calculated as the present value of the expected future cash flows discounted by means of the current market rate of interest.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, available-for-sale financial assets, and debt securities which are categorized as financial assets held for trading, the reversal is recognized in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal of provision for losses is recognized directly based on the equity.

Impairment of non-financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.10 Derivative Financial Instruments**

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

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

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

As of the reporting period, the Company does not have derivative financial instruments.

(31 December 2018: Not applicable.)

2.11 Entering Items of Financial Assets Account (Offsetting)

Financial assets and liabilities are off-set and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to set off the amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the Reporting Standards, or for gains and losses arising from a group of transactions resulting from the Company’s similar activities like trading transactions.

2.12 Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13. Capital

As of 31 December 2019 and 31 December 2018, capital and shareholding structure are analyzed as follows:

Name, Last Name and Title of the Partner	31 December 2019		31 December 2018	
	Amount of Share (TL)	Share Portion (%)	Amount of Share (TL)	Share Portion (%)
Nihat Kırmızı	99,000,000	45.00	23,330,611	33.329
Nabi Kırmızı	74,800,000	34.00	23,330,611	33.329
Mustafa Arif Küme	-	-	1,167	0.002
Doğamed Sağlık Hiz. San ve Tic. A.Ş.	-	-	1,167	0.002
Doğa Akademi Eğitim Hiz ve Ort. Sağ. Güv. Bir. Dan. A.Ş.	46,200,000	21.00	17,497,958	24.997
Berk Dan. Ve Teks. San. Tic. A.Ş.	-	-	1,167	0.002
Mesleğim Eğitim Kurumları A.Ş.	-	-	5,832,653	8.332
Agroberk Gıda Ürünleri A.Ş.	-	-	4,666	0.007
Paid-up Capital	220,000,000	100	70,000,000	100

As of 31 December 2019, the Company's share capital is TL 220,000,000 consists of 220,000,000 shares each having a nominal value of TL 1. The company set off the capital increase as 150,000,000 TL in that period from internal liabilities. As of 31.12.2019 the company has no unpaid capital.

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

As of 31 December 2019, there are 3 shareholders of the Company. There are 3 shareholders owning more than 10% of the equity. (31 December 2018: There are 3 shareholders owning more than 10% of the equity.)

2.13.2. Privileges on common shares representing share capital

There are no preference stocks of the company.

2.13.3. Registered capital system in the Company

The company is not subject to the registered capital system.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Insurance and investment contracts - classification

Insurance Contracts:

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

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

Investment contracts:

Investment contracts do not transfer a significant insurance risk but they transfer financial risk. The Company does not have any investment contracts. (31 December 2018: Not applicable.)

2.15 Insurance and Investment Contracts with Discretionary Participation Features

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

- (i) that are likely to comprise a significant portion of the total contractual benefits,
- (ii) whose amount or timing is contractually at the discretion of the Issuer; and
- (iii) that are contractually based on:
 - (1) the performance of a specified pool of contracts or a specified type of contract;
 - (2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or
 - (3) the profit or loss of the Company, Fund or other entity that issues the contract.

By the end of the reporting period, the Company does not have any insurance or investment contracts that contain a discretionary participation feature. (31 December 2018: Not applicable.)

2.16 Investment Contracts without Discretionary Participation Feature

By the end of the reporting period, the Company does not have any investment contracts that do not contain a discretionary participation feature (31 December 2018: Not applicable.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Liabilities

Commercial liabilities of the Company are measured at their discounted values by using the effective interest rate method. Short term commercial liabilities which do not have a specified interest rate are measured based on the invoice amount if the interest accrual effect is insignificant.

Notes and post-dated checks are measured at amortized cost using the effective interest rate method by subjecting to rediscount.

2.18 Taxes

Corporate Tax

Statutory income is subject to corporate tax at 22% in Turkey. (The 20-percent corporate tax rate will be taken 22 percent for the company's profit for the tax periods 2018, 2019 and 2020 (and accounting periods that start within the year for the organizations which are assigned a special accounting period) as per the temporary item No.10 added to Corporate Tax Law.) This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate applied on the dividend payments other than the ones specified above is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

In accordance with the applicable tax legislation in Turkey, tax losses may be deducted from the future taxable income on condition that it does not exceed 5 years. However, financial losses cannot be set off against retained earnings. In Turkey, there is no procedure with respect to reconciliation between the taxing authority pursuant to tax assessments. Companies file their tax returns with their tax offices by the end of 30th day of the fourth month following the closing of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

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

The deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

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

Since the tax rate was amended as 22% for three years from 01.01.2018, the rate for provisional differences that are expected to be realized/closed within three years (2018, 2019 and 2020) for the taxes deferred as of 31 December 2019 was taken 22%. Nevertheless, a tax rate of 20 percent was used for the differences that are expected to be realized/closed after 2020.

Transfer Pricing

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits

Provisions for termination indemnities:

In accordance with the applicable Turkish Labour Law, the Company is required to pay for termination indemnities provisions to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct and for the draftee and deceased employee. The indemnity to be paid is one month's salary for each service year, and the applicable maximum amount as of 31 December 2019 is TL 6,379.86. (31 December 2018: TL 5,434.42)

According to the TAS 19 ("TAS 19") which was enacted via the "Communiqué on Turkish Accounting Standards Concerning Employee Benefits" published in the Official Gazette dated 12 March 2013 with No. 28585, and which affects the accounting periods starting after 31 December 2012, the actuarial losses and gains resulting from the re-measurement of the defined net benefit liability must be accounted under the other comprehensive revenues category under equity, and this effect must be applied retroactively. Since the previous years' actuarial gains and losses were below the materiality level, the Company started to account the actuarial gains and losses in other profit reserves account in the equity from 2016. As of 31 December 2019, the Company has TL 1,466,367 benefit obligation. (31 December 2018: TL 574,971)

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

The major actuarial assumptions used in the calculation of the total liability as of 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
Discount Rate	4.90%	8.73%
Expected rate of salary/limit increase	6.48%	7.03%
Estimated employee Leaving Possibility	-	-

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

Other benefits provided for the employees:

The Group has provided for undiscounted short-term employee benefits earned during the year as per services rendered in compliance with *TAS 19* in the accompanying financial statements. As of 31 December 2019, the Company has TL 602,633 liabilities on account of the unused vacations. (31 December 2018: TL 400,500)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.20 RESERVE FUNDS****2.20.1 Provisions, contingent assets and liabilities within the scope of TAS 37**

A provision is made for an existing obligation resulting from past events if it is probable that the commitment will be settled and a reliable estimate can be made in consideration of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the reporting date and, if the effect is of crucial importance, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Company to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Company discloses the contingent asset.

2.20.2 Technical Provisions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20.2 Technical Provisions

Provisions for Unearned Premiums

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

For commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months is also provided as unearned premium reserves.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

As of the end of the reporting period, the reserves for unearned premiums set aside by the Company is **TL 790,446,103**; reinsurance share of reserves for unearned premiums is **TL 246,419,844**; and the Social Insurance Institution's share for of reserves for unearned premiums is **TL 46,191,609**; Pool Share of Unearned Premiums Reserve is **TL 74,666,234** and the Net Reserves for Unearned Premiums is **TL 423,168,415**. (31 December 2018: The reserves for unearned premiums set aside by the Company is **TL 865,636,220**; reinsurance share of reserves for unearned premiums is **TL 314,673,326**; and the Social Insurance Institution's share for of reserves for unearned premiums is **TL 56,313,048**; Pool Share of Unearned Premiums Reserve is **TL 99,685,869** and the Net Reserves for Unearned Premiums is **TL 394,963,976**. (See note - 17)

Provision for Unexpired Risks

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

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

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

In accordance with the legislation in force, the Company calculated a gross **TL 46,154,048** net total of **TL 29,740,730** on-going Risks Reserves in Boat Marine Vehicles, Land Vehicles, Land Vehicles Liability and General Liability as of **12/31/2019**. (31.12.2018: Total gross **TL 17,483,296** net **TL 9,062,641**)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

Gross outstanding claims reserve

Pursuant to Article 7 of the Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves”, the Companies account for outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. During the calculation of the outstanding claim provision that is accrued and calculated, all expenditure shares required for the remuneration of compensation files, including estimated or estimated expert, consultant, litigation and communication expenses, are taken into consideration.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

With the “Communiqué on Amendments to the Communiqué on Outstanding Claims Reserve” No. 2016/11, Article 5.A was amended. Accordingly, “Starting with the first quarter of 2016, the IBNR can be calculated by adding %40 %60 %80 %100

- by adding 2,5%, 5%, 10% for 2015,
- by adding 7,5%, 7,5% %10%, 10% for 2016,
- by adding 12,5% 12,5% 15% 15% for 2017,
- and by adding 20% 20% 25% 25% for 2018,

to the amount in the previous quarter (b) for the year 2019 in three-month periods, provided that the difference between (a-b) is not less than the said amounts. Explanations concerning the IBNR calculation and the applied rates of increase must be included in the notes for the relevant financial statements by branch, and in the actuary reports in detail. The period profit resulting from the application mentioned in this article must be left within the company structure”.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

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

As of 31 December 2019, the Company calculated TL **1,271,729,389** (31 December 2018: TL **1,059,512,428**) for Gross Provision for Outstanding Claims, TL **679,546,307** (31 December 2018: TL **628,676,974**) for Reinsurance Share of Provision for Outstanding Claims, TL **592,183,082** for Net Provision for Outstanding Claims (31 December 2018: TL **430,835,454**).

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

The company had implemented a gradual transition of 80% in the 2017Q2 period whereas the gradual transition implemented in the periods 2017Q4, 2018Q2 and 2018Q4 was 100%. The 100% gradual transition practice continued in the period 2019Q4. According to the statement made by the company, since it is compulsory to make discounts on the General Liability and Land Vehicles Liability branches pursuant to the Circular on Amendment of the Circular no. 2016/22 on Discounting the Net Cash Flows Arising from the Provisions for Outstanding Claims no. 2017/7 dated 09/15/2017, all branches were discounted as per the resolution of the Company Management and the Authorized Actuary.

As of 31.12.2019, the gross discount amount was TL **226,538,498** and Discount Reinsurance portion (including the Risky Insurance Pool discount portion) was TL **117,939,543**. The calculation method in the Table 57 was used in calculating the discounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

Starting from 12.04.2017, the Company notified the premium and claims information to the Turkey Motor Vehicles Bureau in accordance with the Regulation No. 30121 on Amending the Regulation on Principles of Applying Tariff in Compulsory Automobile Liability Insurance which was published on 11.07.2017, and with working principles and recorded the information it received accordingly. As of 31.12.2019, the Company Actuary calculated the pool IBNR and reflected it in financial statements. **TL 169,651,489** paid to, and **TL 163,540,677** received from, the Compulsory Traffic Insurance Pool was taken into account. The final H/P used in the pool IBNR account was determined as below by quarters according to the Company Actuary.

UW Quarter	Inowa Expectation
2017 Q3	114%
2017 Q4	115%
2018Q1	109%
2018Q2	116%
2018Q3	112%
2018Q4	113%
2019Q1	104%
2019Q2	100%
2019Q3	109%
2019Q4	125%

The company applied deductions to outstanding claims reserves for the first time based on the ratio of the lawsuits won in 2019Q2. It is stated in Circular No. 2011/23 that it is possible to apply deduction to the outstanding claims reserves for files in the process of a lawsuit based on the ratio of lawsuits won. The total amount to be deducted from the outstanding claims reserves cannot in any case exceed 25% of the total amount of the outstanding claims reserve set aside for the files in the process of a lawsuit. As it is stated in article one the circular, the companies in the relevant sub-branch for which five year data does not exist can calculate a winning ratio based on the number years it has been active and apply a deduction accordingly, provided that this ratio does not exceed 15%. In the calculations made for determining the IBNR amounts, the files in the process of a lawsuit will be considered without applying any deduction. As of 31 December 2019, the Company applied a deduction of gross **TL 71,564,144** and **TL 46,158,395** as the Reinsurer's share from the outstanding claims reserves.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

According to this information, the gross IBNR amount calculated by the Company as of 31/12/2019 is **TL 897,929,603**, IBNR Reinsurance Share **TL 459,341,283** and net IBNR amount is **TL 438,588,320**.

As of 31 December 2019, the Company has **TL 592.183.083** Outstanding Claims Reserve (31 December 2018: **TL 233.020.591**) in Total: **TL 153,594,763** net File Outstanding Claims reserve (31 December 2018: **TL 119.312.685**), and **TL 438.588.320** Non Reported Claims Outstanding Claims Reserve (IBNR) (31 December 2018: **311.522.769**) and **TL-0** net Outstanding Claims Adequacy Difference (31 December 2018: 0 TL) (See Note – 17.19 ve 42).

Reserve for Balancing

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

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

As of 31 December 2019, the Company has gross **TL 6,049,040** equalization provision (Reinsurer's share **TL 4,094,362**, net **TL 1,954,678**). As of 31 December 2019, the Company has **TL 4,215,092** equalization provision. (31 December 2018: **TL 2,260,415**)

Deferred Incomes and Deferred Expenses Reserves

In accordance with paragraph 6 of Article 5 of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested", the part corresponding to the future period or periods, of the commissions paid to the intermediaries on condition that accrual is made as based on the production, the commissions taken due to the premiums transferred to the reinsurer, production expense shares and the sums paid for non-proportional reinsurance contracts and the variable production expenses for the preparation and sale of the tariffs and insurance contracts and the payments for support services, were recognized by the Company under deferred income and deferred expenses accounts. As of 31 December 2019, deferred commission expense amount was **TL 99,617,571** and the deferred commission income (including Risky Insurances Pool) was **TL 61,389,095**.

As of 31 December 2019, the Company has **TL 71,550,663** equalization provision. There is 25% temporary commission which started in 2017 within the scope of the treaty that started in 2017, and which is calculated at the end of 24 months based on reinsurer. Commission ratios are determined in the treaty as steps according to the claim's premium ratio.

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

2.21 Revenue recognition

Written premiums

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

Claims Paid

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

Subrogation, Salvage and Similar Incomes

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

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

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

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

As at 31 December 2019, net **TL 17,625,251** subrogation receivable was recognized in the receivables from main operations account according to the said Circular. (*Note 12*) (31 December 2018: **TL 11,067,343**) The Company provided allowance for uncollected subrogation receivables amounting to **TL 10,419,672** in accordance with circular. (*Note 12*) (31 December 2018: **TL 4,903,248**)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

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

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

The Company recognized net subrogation receivable in the amount of **TL 44,555,639** (31 December 2018: **TL 8,714,825**) in the Doubtful Receivables from Main Operations account by making a doubtful receivable reserve for the amount it retained for the subrogation transactions via lawsuits and enforcement proceedings.

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

As of the period ended 31 December 2019, net salvage and subrogation income collected are **TL 45,286,431** in total. (31 December 2018: **TL 27,931,706**)

Received and Paid Commissions

As further disclosed in Note 2.20, commissions paid to the agencies related to the production of the insurance policies and the commissions received from reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced before 1 January 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after 1 January 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

Interest income and expense

Interest income and expense are recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Trading Income / Expense

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

Dividend

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

2.22 Leasing Operations

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.23 Distribution of dividend shares**

Dividend payables are reflected to the financial statements as liability in the period in which they are declared as an element of profit distribution. As of the date of the report, there are not any dividends available to be distributed. (31 December 2018: Not applicable.)

The proposal for distributing dividend from the profit of 2018, which was prepared within the framework of the Company's Profit Distribution Policy and which was voted at the Ordinary General Assembly on 27 March 2019 was unanimously accepted.

In accordance with this decision, **TL 6,086,160** of the **TL 60,861,597** net distributable profit remaining after deducting **TL 3,203,242** Legal Reserves was distributed to the shareholders as cash dividend on 14-24 May 2019 and 28 November 2019.

2.24 Related Parties

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Earnings / (Losses) Per Share

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

2.26 Newly Issued Standards and Comments

The accounting policies adopted in preparation of the non-consolidated financial statements of the accounting period ending on 31 December 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2019 which are summarized below. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

a) The standards and amendments which are effective dating from January 1, 2019 are as follows:

- TFRS 16, “Leasing Transactions; POA (Public Oversight, Accounting and Auditing Standards Authority) issued TFRS 16 “Leasing Transactions” standard in April 2018. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations of TMS 17 and is effective for annual accounting periods beginning on or after January 1, 2019.

The tenants can apply this standard to short-term leases (for 12 month or shorter leases) or to leases where the underlying assets has low value (e.g. personal computers, certain office equipment). On the date the lease actually started, the tenant measures the lease liability based on the current value of the lease payments not made on that date (lease liability), and if the implicit interest ratio cannot be determined easily, the payments on the same dates use the tenants alternative debt interest ratio. The tenant must recognize the interest expense over the lease liability and the depreciation expense of the right of use asset separately.

The tenant can re-measure its lease liability in the event of certain events (e.g. changes in the term of the lease, change in forward looking lease payments due to changes in an index or ratio, etc.) In this case, the tenant recognizes the effect of the re-measurement of its lease liability as a readjustment in the right of use asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

Transition to TFRS 16:

During the transition, the company benefited from facilitating practices allowed for leases which are 12 months or shorter and for low-value leases. The company's office equipment leases (photocopy machines) were considered low-value leases.

This standard is effective for annual periods beginning on or after 1 January, 2019. The effects of the mentioned standard on the financial status and performance of the Company are explained in Notes 2, 6, 20 and 38.

TFRS 28 "Investments in Subsidiaries and Business Partnerships"; POA issued the amendments to the TFRS 28 "Investments in Subsidiaries and Business Partnerships" standards in December 2017. The said amendments make clarifications related to companies which apply TFRS 9 Financial Instruments for the long-term investments in subsidiaries or business partnerships which constitute a part of the net investment in the subsidiary or business partnership.

TFRS 9 Financial Instruments does not cover the investments in the subsidiaries and business partnerships recognized in accordance with TAS 28 Investments in Subsidiaries and Business Partnerships. With the said amendment, the POA clarifies that TFRS 9 excludes the investments the company recognizes through the equity method. It applies TFRS 9 to other investments in subsidiaries and business partnerships which it the company does not recognize according to equity management and which constitute a part of the net investment in its relevant subsidiaries and business partnerships in essence, including the long-term ones.

This amendment is effective for annual periods beginning on or after 1 January, 2019. The amendment did not have significant impact on the financial position or performance of the Company.

TFRIC 23 Uncertainties Regarding Income Tax Implementations

The interpretation clarifies how the accounting and measurement requirements stated in "TAS 12 Income Taxes" will be applied in case of ambiguities regarding income tax procedures.

The interpretation addresses the following in case of ambiguities in income tax procedures:

- (a) Whether the company evaluated the ambiguous tax procedures separately or not;
- (b) The assumptions the company made regarding the examination of its tax procedures by tax authorities;
- (c) How the company determined its taxable profit (tax loss), tax base, unutilized tax losses, unutilized tax deduction and tax ratio; and
- (d) How the company evaluates the changes in the information and conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

This comment is effective for annual periods beginning on or after 1 January, 2019. The comment did not have significant impact on the financial position or performance of the Company.

Annual Improvements – 2015-2017 Term

The POA issued Annual Improvements to IFRS Standards 2015–2017 Term, amending the following standards on January 2019:

- TFRS 3 Company Mergers and TFRS 11 Joint Arrangements – Amendments to the TFRS 3 clarifies that after a company obtains the control of another company which it recognizes as a joint operation, the obtaining company must re-measure the shares it holds in that company before the control. Amendments to TFRS 11 clarifies that after a company obtains the control of another company which it recognizes as a joint operation, the obtaining company does not have to measure the shares it holds in that company before the control.
- TAS 12 Income Taxes – The Amendments clarify that all income tax effects related to dividends must be recognized in profit or loss regardless of the method the taxes arise.
- TAS 23 Loan Costs – The amendments clarify that if outstanding private borrowings are discovered after the relevant asset becomes ready for an intended use or sale, the relevant borrowing becomes a part of the funds which the company borrowed when determining its capitalization rate in its general borrowings.

These amendments are effective for annual periods beginning on or after 1 January, 2019. The amendments did not have significant impact on the financial position or performance of the Company.

TAS 19 “Plan Amendment, Curtailment or Settlement”; POA issued TMS 19 Amendments entitled “Plan Amendment, Curtailment or Settlement” in January 2019. The Amendment requires that after the curtailment or settlement occurs, the service cost or net interest cost must be calculated for the remaining part of the annual accounting period by using the current actuarial assumptions.

This amendment is effective for annual periods beginning on or after 1 January, 2019. The amendment did not have significant impact on the financial position or performance of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

Annual Improvements – 2015-2017 Term

- TFRS 9 “Financial Instruments”. Minor amendments in TFRS 9 Financial Instruments were issued to allow the measurement of certain pre-payable financial assets by the company based on amortized cost.

The company applying TFRS 9 measures the pre-payable financial asset as one whose fair value is recognized as profit or loss. If the amendments are applied and certain conditions are met, the companies may measure the pre-payable assets with negative compensation based on amortized costs.

This amendment is effective for annual periods beginning on or after 1 January, 2019. The said amendment did not have a significant effect on the balance sheet and equity of the company.

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

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

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

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

TFRS 17 – New Insurance Contracts Standard

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Newly Issued Standards and Comments (Continued)

TRFS 3 – Definition of a Business

In May 2019, POA issued amendments regarding the definition of businesses in TFRS 3 “Business Combinations”. The amendments helped define whether a business should be recognized as a business combination or an asset acquisition.

The amendments are as follows:

- Clarification of minimum requirements for a business.
- Elimination of the evaluation regarding the completion of missing elements by market participants.
- Addition of implementation guidance assisting the evaluation whether the businesses acquisition process is significant or not.
- To narrow the definition of a business and its outputs.
- To issue a voluntary fair value concentration test.

These amendments are to be applied for annual periods beginning on or after 1 January 2020. Early application is permitted.

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

Definition of Material (IAS 1 and IAS 8 Amendments)

In June 2019, the POA made amendments to the standards of “Presentation of TAS 1 Financial Statements” and “TAS Accounting policies, changes in accounting estimates and errors”. The purpose of these changes describes the definition of “materiality” between standards and clarifies certain parts of the definition, if it is possible to assume that tables can affect the decisions that primary users make based on these tables. The businesses are obligated to evaluate the materiality of the effect of information on financial statements when used alone or together with other information.

These amendments are to be applied for annual periods beginning on or after 1 January 2020. Early application is permitted.

The Company is evaluated the impact of the standard on financial status or performance of the Company.

c) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

There are not any new standards, interpretations and amendments to current TFRS standards which were issued by International Accounting Standards Board but which were not adapted to IFRS or issued.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND REQUIREMENTS

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

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

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

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

Note 4.1 – Insurance risk management

Note 4.2 – Financial risk management

Note 10 – Reinsurance assets and liabilities

Note 11 – Financial assets

Note 12 – Loan and receivables

Note 17 – Insurance liabilities and reinsurance assets

Note 19 - Commercial and other payables, deferred incomes

Note 21- Deferred taxes

Note 23 - Provisions for other liabilities and expenditure

4 INSURANCE AND FINANCIAL RISK MANAGEMENT

4.1 Insurance Risk

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

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

Insurance risk is the probability that the received premium does not cover the paid indemnities.

The main activity of the Company is to underwrite the existing risks at best prices and to transfer the risks it covered to other companies through insurance agreements. In performing the said activities, the Company evaluates the results at every stage, revises its underwriting policies based on these evaluations, and transfers the underwritten premiums and the taken risks to reinsurance companies through reinsurance agreements pursuant to the relevant laws.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

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

4.1.2.1 Sensitivity to insurance risk

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

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

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

It is essential that all the authorized personnel in charge of executing policy issuance transactions, which is the initial phase of insurance process, should ensure to gather or provide all the accurate and complete information to issue policies in order to obtain evidence on the acceptable risks that the Company can tolerate from the related insurance transactions. On the other hand, decision to be made on risk acceptance will be possible by transferring the coverage to the reinsurers and/or co-insurers and considering the terms of the insurance policy.

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

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

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)
4.1 Insurance Risk (Continued)
4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);
4.1.2.1 Sensitivity to insurance risk (Continued)

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

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

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

31 December 2019			
Total Claims Liabilities	Gross Total Claims Liability	Total Claims Liabilities Reinsurance Share	Net Total Claims Liability
Accident	33,972,083	30,766,999	3,205,084
Land Vehicles (Motor Own Damage)	162,711,387	79,341,688	83,369,699
Fire and Natural Disasters	30,735,717	20,311,179	10,424,538
Cargo	38,033,591	37,605,284	428,307
General Damages	12,605,861	8,866,017	3,739,844
Land Vehicles Liability (MTPL)	1,982,075,493	1,030,234,532	951,840,961
General Liability	9,346,423	3,621,386	5,725,037
Legal Protection	63,617	44,593	19,024
Health/Illness	14,680,394	(314,938)	14,995,332
Indemnity	-	-	-
Aircrafts	-	-	-
Aircrafts Responsibility	-	-	-
Watercrafts	6,688	4,681	2,006
Breach of Trust	60,823	42,576	18,247
Total	2,284,292,077	1,210,523,997	1,073,768,080

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

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

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

31 December 2018			
Total Claims Liabilities	Gross Total Claims Liability	Total Claims Liabilities Reinsurance Share	Net Total Claims Liability
Accident	34,199,625	31,075,441	3,124,184
Land Vehicles (Motor Own Damage)	245,713,127	138,885,589	106,827,538
Fire and Natural Disasters	24,211,332	15,680,349	8,530,983
Cargo	25,970,504	25,734,767	235,737
General Damages	7,817,640	5,395,950	2,421,690
Land Vehicles Liability (MTPL)	1,691,068,110	977,904,544	713,163,567
General Liability	4,948,358	2,365,604	2,582,754
Legal Protection	7,877	5,633	2,244
Health/Illness	8,414,591	426,450	7,988,140
Indemnity	25,584	17,909	7,675
Aircrafts	-	-	-
Aircrafts Responsibility	-	-	-
Watercrafts	-	-	-
Total	2,042,376,748	1,197,492,234	844,884,514

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

31 December 2019			
Total Claims Liabilities	Gross Total Claims Liabilities	Total Claims Liabilities Reinsurance Share	Net Total Claims Liabilities
Marmara Region (*)	(2,284,292,077)	1,210,523,997	(1,073,768,080)
Total	(2,284,292,077)	1,210,523,997	(1,073,768,080)

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

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

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

31 December 2018			
Total Claims Liabilities	Gross Total Claims Liabilities	Total Claims Liabilities Reinsurance Share	Net Total Claims Liabilities
Marmara Region (*)	(2,042,376,748)	1,197,492,234	(844,884,514)
Total	(2,042,376,748)	1,197,492,234	(844,884,514)

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

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

31 December 2019			
Total Claims Liabilities	Gross Total Claims Liabilities	Total Claims Liabilities Reinsurance Share	Net Total Claims Liabilities
Turkish Liras	(2,284,292,077)	1,210,523,997	(1,073,768,080)
American Dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
Total	(2,284,292,077)	1,210,523,997	(1,073,768,080)

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

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

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

31 December 2018			
Total Claims Liabilities	Gross Total Claims Liabilities	Total Claims Liabilities Reinsurance Share	Net Total Claims Liabilities
Turkish Liras	(2,042,376,748)	1,197,492,234	(844,884,514)
American Dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
Total	(2,042,376,748)	1,197,492,234	(844,884,514)

4.1.2.3 Incurred claim development table

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

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

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

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)**4.2 Financial Risk****Introduction and Overview**

This note presents information about the Company's exposure to each of the below risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors monitors the effectiveness of the risk management system through the internal audit Department.

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

Credit risk

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

- Cash Deposits with Banks
- Other cash and cash equivalents (excluding cash)
- Premium receivables from the insured
- Receivables from agencies
- Receivables from reinsurers related to commissions and paid-up claims
- Reinsurance shares arising from insurance liabilities
- Other receivables
- Prepaid taxes and funds

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

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

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

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

	31 December 2019	31 December 2018
Cash and cash equivalents (<i>Note 14</i>)	1,080,271,661	1,016,627,186
Financial assets	288,727,720	-
Receivables From Real Operating Income (<i>Note 12.1</i>)	179,123,538	214,219,770
Reinsurance share of outstanding claims reserve, at the end of the period (<i>Not 10</i>), (<i>Not 17.19</i>)	679,546,307	628,676,974
Deposits and guarantees given	953,206	520,902
Advances to Personnel	4,799	3,437
Advance payments	428,271	222,654
Receivables from Associates	66,791	57,487
Other Miscellaneous Receivables	6,225,805	584,663
Total	2,235,348,098	1,860,913,073

As at 31 December 2019 and 31 December 2018, the aging of accounts receivables from main operations is as follows:

	31 December 2019		31 December 2018	
	Gross amount	Reserve Allocated	Gross amount	Reserve Allocated
Undue receivables	123,366,820	-	189,889,209	-
Past due 0-30 days	48,551,139	-	18,166,466	-
Past due 31-60 days	-	-	-	-
Past due 61-180 days	-	-	-	-
Past due 181-365 days	-	-	-	-
Receivables will be overdue more than 1 year	-	-	-	-
Total	171,917,959	-	208,055,675	-
Salvage and subrogation receivables	17,625,251	(10,419,672)	11,067,343	(4,903,248)
Doubtful receivables from main operations – subrogation receivables	44,555,639	(44,555,630)	8,714,825	(8,714,825)
Total	234,098,849	(54,975,311)	227,837,843	(13,618,073)

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Liquidity risk

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

Management of liquidity risk

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

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

31 December 2019	Book Value	up to 1 month	1 – 3 month(s)	3 – 6 month(s)	6 – 12 month(s)	Assets longer than
1 year						
Cash and cash equivalents	1,080,271,661	163,336,043	916,935,618	-	-	-
Financial assets	288,727,720	288,725,641	-	2,079	-	-
Receivables from Real Operating Income	179,123,538	67,207,827	11,837,468	87,887,824	12,190,419	-
Deposits and guarantees given	953,206	-	-	-	159,800	793,406
Advances to Personnel	4,799	4,799	-	-	-	-
Advance payments	428,271	428,271	-	-	-	-
Receivables from associates	66,791	-	-	-	66,791	-
Other Miscellaneous receivables	6,225,805	6,225,805	-	-	-	-
Total monetary assets	1,555,801,791	525,928,385	928,773,086	87,889,903	12,417,010	793,406
Liabilities						
Real Operating Liabilities	104,702,514	36,606,227	-	61,184,050	6,912,237	-
Liabilities due to related parties	175,151	165,224	-	-	-	9,928
Other payables	43,003,860	16,848,751	14,995,878	2,247,573	8,911,658	-
Insurance technical reserves (*)	1,049,307,319	91,031,965	726,015,811	96,478,176	129,644,482	6,136,885
Reserves for taxes and other similar obligations	38,058,613	13,136,815	10,940,964	13,777,082	203,752	-
Provisions for Others Risks	7,093,276	-	-	-	602,633	6,490,643
Other Long Term Liabilities	131,726	-	-	-	-	131,726
Total monetary assets	1,242,472,459	157,788,982	751,952,653	173,686,881	146,274,763	12,769,182

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Liquidity risk (Continued)

31 December 2018	Book Value	up to 1 month	1 – 3 month(s)	3 – 6 month(s)	6 – 12 month(s)	Assets longer than
1 year						
Cash and cash equivalents	1,016,627,186	728,315,332	288,311,856	-	-	-
Receivables From Real Operating Income	214,219,770	31,737,619	33,860,702	127,680,869	20,940,581	-
Deposits and guarantees given	520,902	-	-	-	-	520,902
Advances to Personnel	3,437	3,437	-	-	-	-
Advance payments	222,654	222,654	-	-	-	-
Receivables from associates	57,487	-	-	-	57,487	-
Other Miscellaneous receivables	584,663	-	584,663	-	-	-
Total monetary assets	1,232,236,099	760,279,042	322,757,221	127,680,869	20,998,068	520,902
Liabilities						
Real Operating Liabilities	75,728,060	39,522,830	-	36,205,230	-	-
Liabilities due to related parties	1,290,163	952,416	-	-	-	337,747
Other payables	44,198,749	2,119,830	34,991,861	-	7,087,058	-
Insurance technical reserves (*)	837,122,486	111,575,092	537,248,094	89,123,730	95,818,304	3,357,267
Reserves for taxes and other similar obligations	33,795,151	12,059,733	21,735,418	-	-	-
Provisions for Others						
Risks	3,692,694	-	-	-	400,500	3,292,194
Other Long Term Liabilities	91,778	-	-	-	-	91,778
Total monetary assets	995,919,081	166,229,901	593,975,373	125,328,960	103,305,862	7,078,986

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

Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Currency risk

The Company is exposed to currency risk through its insurance and reinsurance transactions denominated in foreign currencies. Foreign exchange gains and losses due to foreign currency denominated transactions are recognized in the period of the transaction. At the end of the reporting periods, foreign currency assets and liabilities evaluated by the Central Bank of the Republic of Turkey's spot purchase rates and the differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of operations.

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

31 December 2019	USD	Euro	GBP	Total
<i>Assets:</i>				
Cash and cash equivalents	110,558,777	96,995,965	-	207,554,742
Total foreign currency assets	110,558,777	96,995,965	-	207,554,742
<i>Liabilities</i>				
Real Operating Liabilities	(5,033,897)	(1,719,012)	(-)	(6,752,909)
Total foreign currency liabilities	(5,033,897)	(1,719,012)	(-)	(6,752,909)
Balance sheet position	105,524,880	95,276,954	-	200,801,834

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

31 December 2018	USD	EURO	GBP	Total
<i>Assets:</i>				
Cash and cash equivalents	4,671,403	23,475,063	-	28,146,466
Total foreign currency assets	4,671,403	23,475,063	-	28,146,466
<i>Liabilities</i>				
Real Operating Liabilities	(3,810,416)	(1,417,519)	(-)	(5,227,936)
Total foreign currency liabilities	(3,810,416)	(1,417,519)	(-)	(5,227,936)
Balance sheet position	860,987	22,057,543	-	22,918,530

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

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as of 31 December 2019 and 31 December 2018 are as follows:

	USD	EURO	GBP
31 December 2019	5.9402	6.6506	7.7765
31 December 2018	5.2609	6.0280	-

Exposure to foreign currency risk

A 10 percent depreciation of the TL against the following currencies as of 31 December 2019 and 31 December 2018 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 10 percent appreciation of the TL against the following currencies, the effect will be in the reversed direction and equal to the corresponding sum.

	31 December 2019		31 December 2018	
	INCOME STATEMENT	Shareholders' equities (*)	INCOME STATEMENT	Shareholders' equities (*)
USD	10,552,488	10,552,488	86,090	86,090
Euro	9,527,695	9,527,695	2,205,754	2,205,754
GBP	-	-	-	-
TOTAL, net	20,080,183	20,080,183	2,291,853	2,291,853

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

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

As at 31 December 2019 and 31 December 2018; the interest rate profile of the Company's interest earning financial assets and interest-bearing financial liabilities are detailed as below:

	31 December 2019	31 December 2018
<i>Financial assets and liabilities with fixed interest rates:</i>		
Interbank Deposits (Note 14)	782,639,603	651,617,405
Financial Assets Held for Trading (Note 11)	288,727,720	-

Interest rate sensitivity of the financial instruments

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

Fair value information

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

Classification relevant to fair value information

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

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

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

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

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

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

	31 December 2019			Total
	1. Rank	2. Rank	3. Rank	
<i>Financial assets:</i>	-	-	-	-
<i>Financial Assets Held for Trading</i>	-	288,727,720	-	-
Total financial assets	-	288,727,720	-	-

	31 December 2018			Total
	1. Rank	2. Rank	3. Rank	
<i>Financial assets:</i>	-	-	-	-
<i>Financial Assets Held for Trading</i>	-	-	-	-
Total financial assets	-	-	-	-

Capital Risk Management

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

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

As of 31 December 2019 and 31 December 2018, the Company's capital adequacy is as follows.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

	31 December 2019	31 December 2018
1st METHOD		
Equity Capital Required for Non-Life Branches	120,259,591	106,971,386
Equity Capital Required for Life Branch		
Equity Capital Required for Pension Branch		
Total Required Equity Capital	120,259,591	106,971,386
2nd METHOD		
Equity Capital Required for Active Risk	78,363,566	41,073,197
Equity Capital Required for Reinsurance Risk	34,350,496	40,052,668
Equity Capital Required for Excessive Premium Increase		
Equity Capital Required for Outstanding Claims Reserve	52,533,333	38,093,815
Equity Capital Required for Underwriting Risk	100,089,596	91,511,716
Equity Capital Required for Interest Rate and Exchange Risk	7,695,157	1,326,794
Total Required Equity Capital	273,032,148	212,058,190
Shareholders' equities	328,487,569	245,533,483
Reserve for Balancing	4,215,092	2,260,415
Subsidiary Deducted from the Equity Capital	(180.000)	(180.000)
Total Required Equity Capital To Be Considered For Capital Adequacy	332,522,661	247,613,898
Capital Adequacy Result	59,490,513	35,555,708

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

In the capital adequacy table dated 31 December 2019, the Company's Capital Adequacy was accounted as TL 59,490,513. (31 December 2018: Capital Adequacy TL 35,555,708)

Gains and losses from financial instruments

	31 December 2019	31 December 2018
<i>Financial gains and losses recognized in the statement of income</i>		
Interest incomes	99,502,888	87,198,804
Foreign Exchange Profits	80,558,626	29,761,446
Dividend Incomes from Associates	-	66,620
Other Investments	91,792,209	87,189,481
Investment Incomes	271,853,724	204,216,351
Depreciation Expenses	(6,610,184)	(2,940,396)
Foreign Exchange Loss	(38,486,632)	(6,763,689)
Investment Administration Expenses (Interest is included)	(1,046,784)	(-)
Investment Expenses	(46,143,600)	(9,704,085)
Investment revenues originating from financial assets	225,710,124	194,512,266

5 SEGMENT REPORTING

5.1 Activity Segmentation

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

5.2 Geographical segment reporting

The Company is operating in Turkey.

6 TANGIBLE FIXED ASSETS

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

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

	January 2019	Inputs	Correction ¹	December 2019
Cost Value				
Fixtures and furniture	4,641,115	1,496,171	-	6,137,286
Motor Vehicles	780,644	3,975,954	-	4,756,598
Special Costs	7,914,298	1,964,303	-	9,878,601
Acquired Assets by Leasing	-	6,900,439	-	6,900,439
Total	13,336,057	14,336,867	-	27,672,924
Accu. Depreciation				
Fixtures and furniture	(1,864,371)	(992,342)	-	(2,856,713)
Motor Vehicles	(282,186)	(833,683)	-	(1,115,869)
Special Costs	(2,348,616)	(1,702,689)	-	(4,051,305)
Acquired Assets by Leasing	(-)	(2,388,380)	-	(2,388,380)
Total	(4,495,173)	(5,917,094)	-	(10,412,266)
Net Book Value	8,840,884			17,260,658

Movement in tangible assets in the period from 1 January to 31 December 2018 is presented below:

	January 2018	Inputs	Outputs	December 2018
Cost Value				
Fixtures and furnitures	3,811,151	892,577	(62,613)	4,641,115
Motor Vehicles	723,705	122,144	(65,205)	780,644
Special Costs	6,143,557	1,770,741		7,914,298
Total	10,678,413	2,785,462	(127,818)	13,336,057
Accu. Depreciation				
Fixtures and furnitures	(1,026,305)	(886,491)	48,425	(1,864,371)
Motor Vehicles	(158,567)	(133,302)	9,683	(282,186)
Special Costs	(1,010,047)	(1,338,569)		(2,348,616)
Total	(2,194,919)	(2,358,362)	58,108	(4,495,173)
Net Book Value	8,483,494		(69,710)	8,840,884

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

	1 January - 31 December 2019	1 January - 31 December 2018
Depreciation expenses	(5,917,094)	(2,358,362)
Amortization and depletion expenses	(693,091)	(582,034)
Total	(6,610,185)	(2,940,396)

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

Not applicable. (31 December 2018: Not applicable.)

6 TANGIBLE ASSETS (Continued)

6.4 Movement in tangible assets in the current period:

	31 December 2019	31 December 2018
a) Cost of the tangible fixed assets purchased, produced, or constructed:	14,336,867	2,785,462
b) Cost of sold or scrapped tangible fixed assets:	-	(127,818)
c) Amount of Revaluation Increase in Current Period:	-	-
- In cost of assets (+):	-	-
- In accumulated depreciations (-):	-	-
d) Characteristics, total amount, start and end date and progress of ongoing investments:	-	-

6.5 Total insurance amount for tangible assets:

Type	31 December 2019	31 December 2018
Fixtures and furnitures	11,241,124	6,381,467
Total	11,241,124	6,381,467

7 INVESTMENT PROPERTY

As of 31 December 2019, the Company does not own any Investment Properties.
(31 December 2018: Not applicable)

8 INTANGIBLE FIXED ASSETS

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

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

	1 January 2018	Inputs	Outputs	31 December 2019
Cost Value				
Software	2,496,928	2,433,531	-	4,930,459
Total	2,496,928	2,433,531	-	4,930,459
Accu. Depreciation				
Software	(1,752,152)	(693,091)	-	(2,445,243)
Total	(1,752,152)	(693,091)	-	(2,445,243)
Net Book Value	744,776	1,740,440	-	2,485,216

8 INTANGIBLE FIXED ASSETS (Continued)

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

Movement in intangible assets in the period from 1 January to 31 December 2018 is presented below:

	1 January 2018	Inputs	Outputs	31 December 2018
Cost Value				
Software	2,026,281	470,647	-	2,496,928
Total	2,026,281	470,647	-	2,496,928
Accu. Depreciation				
Software	(1,170,117)	(582,036)	-	(1,752,153)
Total	(1,170,117)	(582,036)	-	1,752,153
Net Book Value	856,164			744,776

8.2 Business Combinations:

Not applicable. (31 December 2018: Not applicable.)

9 INVESTMENTS IN AFFILIATES

	31 December 2019		31 December 2018	
	Book Value	Share Value %	Book Value	Share Value %
Tarım Sigortaları Havuz İşletmesi A.Ş. (*)	430,032	4.71	430,032	4.71
Long term securities	430,032	4.71	430,032	4.71
EDK Sigorta A.Ş.	300,000	60	300,000	60
Subsidiary Companies Net	300,000	60	300,000	60
Total Financial Asset	730,032	60	730,032	60

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

10 REINSURANCE ASSETS

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

Reinsurance assets	31 December 2019	31 December 2018
Reinsurance share of unearned premiums reserve (Note – 17.16)	246,419,844	314,673,326
Reinsurance share of outstanding claims reserve, at the end of the period (Not 17.16)	679,546,307	628,676,974
Receivables from reinsurers related to commissions and paid-up claims (Note 12)	29,575,145	27,943,646
Reinsurance Share of Unexpired Risks Reserve (Note – 17.16).	16,413,318	8,420,655
Reinsurance Share of Equalization Reserve (Note 17.16)	9,268,135	5,173,772
Total	981,222,749	984,888,373

There is not any impairment losses recognized for reinsurance assets.

Reinsurance liabilities	31 December 2019	31 December 2018
Payables to the reinsurers related to ceded premiums (Note 19)	71,476,845	43,537,042
Deferred Commission Incomes (Note 19)	61,389,095	83,989,701
Reinsurance commission provisions	71,550,663	47,688,111
<i>Deposits from Reinsurance Companies (Note 19)</i>	-	9,821,194
Total	204,416,603	185,036,047

10 REINSURANCE ASSETS (Continued)¹

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

	31 December 2019	31 December 2018
Ceded premiums to reinsurers during the period (<i>Note 17</i>)	(487,847,685)	(621,099,094)
Reinsurance share of unearned premiums reserve, at the beginning of the period (<i>Note 17</i>)	(314,673,326)	(344,805,601)
Reinsurance share of unearned premiums reserve, at the end of the period (<i>Note 17</i>)	246,419,844	314,673,326
Reinsurance share of earned premiums (<i>Note 17</i>)	(556,101,167)	(651,231,369)
Reinsurance share of claims paid, during the period (<i>note 17</i>)	530,977,691	568,815,260
Reinsurance share of outstanding claims reserve, at the beginning of the period (*)	(628,676,974)	(356,941,836)
Reinsurance share of outstanding claims reserve, at the end of the period (<i>Note 17</i>)	679,546,307	628,676,974
Reinsurance share of claims paid, during the period (<i>note 17</i>)	581,847,024	840,550,398
Commission income accrued from reinsurers during the period	84,746,066	186,952,635
Deferred Commission Incomes in the beginning of the period (<i>Note 17</i>)	83,989,701	86,282,124
Deferred Commission Incomes at the end of the period (<i>Note 17</i>)	(61,389,095)	(83,989,701)
Reinsurance commission provisions	47,688,111	39,127,791
Reinsurance commission provisions at the end of the period	(71,550,663)	(152,166,970)
Commission income earned from reinsurers (<i>Note 32</i>)	83,484,119	76,205,880
Reinsurance share of unexpired risks reserves	7,992,663	5,394,069
Reinsurance Share of Equalization Reserve (<i>Note 17.19</i>)	9,268,135	5,173,772
TOTAL, net	126,490,774	276,092,750

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

11 FINANCIAL ASSETS

11.1 Classification of the Financial Assets

	31 December 2019	31 December 2018
Financial assets held for trading	288,727,720	-

	Nominal Value	Cost Accounting	Fair Value Measurement	Book Value
Borrowing Instruments				
Receivable from Reverse Repurchase Agreements	-	288,310,807	288,725,641	288,725,641
Private sector Bonds and Securities	-	2,079	2,079	2,079
Total	-	288,312,886	288,727,720	288,727,720

11 FINANCIAL ASSETS (Continued)

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

Not applicable. (31 December 2018: Not applicable.)

11.3 Securities representing redeemable debt during the year

Not applicable. (31 December 2018: Not applicable.)

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

See Note 11.1

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

Not applicable. (31 December 2018: Not applicable.)

11.6 Value increase on financial assets in the last three years

Not applicable. (31 December 2018: Not applicable.)

11.7 Financial Instruments

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

11.8 Effects of Exchange Rate Differences

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

12 LIABILITIES AND RECEIVABLES

12.1 Receivables:

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

Short-term	31 December 2019	31 December 2018
Receivables from insurance operations (*)	179,123,538	214,219,770
Total	179,123,538	214,219,770

(*) The details of the Company's receivables from insurance operations as of 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
Receivables from agencies, brokers and intermediaries	74,288,395	55,189,100
Receivables from Reinsurance Transactions	29,575,145	27,943,646
Bank Guaranteed Credit Card Receivables	68,054,420	124,922,929
Salvage and subrogation receivables	17,625,251	11,067,343
Total receivables from insurance operations, net	189,543,211	219,123,018
Doubtful Receivables Arising from Real Operations	44,555,639	8,714,825
Provisions for Doubtful Receivables Arising from Real Operations	(44,555,639)	(8,714,825)
Salvage and subrogation receivables	(10,419,672)	(4,903,248)
Receivables From Real Operating Income	179,123,538	214,219,770

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

See Note 45 for the Company's receivable-payable relationship with shareholders, affiliates and subsidiaries as of 31 December 2019.

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

Type of pledge and/or guarantee	31 December 2019	31 December 2018
Letter of guarantee	88,076,084	14,664,472
Total	88,076,084	14,664,472

The checks received from agencies and the policy holders are not recorded until the day they are collected, and these checks are recognized under the off-balance sheet accounts. The total amount of undue checks recorded in this manner is TL 11,763,478 as of 31 December 2019. (31 December 2018: TL 20,221,804)

12 LIABILITIES AND RECEIVABLES (Continued)

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

For the Company's receivables and payables denominated in foreign currencies as at 31 December 2019, see Note 4.2 Exposure to Foreign Currency Risk.

13 DERIVATIVE FINANCIAL INSTRUMENTS

Not applicable. (31 December 2018: Not applicable.)

14 CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash	18,885	-
Cash Deposits with Banks	789,714,380	657,423,541
Bank Guaranteed Credit Card Receivables with maturities less than 3 months	290,538,396	359,203,645
Total	1,080,271,661	1,016,627,186
Blocked Amounts	(65,007,117)	(7,117)
Interbank Deposits Interest Rediscounting	(1,149,250)	(6,807,494)
Cash and Cash Equivalents in the Cash Flow Table	1,014,115,294	1,009,812,575

As of 31 December 2019 and 31 December 2018, bank deposits respectively are further analyzed as follows:

	31 December 2019	31 December 2018
TL interbank deposits		
- having a fixed term	782,639,603	651,617,405
- on demand	7,074,777	5,806,136
Total	789,714,380	657,423,541

14 CASH AND CASH EQUIVALENTS (Continued)

Amounts of blocked deposits with the banks

The Company has TL 65,007,117 blocked in deposits and TL 30,000,000 blocked in Bank Guaranteed Credit Card Receivables. (31 December 2018: The Company has TL 7.117 blocked in deposits and TL 76,500,000 blocked in Bank Guaranteed Credit Receivables.) The amount of TL 95,007,117 is a blockage for the Undersecretariat of Treasury for necessity of insurance activities. (31 December 2018: The total amount of TL 76,507,117 is a blockage for the Undersecretariat of Treasury for necessity of insurance activities.)

Time deposits consist of TL, EUR and USD bank placements; the maturity range is between 2 January 2020 and 30 March 2020. The applied interest rate is between 7% and 12% for TL time deposits and between 0.35 % and 0.9 % for EURO time deposits. Time deposits is between 13 January 2020 and 20 March 2020. Interest rate for USD deposits is between 2.05% and 2.29%. Time deposits is between 13 January 2020 and 20 March 2020. (31 December 2018: Time deposits consist of TL and EURO bank placements; the TL maturity range is between 2 January 2019 and 26 February 2019. The applied interest rate is between 22% and 24.30% for TL time deposits and between 2.75 % and 3.50% for EURO time deposits. Euro time deposits is between 2 January 2019 and 28 January 2019.)

15 CAPITAL

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

As of 31.12.2019, the Company has 3 shareholders. The Company has increased its capital with the Trade Registry Gazette dated 09.04.2019 and numbered 9805. The Company's new share capital is TL 220,000,000 divided into 220,000,000 shares each having a nominal value of TL 1. The entire subscribed capital was paid. All of the TL 150,000,000 share capital increase was covered by internal resources.

Name, Last Name and Title of the Partner	31 December 2019		31 December 2018	
	Amount of Share (TL)	Share Portion (%)	Amount of Share (TL)	Share Portion (%)
Nihat Kırmızı	99,000,000	45.00	23,330,611	33.329
Nabi Kırmızı	74,800,000	34.00	23,330,611	33.329
Mustafa Arif Küme	-	-	1,167	0.002
DoğaMed Sağlık Hiz. San ve Tic. A.Ş.	-	-	1,167	0.002
Doğa Akademi Eğitim Hiz. ve Ort. Sağ. Gv. Bir. Dan. A.Ş.	46,200,000	21.00	17,497,958	24.997
Berk Dan. Ve Teks. San. Tic. A.Ş.	-	-	1,167	0.002
Mesleğim Eğitim Kurumları A.Ş.	-	-	5,832,653	8.332
Agroberk Gıda Ürünleri A.Ş.	-	-	4,666	0.007
Paid-up Capital	220,000,000	100	70,000,000	100

15 CAPITAL (Continued)

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

	31 December 2019	31 December 2018
Capital Amount at the Beginning of the Period	70,000,000	5,250,700
Disposals during the period	-	-
Capital Increase Within the Period	150,000,000	63,999,300
Capital Payment Within the Period	-	750,000
Non-paid Capital	-	-
Period End Paid-up Capital	220,000,000	70,000,000

As of 31 December 2019, the Company's share capital is TL 220,000,000 consists of 220,000,000 shares each having a nominal value of TL 1. The company set off the capital increase as TL 150,000,000 in that period from internal liabilities. As of 31.12.2019 the company has no unpaid capital.

15.3 For each class of share capital;

15.3.1 The explanation about the number of capital shares

Not applicable. (31 December 2018: Not applicable.)

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

The Company does not have any issued shares. (31 December 2018: Not applicable.)

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

The Company's capital is TL 220,000,000, and it consists of 220,000,000 shares, each with a nominal value of TL 1. The company has no unpaid capital. (31 December 2018: The Company's capital is TL 70,000,000, and it consists of 70,000,000 shares, each with a nominal value of TL 1. The company has no unpaid capital)

15 CAPITAL (Continued)

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

	31 December 2019	31 December 2018
Number of Shares per each Period	70,000,000	5,250,700
Capital Payment Within the Period	-	750,000
Increase / Decrease within the Period	150,000,000	63,999,300
Number of Shares at the End of the Period	220,000,000	70,000,000

As of 31 December 2019, the Company's share capital is TL 220,000,000 consists of 220,000,000 shares each having a nominal value of TL 1. The company set off the capital increase as 150,000,000 TL in that period from internal liabilities. As of 31.12.2019 the company has no unpaid capital.

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

Not applicable. (31 December 2018: Not applicable.)

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

Not applicable. (31 December 2018: Not applicable.)

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

Not applicable. (31 December 2018: Not applicable.)

15.3.8 Other Capital Reserves

Not applicable. (31 December 2018: Other capital reserves are made up of the amount which was resolved to be kept as Capital reserve in the Equity in previous years and transferred to Equity Development fund pursuant to the resolution of the General Assembly.)

15 CAPITAL (Continued)

15.4 Other profit reserves

15.4.1 Legal Reserves

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

The movement of the legal reserves is as follows:

	31 December 2019	31 December 2018
Legal Reserves at the Beginning of the Period	1,050,140	753,389
Transfer from profit	3,203,242	296,751
Period End Legal Reserves	4,253,382	1,050,140

15.4.2 Extraordinary Reserves

The movement of extraordinary reserves is as follows:

	31 December 2019	31 December 2018
Extraordinary Reserves at the Beginning of the Period	6,780,498	-
Transfer from profit	-	6,780,498
Extraordinary Reserves at the End of the Period	6,780,498	6,780,498

15.4.3 Special funds

Within the scope of takaful insurance, as a result of the participation insurance product which was introduced to the market on a volunteer basis, a **TL 7,384,087** was created. This fund amount was reported in the equity.

15.4.4 Re-measurement gains /losses under defined benefit plans

As at 31 December 2019, other profit reserves consist of a total net of TL 139,999 which is the actuarial loss and gain amount found by re-measuring the net benefit liability defined according to TAS 19. (31.12.2018: TL 77,582)

15 CAPITAL (Continued)
15.4.5 Previous Years Profits /(Losses)

	31 December 2019	31 December 2018
Previous year profits / losses	8,779,510	22,939,236
Amount Transferred from the Net Profit of the Period	64,064,838	50,136,326
Capital increase covered from previous year profits	(62,448,006)	(63,999,300)
Legal reserves	(3,203,242)	(296,752)
Distributed Dividend	(6,086,160)	(-)
Total	1,106,940	8,779,510

15.5 Share based payments:

Not applicable. (31 December 2018: Not applicable.)

15.6 Matters pertaining to the Events after the Balance Sheet Date

Not applicable. (31 December 2018: Not applicable.)

16 OTHER RESERVES AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION
16.1 Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

Not applicable. (31 December 2018: Not applicable.)

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

Not applicable. (31 December 2018: Not applicable.)

16.3 Hedging for forecasted transactions and net investment hedging

Not applicable. (31 December 2018: Not applicable.)

16.4 Hedging against financial risks

Not applicable. (31 December 2018: Not applicable.)

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

Not applicable. (31 December 2018: Not applicable.)

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

16.6 Revaluation increase in tangible fixed assets

Not applicable. (31 December 2018: Not applicable.)

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

17.1 Details of the Company's technical reserves as of 31 December 2019 and 31 December 2018 are below:

	31 December 2019	31 December 2018
Gross unearned premiums reserve	790,446,103	865,636,220
Reinsurance share of unearned premiums reserve (<i>Note 10</i>)	(246,419,844)	(314,673,326)
SSI of Unearned Premiums Reserve	(46,191,609)	(56,313,048)
Pool Unearned Premiums Reserve	(74,666,234)	(99,685,869)
Provisions for Unearned Premiums - Net	423,168,415	394,963,976
Provisions for gross suspending indemnities	1,271,729,389	1,059,512,428
Reinsurance share of outstanding claims reserve (<i>Note 10</i>)	(679,546,307)	(628,676,974)
Gross Outstanding Claims Reserve, net	592,183,082	430,835,454
Gross Unexpired Risks Reserve	46,154,048	17,483,296
Reinsurance Share of Unexpired Risks Reserve (<i>Note 10</i>)	(16,413,318)	(8,420,655)
Provision for Unexpired Risks - Net	29,740,730	9,062,641
Reserve for Balancing, net	4,215,092	2,260,415
Mathematical Life Provision, net	-	-
Total technical reserves, net	1,049,307,319	837,122,486
Short-term loans	1,045,092,227	834,862,071
Medium- and Long-term	4,215,092	2,260,415
Total technical reserves, net	1,049,307,319	837,122,486

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)
17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurees and their mathematical reserves

Not applicable. (31 December 2018: Not applicable)

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

Branch	31 December 2019	31 December 2018
Land Vehicles Liability	5,661,040,716,000	7,478,041,147,000
Accident	52,428,492,745	19,327,794,861
Land Vehicles (Own Damage)	27,101,825,863	26,372,286,925
Fire and Natural Disasters	92,079,720,984	67,208,276,924
Cargo	8,978,743,728	5,757,239,089
General Damages	36,849,119,901	27,527,428,546
General Liability	20,025,558,711	12,814,518,527
Legal Protection	2,411,465,391	2,628,062,569
Health Illness	218,559,148,629	214,200,267,768
Indemnity	553,924,889	226,997,719
Aircrafts	4,985	4,985
Aircrafts Responsibility	482,718	482,718
Watercrafts	4,883,000	5,622,560
Total	6,120,034,087,544	7,854,110,130,191

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

Not applicable. (31 December 2018: Not applicable)

17.5 Number and amount of participation certificates in portfolio and circulation

Not applicable. (31 December 2018: Not applicable)

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

Not applicable. (31 December 2018: Not applicable)

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

Not applicable. (31 December 2018: Not applicable)

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

Not applicable. (31 December 2018: Not applicable)

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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

Not applicable. (31 December 2018: Not applicable)

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

Not applicable. (31 December 2018: Not applicable)

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

Not applicable. (31 December 2018: Not applicable)

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

Not applicable. (31 December 2018: Not applicable)

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves for the life policyholders who leave the portfolio during the period

Not applicable. (31 December 2018: Not applicable)

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

Not applicable. (31 December 2018: Not applicable)

17.15 Explanation of information that describes amounts arising from insurance agreements

Not applicable. (31 December 2018: Not applicable)

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

	31 December 2019	31 December 2018
Liabilities due to Reinsurance Companies	71,476,845	43,537,042
Deposits from Reinsurance Companies	-	9,821,194
Net Receivables/(Debt)	71,476,845	53,358,236

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	1 January - 31 December 2019	1 January - 31 December 2018
Ceded Premiums to Reinsurers	(487,847,685)	(621,099,094)
Premiums Transferred to the Pool	(143,155,804)	(196,832,102)
Reinsurance Share of Unearned Premiums Reserve	246,419,844	314,673,326
Pool Share of Unearned Premiums Reserve	74,666,234	99,685,869
Reinsurance Share of Unexpired Risks Reserve	16,413,318	8,420,655
Reinsurance Share of Claims Paid	530,977,691	568,815,260
Provision for Outstanding Claims and Compensations	679,546,307	628,676,974
Reinsurance Share of Equalization Reserve	9,268,135	5,173,772
Net Income/(Expenditure)	926,288,040	807,514,660

17.17 Comparison of incurred claims with past estimations

Development table for incurred claims is disclosed in Note 4.

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

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

17.19 Other required explanations regarding liabilities originating from insurance contracts:

As of 31 December 2019 and 31 December 2018, the movement table of insurance liabilities and reinsurance assets is as follows:

Provisions for Unearned Premiums	31 December 2019				
	Gross	Reinsurer Share	SSI Share	Pool Share	Net
Unearned Premiums Reserve at the	865,636,220	(314,673,326)	(56,313,048)	(99,685,869)	394,963,976
Premiums written during the period	1,533,598,888	(487,847,685)	(87,113,011)	(143,155,804)	815,482,389
Premiums earned during the period	(1,608,789,005)	556,101,167	97,234,450	168,175,439	-
Unearned Premiums Reserve at the beginning of the period	790,446,103	(246,419,844)	(46,191,609)	(74,666,234)	423,168,415

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

17 INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

Provisions for Unearned Premiums	31 December 2018				
	Gross	Reinsurer Share	SSI Share	Pool Share	Net
Unearned Premiums Reserve at the	812,872,212	(344,805,601)	(54,318,496)	(46,591,973)	367,156,142
Premiums written during the period	1,668,708,401	(621,099,094)	(106,205,543)	(196,832,102)	744,571,662
Premiums earned during the period	(1,615,944,393)	651,231,369	104,210,990	143,738,206	(716,763,828)
Unearned Premiums Reserve at the beginning of the period	865,636,220	(314,673,326)	(56,313,048)	(99,685,869)	394,963,976

1 January 2019 -31 December 2019			
Outstanding Claims Reserve:	Gross	Reinsurance share	Net
Beginning of the Period	1,059,512,428	(628,676,974)	430,835,454
Claims Paid	(1,012,562,689)	530,977,691	(481,584,998)
- Current period outstanding claims	1,386,362,476	(751,182,715)	635,179,761
- Previous years' outstanding claims	(1,059,512,428)	628,676,974	(430,835,454)
Outstanding claims at the end of the period	373,799,787	(220,205,024)	153,594,763
Incurred but not reported claims	897,929,603	(459,341,283)	438,588,320
Adequacy Difference in Outstanding Claims Provisions	-	-	-
Total	1,271,729,390	(679,546,307)	592,183,083

1 January 2018 -31 December 2018			
Outstanding Claims Reserve:	Gross	Reinsurance share	Net
Beginning of the Period	589,962,427	(356,941,836)	233,020,591
Claims Paid	(982,864,320)	568,815,260	(414,049,059)
- Current period outstanding claims	1,304,433,745	(771,072,000)	533,361,744
- Previous years' outstanding claims	(589,962,427)	356,941,836	(233,020,591)
Outstanding claims at the end of the period	321,569,425	(202,256,740)	119,312,685
Incurred but not reported claims	737,943,003	(426,420,234)	311,522,769
Adequacy Difference in Outstanding Claims Provisions	-	-	-
Total	1,059,512,428	(628,676,974)	430,835,454

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	1 January 2019 -31 December 2019		
		Reinsurance	
Provision for Unexpired Risks:	Gross	share	Net
Beginning of the Period	17,483,296	(8,420,655)	9,062,641
Change in the Provision Added within the Period	28,670,752	(7,992,663)	20,678,089
Provision for Unexpired Risks in the End of the Period	46,154,048	(16,413,318)	29,740,730

	1 January 2018 -31 December 2018		
		Reinsurance	
Provision for Unexpired Risks:	Gross	share	Net
Beginning of the Period	5,491,720	(3,026,586)	2,465,134
Change in the Provision Added within the Period	11,991,576	(5,394,069)	6,597,507
Provision for Unexpired Risks in the End of the Period	17,483,296	(8,420,655)	9,062,641

Reserve for Balancing:	31 December 2019	31 December 2018
Beginning of the Period	2,260,414	1,054,661
Provision Added within the Period	1,954,678	1,205,754
End of the Period Reserve for Balancing	4,215,092	2,260,415

The portions of the commissions paid to the intermediaries for the production of the policies deferred to the next periods are recognized under “Prepaid Expenses” accounts. As of 31 December 2019, the details of the prepaid expenses in the amount of TL 122,283,557 recorded in the currents assets are as follows (31 December 2018: TL 123,418,658) prepaid expenses pertaining to future months; are consisting of deferred production commissions amount of TL 99,617,571 (December 31, 2018; TL 95,934,510) and prepaid other expenses amount of TL 22,665,986 (December 31, 2018; TL 27,484,148).

	31 December 2019	31 December 2018
Deferred Reinsurance Commissions		
Deferred production commissions at the beginning of the period	101,400,435	92,319,196
Commissions to intermediaries accrued during the period	193,274,720	188,497,813
Commissions expensed during the period (Note 32)	(195,057,584)	(184,882,499)
End of the Period	99,617,571	95,934,510

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	31 December 2019	31 December 2018
Prepaid expenses pertaining to future months		
Prepaid Banking Commission Expenses	5,879,215	10,362,837
Prepaid Advertising, Promotion, Organization Expenses	3,143,852	1,284,371
Prepaid Newspaper, Magazine Subscription Expenses	96,633	105,802
Advance Paid Assistance Expenses	-	9,812,753
Prepaid Commission Expenses	-	5,465,924
Printed Document Expenses Paid in Advance	137,864	295,962
Prepaid Sponsorship Expenses	2,674,417	-
Other Prepaid Expenses	416,232	156,499
End of the Period	12,348,213	27,484,148
	31 December 2019	31 December 2018
Deferred Reinsurance Commissions:		
Reinsurance commissions deferred at the beginning of the period	(83,989,701)	(86,282,124)
Reinsurance commissions accrued during the period	(84,746,066)	(186,952,635)
Commissions recognized during the period (Note 32)	107,346,671	189,245,059
Reinsurance commission provision at the beginning of the period	47,688,111	(-)
Reinsurance commission provision within the period	(35,845,619)	(47,688,111)
Reinsurance Reserve During the Period current transfer	(12,944,973)	(-)
End of the Period	(132,939,759)	(131,677,812)

17.20 Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets

	31 December 2019		31 December 2018	
Branch	The amount guarantee required	The amount of guarantee provided	The amount guarantee required	The amount of guarantee provided
Life	-	-	-	-
Non-Life	-	95,007,117	-	76,507,117
Total	-	95,007,117	-	76,507,117

18. INVESTMENT CONTRACT LIABILITIES

Not applicable. (31 December 2018: Not applicable.)

19 COMMERCIAL AND OTHER PAYABLES, DEFERRED INCOMES

19.1 Sub-classifications of presented items in line with the Company's operations

Payables from Insurance Operations

	31 December 2019	31 December 2018
Payables from Insurance Operations	33,225,669	22,369,824
Liabilities due to Reinsurance Companies	71,476,845	43,537,042
Deposits From Reinsurance Companies (Note 19)	-	9,821,194
Total	104,702,514	75,728,060

Other payables

	31 December 2019	31 December 2018
Payables to SSI (Short term)	22,340,792	24,742,660
Payables to Suppliers	8,911,658	12,369,031
Deposits and Guarantees Received	11,751,410	7,087,058
Total	43,003,860	44,198,749

Deferred Incomes

	31 December 2019	31 December 2018
Deferred Commission Incomes	61,389,095	83,989,701
Total	61,389,095	83,989,701

20 FINANCIAL LIABILITIES

The Company's total lease liability and the movement of lease liabilities recognized within the scope of transition to TFRS 16 – Leases standard as of 31 December 2019 and 1 January 2019 are presented below:

	31 December 2019	01 January 2019
Short term lease liabilities	3,203,053	2,583,467
Long term lease liabilities	2,674,304	4,562,365
Discount ratio with alternative debt ratio	(985,120)	(1,633,073)
Total lease liabilities	4,892,237	5,512,759

21 DEFERRED INCOME TAX

As of 31 December 2019 and 31 December 2018, the items resulting in deferred tax assets and liabilities are as follows:

	31 December 2019	31 December 2018
	Deferred taxes assets / (Liabilities)	Deferred taxes assets / (Liabilities)
Provisions for termination indemnities	293,273	114,994
Unused Vacation Reserves	132,579	88,110
Discounted Cost of Receivables (120)	(313,222)	500,903
POS KK Discounted Cost	(308,181)	395,252
Personnel Lawsuits Reserve	1,096,541	597,789
Reserve for Balancing	309,806	191,687
Provision for Unexpired Risks	6,542,960	1,993,781
Provisions for Subrogation Receivables	2,292,328	1,078,715
Depreciation TAS Correction Difference	(540,969)	(351,085)
Discounted Cost of Debts (320 HS)	688,950	(470,065)
Deposit Account Tax Procedure Law – IFRSS		
Exchange Rate Difference	(51,771)	(157,030)
TFRS 16 Rental Agreements	84,831	
Deferred taxes assets, net	1,214,142	3,983,053

As of 31 December 2019, the movement table of deferred Tax Assets is as follows.

	31 December 2019	31 December 2018
From January, 1	3,983,053	1,448,299
Deferred tax revenues / (expenses)	6,228,469	2,519,381
Deferred tax revenues / (expenses) recognized in equity	15,604	15,373
Deferred Tax Assets	10,227,126	3,983,053

22 RETIREMENT AND WELFARE LIABILITIES

(Please see Note 33)

23 PROVISIONS FOR OTHER LIABILITIES AND EXPENDITURE

	1 December 2019	31 December 2018
Taxes and Funds Payable	37,394,922	33,385,300
Social Security Withholding Payable	663,691	409,851
Provisions for Taxes and Other Liabilities For the Period Profit	38,524,331	21,362,035
Prepaid Taxes and Other Legal Liabilities on Period Profit	(38,524,331)	(21,362,035)
Provisions for Others Risks	7,093,276	3,527,574
- Provisions for termination indemnities	1,466,367	574,971
- Holiday Pay Reserves	602,633	400,500
- Reserve for Lawsuits	5,024,276	2,717,223
Total	45,151,889	37,487,845

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

	1 December 2019	31 December 2018
Beginning of the Period	574,971	421,570
Cost of Services	958,423	198,963
Interest cost	50,195	22,470
Indemnities paid	195,243	(144,894)
Actuarial loss	78,021	76,862
End of the Period	1,466,367	574,971

The movement table of holiday pay reserves during the period calculated for the holiday pays resulting from the holidays not used by the Company personnel in previous years is as follows.

	1 December 2019	31 December 2018
Beginning of the Period	400,500	237,295
Increase/Decrease within the Period (note - 47.4)	202,133	163,205
End of the Period	602,633	400,500

24 NET INSURANCE PREMIUM REVENUE

The amounts calculated by deducting the reinsurance shares from gross premiums in the 1 January – 31 December 2019 and 1 January – 31 December 2018 periods are presented below.

Non-Life Branches	1 January - 31 December 2019	1 January - 31 December 2018
Accident	32,937,811	20,800,172
Land Vehicles (Own Damage)	108,056,740	87,007,569
Fire and Natural Disasters	58,378,187	76,595,618
Land Vehicles Liability	541,863,005	499,478,429
General Liability	2,319,509	1,689,737
General Damages	2,995,163	3,863,034
Cargo	417,388	457,906
Legal Protection	1,629,836	2,027,001
Health Illness	66,307,471	52,562,187
Indemnity	-	28,600
Financial Risk	214,229	51,984
Aircrafts	499	499
Watercrafts	3,685	8,678
Aircrafts Responsibility	249	249
Breach of Trust	358,617	-
Total	815,482,389	744,571,662

25 FEE INCOMES

Not applicable. (31 December 2018: Not applicable.)

26 INVESTMENT INCOMES

Presented in the “Financial Risk Management” Note above (Note 4.2).

27 NET REALIZED GAINS ON FINANCIAL ASSETS

Presented in the “Financial Risk Management” Note above (Note 4.2).

28 NET FAIR VALUE GAINS ON ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net fair value gains on assets at fair value through profit or loss:

Presented in the “Financial Risk Management” Note above (Note 4.2).

(31 December 2018: Not applicable.)

Investment Property:

Not applicable. (31 December 2018: Not applicable.)

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

29 INSURANCE RIGHTS AND CLAIMS

	31 December 2019	31 December 2018
Claims paid, net of reinsurance share	(481,584,998)	(414,049,059)
Change in Outstanding Compensations Reserve, Net of Reinsurance Share	(161,347,627)	(197,814,863)
Change in Unearned Premiums, Net of Reinsurance Share	(28,204,439)	(27,807,834)
Changes in Unexpired Risks Reserve, Net of Reinsurance Share	(20,678,089)	(6,597,507)
Changes in equalization reserve, net of reinsurance share	(1,954,678)	(1,205,753)
Total	(693,769,831)	(647,475,017)

30 INVESTMENT CONTRACT RIGHTS

Not applicable. (31 December 2018: Not applicable.)

31 MANDATORY OTHER EXPENSES

The allocation of the expenses with respect to their nature or function is presented in Note 32 below.

32 TYPES OF EXPENSE

	1 January - 31 December 2019	1 January - 31 December 2018
Commission expenses (Note 17.19)	(195,057,584)	(184,882,499)
Commission income earned from reinsurers (Note 10 and 17.19)	83,484,119	76,205,880
Staff Expenses	(31,039,018)	(23,108,115)
Assistance Expenses	(18,719,364)	(8,807,819)
Banking and Commission Expenses	(15,063,022)	(16,846,938)
Registration and Announcement Expenses	(597,652)	(460,041)
Information technologies expenses	(4,597,714)	(3,220,969)
Representation, entertainment expenses	(2,316,509)	(1,971,580)
Office Rental Expenses	(415,618)	(1,717,393)
Office Expenses	(1,556,600)	(2,849,026)
Advisor and Consultancy services	(3,229,028)	(1,286,600)
Car Rental Expenses	(175,856)	(1,401,224)
Taxes, Duties and Fees	(5,751,016)	(4,688,943)
Transport Vehicles Expenses	(1,158,588)	(920,584)
Communication Expenses	(478,590)	(554,048)
Establishment and organization expenses	(194,132)	(156,900)
Fee Expenses	(614,614)	(425,560)
Advertising and Promotion expenses	(24,135,202)	(7,615,655)
Marketing Expenses	(1,345,234)	(1,321,962)
Other	(2,951,065)	(2,055,649)
Total	(225,912,285)	(188,085,626)

33 EMPLOYEE BENEFIT EXPENSES

Details of the benefits provided to employees in the periods ending on 31 December 2019 and 31 December 2018 are presented below.

	31 December 2019	31 December 2018
Salary and wages	(23,323,957)	(17,557,479)
Employer's share in social security premiums	(3,024,723)	(2,378,591)
Pension fund benefits	(2,170,464)	(2,373,042)
Other benefits	(2,519,874)	(799,003)
Total	(31,039,018)	(23,108,115)

34 FINANCIAL COSTS

34.1 Financial expenses of current period

Not applicable. (31 December 2018: Not applicable.)

There are not any finance costs classified either on production costs or tangible assets.

34.2 Current period's financial expenses related to shareholders, affiliates and subsidiaries:

Not applicable. (31 December 2018: Not applicable.)

35 INCOME TAX

Revenue tax expenses in the financial statements are presented below:

Reserve for Corporate Tax Expense	31 December 2019	31 December 2018
Corporate Tax Reserve	(38,524,331)	(21,362,035)
Deferred tax revenues / (expenses)		
Tax Revenue / (Expense) Originating from Deductible / Taxable Temporary Differences	6,228,469	2,519,381
Total Tax Income/ (Expense)	(32,295,862)	(18,842,654)

As of 31 December 2019, the Company's withholding tax expense originating from its time deposit is TL 0. (31 December 2018: TL 3,176,876)

36 NET FOREIGN EXCHANGE GAINS

	1 January - 31 December 2019	1 January - 31 December 2018
Foreign exchange profits	80,558,626	29,761,446
Foreign exchange loss (-)	(38,486,632)	(6,763,689)
Net foreign exchange change	42,071,994	22,997,757

37 EARNINGS PER SHARE

Earnings per share is calculated by dividing the portion of the net period profit or loss per shareholders by the number of shares at the end of the period.

	1 January - 31 December 2019	1 January - 31 December 2018
Net loss for the period	89,102,662	64,064,838
Number of shares	220,000,000	70,000,000
Profit/Loss per Share	0.41	0.92

38 DIVIDENDS PER SHARE

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

Not applicable. (31 December 2018: Not applicable.)

38.2 Amount of dividend and the dividend per share which are suggested or announced before the financial statements are approved for publication but which will not be distributed to the shareholders during the period:

Not applicable. (31 December 2018: Not applicable.)

39 CASH GENERATED FROM THE OPERATIONS

Please see Cash Flow Table

40 EQUITY SHARE CONVERTIBLE BONDS

Not applicable. (31 December 2018: Not applicable.)

41 CASH CONVERTIBLE PRIVILEGED EQUITY SHARES

Not applicable. (31 December 2018: Not applicable.)

42 RISKS

Reserves, Contingent Assets and Liabilities:

- Information about the Company's legal situation is presented below.

Total value of the lawsuits filed against the Company is TL 352,748,779 and TL 225,941,836 of this amount is the reinsurance share. (31 December 2018: Total value of the lawsuits filed against the Company is TL 263,957,713 and TL 165,240,490 of this amount is the reinsurance share.) The total amount of the Company's pending personnel, Agency and other lawsuits is TL 5,024,276.

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

	31 December 2019	31 December 2018
Contingent liabilities		
Outstanding Claims	153,594,763	119,312,685
IBNR	438,588,320	311,522,769
Total	592,183,083	430,835,454

43 COMMITMENTS

43.1 Total amount of mortgages or restrictions on active assets:

Guarantees Given	31 December 2019	31 December 2018
Letter of Guarantee	56,443,591	14,664,472
Total	56,443,591	14,664,472

43.2. Total amount of commitments not included in liabilities:

Commitments not included in liabilities	31 December 2019	31 December 2018
Insurance Coverage Undertaken by the Company	6,120,034,087,544	7,854,110,130,191
Total	6,120,034,087,544	7,854,110,130,191

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

Not applicable. (31 December 2018: Not applicable.)

43 COMMITMENTS (Continued)

43.4 Contractual commitments to acquire intangible assets:

Not applicable. (31 December 2018: Not applicable.)

43.5 Contractual commitments from Operating leases:

Not applicable. (31 December 2018: Not applicable.)

44 BUSINESS COMBINATIONS

Not applicable. (31 December 2018: Not applicable.)

45 STATEMENTS FROM RELATED PARTIES

For the purpose of the accompanying financial statements, shareholders, key management and members of board of directors together with their families and companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties

As of 31 December 2019 and 31 December 2018, the related parties' balances are as follows.

	31 December 2019	31 December 2018
Other Short-Term Receivables Due to Related Parties	66,791	57,487
Receivables from Subsidiaries	66,791	57,487
Other short-term liabilities due to related parties	165,224	952,416
Payables to employees	165,224	952,416
Payables to shareholders	-	-
Other Long term liabilities due to related parties	9,927	337,747
Payables to shareholders	9,927	337,747

(*) The amount of TL 9,927 consists of the amount of interest calculated in the account of Payables to shareholders in previous years.

(31.12.2018(*) Of the TL 337,747 portion of the payable to the shareholders account, TL 145,243 consists of the interest applied to the principal.

Details of the payables due to shareholder are presented below.

45 STATEMENTS FROM RELATED PARTIES (Continued)

	1 January - 31 December 2019	1 January - 31 December 2018
Nihat Kırmızı	9,927	271,106
Doğa Akademi Eğitim Hiz. ve Ort. Ve Ort. Sağ. Gv. Bir. A.Ş.	-	66,641
Total	9,927	337,747

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

Not applicable. (31 December 2018: Not applicable.)

45.2 Breakdown of associates and subsidiaries having an indirect shareholding and management relationship with the Company; names, participation rates and amounts of associates and subsidiaries; profit/loss and net profit/loss in the latest financial statements, the period of these financial statements, whether these financial statements are prepared in accordance with the accounting principles and standards as set out in the insurance legislation, whether they are independently audited and the opinion type of the independent audit report:

Not applicable. (31 December 2018: Not applicable.)

45.3 Amount of gratis share certificates acquired as a result of capital increases realized by participations and affiliated companies through utilization of their internal resources:

Not applicable. (31 December 2018: Not applicable.)

45.4 Real rights on immovable and their values:

Not applicable. (31 December 2018: Not applicable.)

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

Not applicable. (31 December 2018: Not applicable.)

46 MATTERS PERTAINING TO THE EVENTS AFTER THE BALANCE SHEET DATE

Not applicable.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

47 OTHERS

47.1 Description and amounts of the items which are higher than 5% of the total assets in the balance sheet or higher than 20% of the total amount of the group including the items phrased with “other” in the accompanying financial statements:

	31 December 2019	31 December 2018
Balance sheet / Other Payables	6,225,805	594,890
Other Miscellaneous Receivables	6,225,805	594,890
Balance sheet / Other Miscellaneous Payables	11,751,410	12,369,031
Payables to Suppliers	11,751,410	12,369,031
Balance Sheet / Other short term liabilities	71,550,663	47,688,111
Other Miscellaneous Short Term Liabilities	71,550,663	47,688,111
Balance Sheet/Other Long Term Liabilities	131,726	91,778
Other Long Term Liabilities	131,726	91,778

47.2 “Payables to employees and receivables from employees presented under accounts, “other receivables” and “other short- or long-term payables”, and which have balance more than one percent of the total assets:

Not applicable. (31 December 2018: Not applicable.)

47.3 Subrogation recorded in the off-balance sheet accounts:

Not applicable. (31 December 2018: Not applicable.)

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

As of the years ended on 31 December 2019 and 31 December 2018, details of discount and reserve expenses are as follows:

	31 December 2019	31 December 2018
Provisions for doubtful receivables (expenditure)/revenue	(35,880,814)	(8,689,833)
Provisions for termination indemnities	(813,374)	(76,539)
Reserve for Lawsuits filed by the Personnel	(202,133)	53,044
Reserve for unused vacation	171,866	(163,205)
Other provision expenses	(2,438,919)	
Reserves Account	(39,163,374)	(8,876,533)

	31 December 2019	31 December 2018
Rediscount interest (expenses)/incomes	14,304,469	(4,560,631)
Rediscount account	14,304,469	(4,560,631)

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**Trust,
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