

2020

Annual Report



AXA SİGORTA



AXA HAYAT
EMEKLİLİK



INTRODUCTION

MESSAGE FROM THE CHAIRMAN



In spite of the pandemic and its effects on the lives of our customers and the way we do our business, 2020 was a year of strong operational performance for AXA Group thanks to our focus and renewed brand purpose “Act for Human Progress by protecting what matters”. In line with our purpose, we have worked as a leader, an innovator, an entrepreneurial company, fostering progress in all its dimensions. The pandemic affected our interaction with our customers and our distribution channels, as well as changed the way we work. This major crisis, in fact, has been a period where our adherence to our goals was put to a test.

We have focused on specific objectives to deliver more growth, driven by notably health and commercial lines, which we defined as our preferred segments, to simplify the Group’s footprint and to maintain our strong balance sheet. On the transformation side, we continued to decrease our exposure to financial risks, increase customer satisfaction and pursue our innovation efforts.

AXA’s revenues were resilient in 2020, down just 1% compared to the previous year, reflecting the relevance of our strategic choices and business mix. Our preferred segments, P&C Commercial lines, Health and Protection, continued to perform well, growing by 3% in 2020 and accelerating in the fourth quarter (+5%). The Group’s underlying earnings were Euro 4.3 billion in 2020, notably impacted by Euro 1.5 billion of Covid-19 related claims and by higher natural catastrophes. We are confident in our earnings outlook and have set a 2020 starting base of Euro 6.3 billion underlying earnings for our 2021 - 2023 strategic plan targets. AXA’s solvency II ratio at December 31st was 200%, up 20 points from September, and including +13 points from the integration of AXA XL into the Group’s internal model.

As International New Markets, where AXA Turkey is a major player, we contributed to these results by 1% growth in revenues and 11% growth in underlying earnings. AXA Turkey is also a leading player in Turkey’s insurance sector. We reached a market share of 6.8% in property and accident insurance by producing TRY 4.7 billion in premium and achieving a growth of 13.5 percent. Our total fund size stood at TRY 911 million in Life and Pension. Consolidated after-tax profit of our Non-Life and Life Insurance companies reached TRY 513 million while 2020 was striking as a significant milestone in terms of sustainability as we further strengthened especially our technical provisions and reserves for the future. AXA Turkey enjoyed a year of success following its “payer to partner” initiatives started with increasing focus on the Insurance 4.0 concept. In terms of customer satisfaction, the past year led to a rise of +11 points in Net Promoter Score (NPS) survey, which surpassed the average values within the sector. We achieved a very successful result such as 4.67/5.00 in agency satisfaction surveys while we improved ourselves by +7 points year-on-year with regard to employee satisfaction.

A year of recognition as a great brand, AXA Sigorta has also received several marketing awards that we are proud of. We are thankful to our customers for recognizing our hard work as it has been their input in our social media and marketing activities that has carried us to success.

In addition to the COVID-19, Turkey experienced 2 unfortunate large scale earthquakes. At AXA, we regard this as a period to be there when our customers need and where our abilities to protect them are being tested. AXA Sigorta teams exhibited a major example of solidarity and rushed to the help of the earthquake victims both in Elazığ and in İzmir. AXA Sigorta teams provided urgent materials needed at the earthquake sites, just 48 hours after the disaster struck. Our damage teams and customer services worked 24/7 to contact our customers proactively and provided them with support regarding their needs and probable damage claims.

In this market where we have been active for 128 years, AXA Sigorta today is a powerful company with its high motivation to grow while serving its customers under the leadership of CEO Yavuz Ölken. AXA Sigorta is making quick and robust progress towards our 2021 targets with its strong management structure, flexible mode of operation, strong capabilities in terms of data, as well as its strong and well-equipped distribution channels and regional presence. Currently, there are 2.6 to 2.7 million customers who are under the assurance of AXA Insurance. In 2020, as a result of the important advancements in health, the number of insured people in the supplementary health insurance category increase by 80 percent; the market share currently sits at around 21 percent. There are big targets for the health branch for the upcoming period. In addition, AXA Insurance has a significantly competent leadership team and a strong culture. Finally, they make a difference with their corporate responsibility efforts. Move for the Earth project initiated by AXA Group to contribute to the fight against climate change is one of the best examples of AXA Sigorta's effort.

MESSAGE FROM CEO AND DEPUTY CHAIRMAN



Coming to an end under the influence of COVID-19, 2020 marked an important year for us. It was a significant year for AXA Sigorta and AXA Life-Pension as we gained lots of experience towards our purpose of acting for human progress by protecting what matters in line with the purpose of our group as well as under the principles of transformation "From Payer to Partner". As always, we continued to support our customers, agencies, distribution channels and employees with our agile solutions through our experience and strong organizational structure.

In spite of all its difficulties, 2020 was a year during which we created robust sustainable technical and financial values for subsequent years. In terms of customer satisfaction, the past

year led to a rise of +11 points in Net Promoter Score (NPS) survey, which surpassed the average values within the sector. We achieved a very successful result such as 4.67/5.00 in agency satisfaction surveys while we improved ourselves by +7 points year-on-year with regard to employee satisfaction. In this new normal, most of which went by with the principles #stayathome and #workfromhome, our strong ties resurfaced.

In 2020, we made use of our technological infrastructure and innovative solutions to showcase our values "Customer First", "Courage", "Integrity" and "One AXA" developed as a part of our Insurance 4.0 vision which was created back in 2018. It was a striking and promising period, paving the way for the return of our distinction points and investments and creating sound foundations for the future. In 2020, we reached a market share of 6.8 in property and accident insurance by producing TRY 4.7 billion in premium and achieving a growth of 13.5 percent. Our total fund size stood at TRY 911 million in Life and Pension. Consolidated after-tax profit of our Non-Life and Life Insurance companies reached TRY 513 million while 2020 was striking as a significant milestone in terms of sustainability as we further strengthened especially our technical provisions and reserves for the future.

Our company made great progress in complementary health insurance in 2020 where health insurance became prominent and the number of insurance holders rose by 41 percent to around 370,000. Both the automatic inclusion of the risk of pandemic into all existing policies under the health insurances we focused on in the face of COVID-19 and our services, such as audio-visual and written consulting with specialists, examination at home and tele-examination, reflected our innovative perspective. In this respect, 2020 could be considered a highly-efficient year for our company focusing on an edge-to-edge customer journey. Moreover, the immediate customer feedbacks rate of 4.40/5.00 as a result of nearly 14,000 online consulting/examination sessions could be considered a very important indicator in terms of quality of service.

In 2020, other prominent branches for our company can be listed as corporate and commercial insurance policies, shipping insurance policies, property and casco insurance policies. During this important year throughout which our pricing skills and damage services supported by risk-adjusted price, aftersales services, artificial intelligence and big data made all the difference in these areas and our awareness as a reliable brand became stronger, we focused on making the life easier for our customers through various practices such as on-the-spot expertise service, online damage and risk expertise and after-damage valet service in spite of all difficulties encountered due to the pandemic in particular. Satisfaction surveys showed us time after time that our passion was truly to-the-point.

In 2020 during which we enriched our processes regarding both customers and agency/distribution channels in all our organizations and operations based on simple and understandable communication and solution-oriented approaches, we developed a myriad of projects, digital and mobile solutions boosting the efficiency of our agencies and distribution channels in particular. We continue to support this approach with considerable investments in our IT infrastructure and it would not be wrong to say that we underwent an important year of transformation through which we introduced many new-generation technologies and new-generation working models for our company. We also renewed and launched our AXAFit mobile application during this year with many self-service opportunities for our customers, insurance services as well as online damage claim and follow-up services, online towing service, online health services, AXA Doctor Consulting Line, personalized exercise plan and content for a healthy life. AXAFit, having been downloaded for nearly 350,000 times, now has around 85,000 current active users. We will continue to strengthen the application with many innovations in 2021 and subsequent years.

AXAGO, another one of our striking products in 2020, became the first casco product with telematics. This product in which we gained considerable experience was an innovative step towards enabling our insurance holders to positively improve their driving habits through mobile technology, marking a 20-percent rise in road safety in average through the outcomes achieved and allowing for sustainable and economic pricing based on driving behaviors. We are sure that AXAGO will be used by more people in the market in 2021 and on.

I would like to stress that this year marked another year where "global warming", "climate change" and "health" remained among the top priorities of our company in spite of all difficulties encountered within this year. In this sense, we initiated our "Move for the Earth" (Dünya için Hareket Et) campaign to raise public awareness and to voice our responsibility for change. Through this initiative, we invited individuals to be more active for both their own health and the health of our planet and accordingly, to reduce their individual carbon footprint. We are pleased to see that this valuable initiative launched with the goal of transforming our footprint in the planet into a print of pride, with our value partners Active Living Association and WWF-Turkey, was embraced by all our AXA employees and our distribution channels who follow the concept of an Earth-Friendly Agency. We are determined to continue our "Move for the Earth" initiative in the upcoming years as a very important approach in contributing to fight against global warming. On the other hand, we continued to support projects such as "An End to Phone Accidents" (Telefon Kazasına Son) with the AXA in Hearts volunteers, Clean Sea (Temiz Deniz) with TURMEPA, "Good Individual, Good Citizen and Good Athlete" with Altınordu Football Club, volleyball for village schools and Volleyball High School scholarship programme with the Turkish Volleyball Federation. At this point, we were really happy to be the value partner of the National Women's Volleyball Team qualifying for the 2020 Olympics after a long while and the sponsor of the National Men's Volleyball Team qualifying for the 2021 European Championship.

We left behind 2020 as a very difficult, disruptive and different year when all unexpected developments took place at the same time, difficulties were driven by some uncertainties in global and local economy, we experienced two large-scale earthquakes in Elazığ and İzmir, suffered from many natural disasters, observed the negative impacts of the pandemic on human health and the flow of life and had to make yet another kick-off. Nevertheless, our company closed the year very strong in terms of both growth and profitability, financial power, capital adequacy and reserves. We extend our gratitude to all our

colleagues, agencies and distribution channels for their effort and cooperation towards creating such successful results.

Trust of AXA Group in our country and corporate management, permanent support from the International and New Markets (INM) to which we are affiliated and the global experience shared thereby enabled us to reflect our One AXA value and progress towards our path by becoming stronger. By tightly holding to our purpose of acting for progress by protecting what matters in line with our approach centered around human beings with our employees, we will continue to strive for creating "Happy Customers - Happy Agencies/Distribution Channels - Happy Employees" in 2021 and many more years to come.

We will continue to grow and become stronger owing to our new, innovative and value-creating solutions and technologies, various value chain propositions as well as our courage and passion. I am sure that we will continue to rise over our robust foundations under our strong global brand, take firm steps towards a stronger and more successful future in all respects under the values of AXA and further contribute to the future and society via our corporate responsibility approach and passion in 2021 and on.



Members of the Board of Directors

Benoit Michel Claveranne

Chairman of Board

Benoit Claveranne graduated from Ecole Nationale d'U Administration (ENA), Institut d'Etudes Politiques (Paris) and Ecole Normale Supérieure (Economy Department) and got his Master's Degree from Faculty of Economy of Paris University. Before joining AXA, he had worked as Director in International Monetary Fund, World Bank and French Treasury. He joined AXA as a Vice Group President of Europe and Public Relations in September 2009. Mr. Benoît Claveranne worked as Head of AXA France Prevoyance & Patrimoine between years 2011 and 2013. He served as Chief Executive Officer of AXA Asia in charge of Life Insurance between 2014 and June 2016. He worked as Group Chief Transformation Officer in charge of Distribution, Data, Information Technology, Operational Excellence (including Efficiency) and Procurement between July 2016 - December 2017. He joined AXA Group Management Committee in July 2016. Mr. Benoît Claveranne was appointed as Chief Executive Officer for International and New Markets on December 1, 2017.

Yavuz Ölken

Deputy Chairman of Board and CEO

Born in 1966 in İzmir, Mr. Ölken graduated from Saint Joseph College in 1984, İzmir Atatürk High School in 1989 and Istanbul Technical University Department of Civil Engineering in 1989. Having started his career in 1989, Ölken has been working in AXA Sigorta since 2002 as Director of various departments, such as Corporate and Technical, Individual Technical, Pricing and Reserve, Reinsurance, Corporate and Commercial Risks Sales Support, Project Management, Information Technologies (Integration and Domestic Development, Life and Pension Software, Digital Solutions, System Performance and Non-Life Software, System and Network Management, Data Warehouse and Customer Value Management). Yavuz Ölken was appointed as Chief Executive Officer of Axa Sigorta in 2018.

Guillaume Herve Marie Xavier Lejeune

Board Member

Lejeune graduated from Hautes Etudes Commerciales (HEC Paris) and Centre d'Etudes Actuarielles (Actuary Department). He started his career as Consultant at Eurosept in 1990 and then continued as a Manager in AT Kearney in 1995. Lejeune joined Axa Group in 1996 and first worked as Financial Control Manager of USA, UK and Asia Regions in AXA GMS Planning Budget and Reporting Department. Afterwards he served as Head of Sales Department at AXA Conseil in 1999; Deputy CEO of AXA France in 2001; Head of Sales in charge of AXA France South West Region in 2003; Financial Control and Strategy Manager in Axa France in 2006; Chief Financial Officer of Axa Mexico in 2008 and he is currently working as Chief Operating Officer of Axa France since 2011. Lejeune has been working as the CEO and BoD Member of AXA Sigorta since 2015.

Celalettin Ali Erlat

Board Member

Erlat graduated from Heybeliada Naval High School in 1979 and Law School of Istanbul University in 1985. Having started his career in 1987, Erlat has been working in our company since 2002 and he is also a Managing Member of Company Board of Directors and the Director of Axa Sigorta's Legal, Bodily Damages, Compliance and Business Continuity Departments and all units affiliated thereto.

Christophe Stephane Knaub

Board Member

Knaub graduated from Ecole des Mines de Paris in 1977. Having started his business life in 2000 and participated in AXA Group in 2006, Knaub has been working as Director of many departments in AXA Sigorta since September 1, 2015, including Cash Management and Financial Investments, Accounting, PBR and Strategic Planning, Purchasing and all affiliated units of these departments

Onur Koçkar

Board Member

Koçkar graduated from Ankara University Faculty of Law in 1989. Koçkar started his professional business life in 1996 and was commissioned in our Company as Head of Legal Department and Manager of Bodily Damages Operation Center between 2001 - 2015. He was assigned as the Legal Director responsible for Bodily Damages Operation Center in 2015. Koçkar was promoted to Legal & Compliance Director and General Secretary in 2018. He has become a Member of the Board of Directors and the Executive Board in 2019 in addition to his current responsibilities.

Company's Business Title

AXA SİGORTA A.Ş GENEL MÜDÜRLÜK



AXA SİGORTA

MECLİS-İ MEBUSAN CAD NO: 15 SALIPAZARI 34453 İSTANBUL/TÜRKİYE

TAX OFFICE	: BÜYÜK MÜKELLEFLER
TAX NUMBER	: 649 003 9946
TRADE RECORD	: İSTANBUL TİCARET SİCİL MÜDÜRLÜĞÜ
TRADE RECORD NO	: 98645
TELEPHONE	: 0 212 334 24 24
FAX	: 0 212 252 15 15
E-MAIL	: iletisim@axasigorta.com.tr
WEB	: www.axasigorta.com.tr

AXA HAYAT VE EMEKLİLİK A.Ş GENEL MÜDÜRLÜK



AXA HAYAT
EMEKLİLİK

MECLİS-İ MEBUSAN CAD NO: 15 SALIPAZARI 34453 İSTANBUL/TÜRKİYE

TAX OFFICE	: BÜYÜK MÜKELLEFLER
TAX NUMBER	: 092 000 0019
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TRADE RECORD NO	: 328116
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FAX	: 0 212 252 15 15
E-MAIL	: iletisim@axasigorta.com.tr
WEB	: www.axahayatemeklilik.com.tr

REGIONAL MANAGEMENT

MEDITERRANEAN REGIONAL MANAGEMENT OFFICE

Şirinyalı Mah. Eski Lara Cad. No:135 D:3-4 Muratpaşa Antalya
0 242 247 49 00

BAKIRKÖY REGIONAL MANAGEMENT OFFICE

Selenium Retro 9 Ataköy 7-8-9-10. Kısım Mah. Çobançeşme E-5 Yanyol Cd. No:16 /1 A Blok 8.kat No:70 34158 Bakırköy /
İstanbul
0 212 442 15 50

DENİZLİ REPRESENTATION OFFICE

Saraylar Mah. 357. Sok. Rezzan İncoğlu İş Merkezi No:13 Kat:5, İç Kapı No: 302 Merkezefendi/Denizli
0 258 213 40 90

AEGEAN REGIONAL MANAGEMENT OFFICE

Heris Tower Akdeniz Mahallesi Şehit Fethi Bey Caddesi No:55 Kat:22 Ofis:2201-2202 Konak, Alsancak/İzmir
0 232 464 87 97

ERZURUM REPRESENTATION OFFICE

Lalapaşa Mah. İslam Hoca Sk. Ömer Erturan İş Merkezi Sit. Dış kapı:4 İç kapı:4 Kat:2 Yakutiye/Erzurum
0 442 234 15 65

SOUTH ANATOLIA REGIONAL MANAGEMENT OFFICE

Cemalpaşa Mah. Ethem Ekin Sk. No:5/1 İç Kapı No:101 Gökçe Rezidans Seyhan/Adana
0 322 457 19 65

ISTANBUL REGIONAL MANAGEMENT OFFICE

Harmancı Giz Plaza Esentepe Mahallesi Harman Sokak No: 5 9. Kat Ofis No 17/18 Şişli/İstanbul
0 212 334 34 00

NORTHERN CYPRUS BRANCH MANAGEMENT

Yıldırım Beyazid Sok. No:4 Köşklüçiftlik /Lefkoşa K.K.T.C.
0 392 228 73 85

KADIKÖY REGIONAL MANAGEMENT OFFICE

Palladium Tower, Barbaros Mahallesi Kardelen Sokak No:2 Kat 17/60 Ataşehir / İstanbul
0 216 468 20 20

BLACK SEA REGIONAL MANAGEMENT OFFICE

Kale Mah. Şükrü Efendi Sk. No: 2/13 İlkadım/Samsun
0 362 432 60 50

MARMARA REGIONAL MANAGEMENT OFFICE

Odunluk Mahallesi Akpınar Caddesi No:21 R Plaza 9. ve 10. Kat, 16 no.lu Dupleks Ofis Nilüfer / BURSA
0 224 222 02 22

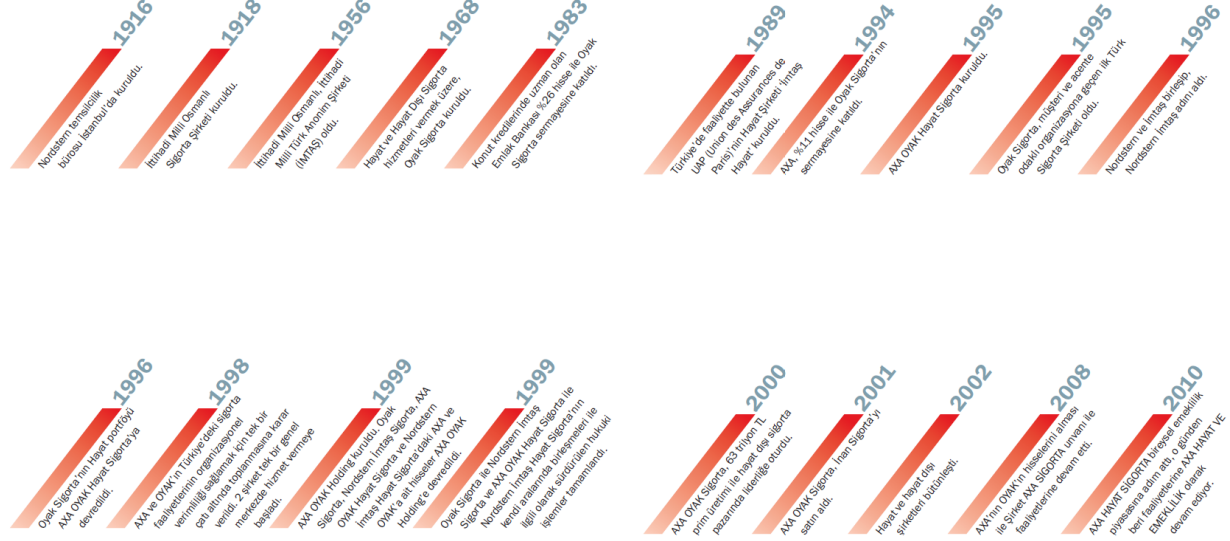
CENTRAL ANATOLIA REGIONAL MANAGEMENT OFFICE

Eskişehir Yolu 7.km. Mustafa Kemal Mah. Dumlupınar Bulvarı No:164 (Kentpark Alışveriş Mer.) 6.Kat Ofis No:15 Çankaya/Ankara
0 312 218 68 68

TRABZON REPRESENTATION OFFICE

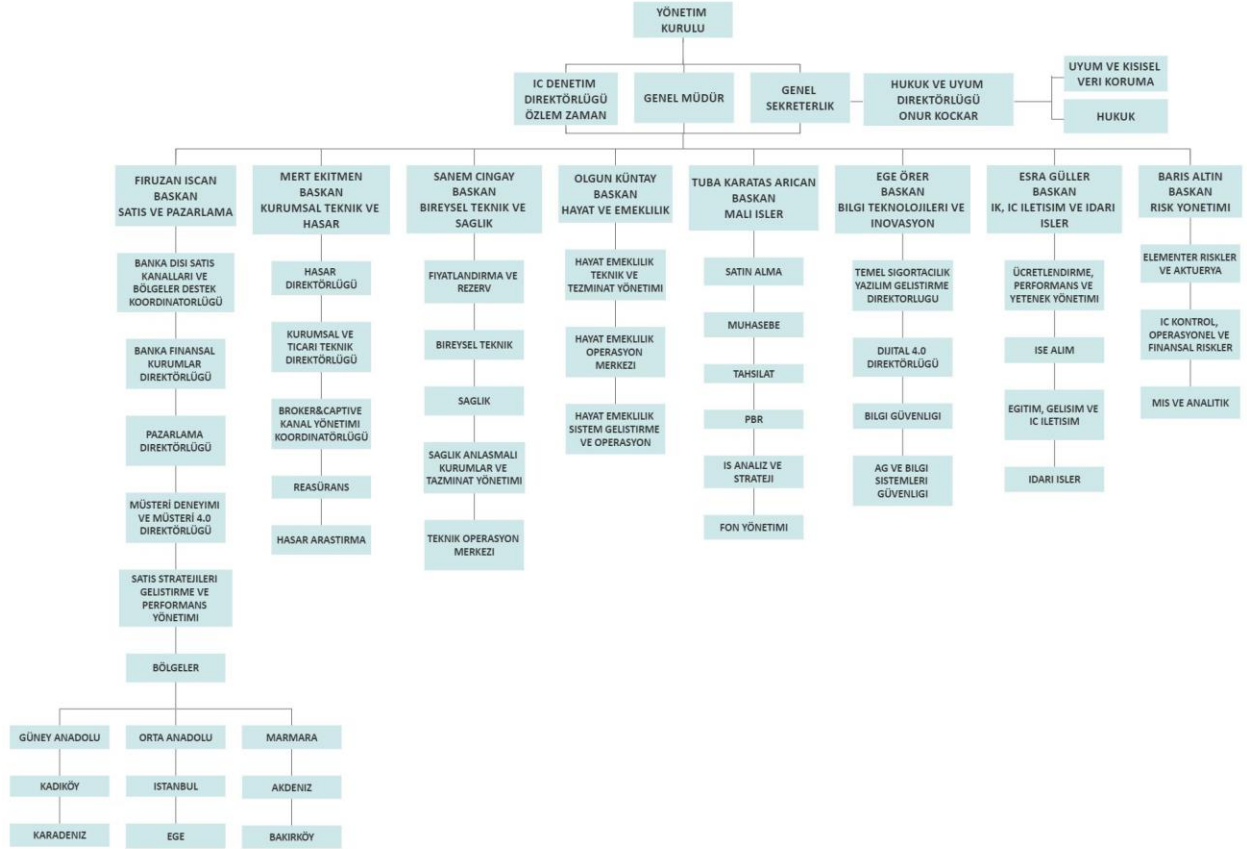
Sanayi Mahallesi Devlet Karayolu Caddesi Dedehan İş Merkezi Dış Kapı No:89 / 14 Ortahisar Trabzon
0 462 372 70 54

HISTORY





ORGANIZATION CHART



AXA SİGORTA SENIOR MANAGEMENT



İbrahim Olgun Kuntay

Executive Board Member - Head of Life and Pension

Kuntay graduated from Department of Statistics at Hacettepe University in 1983. He received his Ph.D degree in Statistics from the same university. Having started his career in 1983, Kuntay has been working in our company since 1999 and he is currently the Head of Life, Pension Technical and Compensation management, Life System Development, Life Pension Operation Center (HOMER) Departments and all affiliated units in our Company.

Firuzan İşcan

Executive Board Member - Chief Sales and Marketing Officer

İşcan graduated from Galatasaray University Faculty of Industrial Engineering in 1997. He completed his post graduate study in 1999 again in Galatasaray University Faculty of Industrial Engineering. İşcan started his professional life in 1997 as a research assistant in Galatasaray University and assumed various positions in Allianz Turkey and Germany between 2001 - 2018. Last office he held in Allianz was CEO of Allianz Worldwide Partners Turkey before joining our team in AXA. İşcan is currently the Chief Sales and Marketing Officer in AXA Sigorta, in charge of Sales, Marketing, Customer Complaints Management, Innovative Cooperation Management and Business Development Departments and all affiliated units thereof.





Sanem ingay

Executive Board Member, Head of Individual Technical and Health

ingay graduated from Department of Mathematics at Middle East Technical University in 1998. She completed her Ph.D in Economy at Lancaster University in 1999, then Ph.D in Actuary Science at Caas Business School in 2009. ingay assumed various position in Allianz Turkey and Germany between 2000 - 2010. Having worked as the Director of special Lines Technical Department in Ergo Turkey between 2010 - 2017, and as Head of Individual Technical Underwriting in Groupama Sigorta between 2017 - 2018,

ingay has been working as the Head of Individual Technical and Health in AXA Sigorta since May 2018, managing Individual Technical, Technical Operation Center, Pricing and Reserve, Contractual Healthcare Facilities and Compensation Management, Health, Health Compensation Departments and all affiliated units.

ükrü Mert Ekitmen

Executive Board Member - Chief Operating Officer

Ekitmen graduated from Civil Engineering Department at Istanbul Technical University in 1995 and received his MBA degree from Dogus University. Having started his career in 1996, Ekitmen joined AXA Group in 2017 and has been working in AXA Sigorta as Chief Operating Officer in charge of Loss Management, Corporate and Commercial Technical Management, Loss Communication Center, Broker & Captive Channel Management, Reinsurance, Recovery Departments and all affiliated units.





Esra Güller

Executive Board member - Head of Reward, Performance and Talent, Recruitment, Training & Development and Internal Communication, Administrative Affairs

Güller graduated from Gazi University Department of English Language in 1990. Having started her career in 1990, Güller has been working in our company since 2003 and she is currently the Head of Reward, Performance and Talent, Recruitment, Training & Development and Internal Communication, Administrative Affairs Departments and all affiliated units in our Company.

Bariş Altın

Executive Board Member - Chief Risk Officer

Altın graduated from Marmara University Department of Business Management in 2000 and received his MBA degree on Business Management from Yeditepe University. Having started his career in 1997, Altın has been working in our company since 2000 and he is currently the Head of Internal Control, Operational and Financial Risks, Elemental Risks and Actuary, MIS & Analytics Departments and all affiliated units in our Company.





Ege Örer

Executive Board Member - Head of Information Technologies and Innovation

Örer graduated from Istanbul Technical University Department of Electronic Communication in 1994 and received his MS degree on Electronics from Boğaziçi University. Having started his career in 1995, Örer has been working in our company since 2002 and he is currently the Head of Operational Excellence and Process 4.0, System Management and Operations, Network and Information Systems Security, Information Security Departments and all affiliated units in our Company.

Tuba Karataş Arıcan

Executive Board Member - Chief Financial Officer

Arıcan is a double major graduate of Middle East Technical University in 2004 both in Economics and Business Administration and obtained her Master's degree in Business Administration for Managers from Boğaziçi University in 2012. She began her professional life in 2004. She was the CFO of Libery Sigorta before joining AXA. Arıcan became an AXA member in 2018 and currently she is the Chief Financial Officer in charge of Accounting, Collection, Fund management, Purchasing, Business Analysis and Strategy and PBN Departments and all affiliated units.





Onur Kokar

Executive Board Member - Legal and Compliance Director

Kokar graduated from Ankara University Faculty of Law in 1989. Kokar started his professional business life in 1996 and was commissioned in our Company as Head of Legal Department and Manager of Bodily Damages Operation Center between 2001 - 2015. He was assigned as the Legal Director responsible for Bodily Damages Operation Center in 2015. Kokar was promoted to Legal & Compliance Director and General Secretary in 2018. He has become a Member of the Board of Directors and the Executive Board in 2019 in addition to his current responsibilities.



DIRECTORS OF INTERNAL SYSTEMS AND COMPLIANCE

Özlem Zaman

Internal Audit

Director

Zaman graduated from Department of Management Engineering at Istanbul Technical University in 1999. She received a Master's Degree in Actuary from Bahcesehir University. Having started her business life in 1999 and worked in AXA Sigorta since 2008, Zaman has been working as the Director of Internal Audit Department.

Zeynep Barış

Compliance and Personal Data Protection

Manager

Barış graduated from Istanbul University Department of Business Administration in 2005. Barış started her professional life in 2005 and has worked as a financial auditor and risk consultant for ten years in Qatar offices of KPMG Turkey and Ernst&Young and has Internal Audit Department management experience for almost five years in the insurance industry. Barış has been working in AXA Sigorta since February 2020 and currently she holds the position of Compliance and Personal Data Protection Department Director.

Hakan Devecioğlu

Internal Control, Operational and Financial Risks

Manager

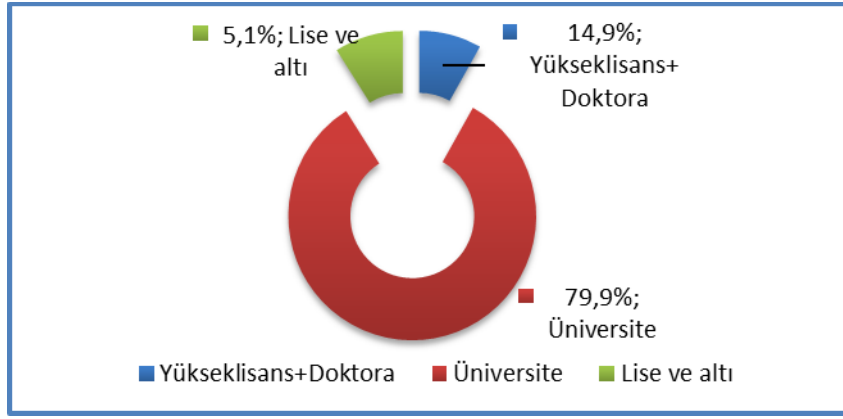
Devecioğlu graduated from Department of Public Finance at Celal Bayar University in 2003. He got his MBA in Istanbul Technical University. Having started his business life in 2004 and worked in AXA Sigorta since 2005, Devecioğlu has been working as Director of Internal Control, Operational and Financial Risk Department.

MANAGEMENT BODIES, SENIOR EXECUTIVES AND NUMBER OF EMPLOYEES

AXA SİGORTA and AXA HAYAT VE EMEKLİLİK provide services with nine regional management offices, three regional representative offices and one branch office in addition to Head Office functions. Our offices are listed as follows: Bakırköy Regional Management Office, Kadıköy Regional Management Office and İstanbul Regional Management Office in İstanbul; Marmara Regional Management Office in Bursa; Aegean Regional Management Office in İzmir and Denizli Representative Office; Mediterranean Regional Management Office in Antalya; Southern Anatolian Regional Management Office in Adana; Central Anatolian Regional Management Office in Ankara; Black Sea Regional Management Office in Samsun with its affiliated Erzurum Representative Office, Trabzon Representative Office and Cyprus Branch Office in TRNC.

General profile of employees working in AXA SİGORTA and AXA HAYAT VE EMEKLİLİK as of 31.12.2019 is provided below:

Sex		
	Number of Employees	Percentage
Female	393	%52,2
Male	360	%47,8
Total	753	
Locations		
Building	Life	Insurance
Region	Hayat	Sigorta
Head Office		282
Grand Total	40	431
Educational Background		
Post Graduate & PhD	120	%16
University	602	%80
High School and Below	31	%4
Titles		
	Female	Male
Senior Executive	7	14
Manager	75	89
Employee	311	357
Total	393	360



The rate of higher education among our employees is increasing year by year.

AXA Sigorta is a Group Company with a good ratio in terms of Female/Male employees according to the AXA Group Diversity Principle.

FINANCIAL RIGHTS PROVIDED TO MEMBERS OF MANAGEMENT COMMITTEE AND SENIOR EXECUTIVES

AXA SİGORTA A.Ş./AXA HAYAT VE EMEKLİLİK A.Ş. Konsolide

2020 Yılı

Yönetim Kurulu Üyeleri ve Üst Düzey Yöneticiler(*) için Tahsis Edilen Ödenek ve Genel Gider Ödemeleri

Seyahat masrafları	80,617
Temsil masrafı	48,332
Diğer	4,109
Toplam	133,059

Yönetim Kurulu Üyeleri ve Üst Düzey Yöneticilere (*) Sağlanan Mali Haklar

Ücret ödemeleri	13,703,050
Başarı primleri	5,723,426
Sigorta ödemeleri	1,177,015
Diğer ödemeleri	633,112
Toplam	21,236,603

(*) Yönetim Kurulu Başkan ve Üyeleri ile Genel Müdür ve Genel Müdür Yardımcıları ve Direktör ve Genişletilmiş İcra Kurulu Üyelerinden oluşmaktadır.

CAPITAL AND PARTNERSHIP STRUCTURE

AXA SİGORTA A.Ş. SERMAYE DAĞILIM TABLOSU 31.12.2020

ORTAĞIN ADI	İŞTİRAK ORANI (%)	Toplam Sermaye (TL)	HİSSE ADEDİ (1 KR)
AXA HOLDİNG A.Ş.	92.61%	1,135,204,390	113,520,439,013
T.C. ZİRAAT BANKASI A.Ş.	7.31%	89,547,369	8,954,736,910
GROUPAMA SİGORTA A.Ş.	0.04%	540,906	54,090,627
DİĞER *	0.04%	446,522	44,652,142
TOPLAM	100.00%	1,225,739,187	122,573,918,691

*Söz konusu rakamın içinde bazı yönetim kurulu üyelerinin de birer adet hissesi mevcut olup, yönetim kurulu üyelerimizin sahip olduğu hisse adetleri yönetim kurulu üyelikleri devam ettiği süre içinde geçerlidir.

Şirketimiz 2020 yılı içinde sermaye artırımına gitmemiş olup, sermayeyi temsil eden hisse senetlerine tanınan herhangi bir imtiyaz ya da şirketin iktisap ettiği kendi payı bulunmamaktadır.

AXA HAYAT VE EMEKLİLİK A.Ş. SERMAYE DAĞILIM TABLOSU 31.12.2020

ORTAĞIN ADI	İŞTİRAK ORANI (%)	Toplam Sermaye (TL)	HİSSE ADEDİ (1 KR)
AXA HOLDİNG A.Ş.	99.996%	19,999,283	1,999,928,328
DİĞER *	0.004%	717	71,672
TOPLAM **	100%	20,000,000	2,000,000,000

*Söz konusu rakamın içinde bazı yönetim kurulu üyelerinin de birer adet hissesi mevcut olup, yönetim kurulu üyelerimizin sahip olduğu hisse adetleri yönetim kurulu üyelikleri devam ettiği süre içinde geçerlidir.
Şirketimiz 2020 yılı içinde sermaye artırımına gitmemiş olup, sermayeyi temsil eden hisse senetlerine tanınan herhangi bir imtiyaz ya da şirketin iktisap ettiği kendi payı bulunmamaktadır.



AXA SİGORTA A.Ş. AFFIRMATIVE OPINION ON ANNUAL REPORT

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

To the General Assembly of AXA Sigorta A.Ş.

1. Opinion

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

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

2. Basis for Opinion

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

3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 12 March 2021 on the full set financial statements for the 1 January - 31 December 2020 period.

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

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 are as follows:

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

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

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

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

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

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
Talar Gül, SMMM
Partner

Istanbul, 8 April 2021



AXA HAYAT VE EMEKLİLİK A.Ş.

AFFIRMATIVE OPINION ON ANNUAL REPORT

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

To the General Assembly of AXA Hayat ve Emeklilik A.Ş.

Opinion

We have audited the annual report of AXA Hayat ve Emeklilik A.Ş. (the "Company") for the 1 January - 31 December 2020 period.

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

Basis for Opinion

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

Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 12 March 2021 on the full set financial statements for the 1 January - 31 December 2020 period.

Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 are as follows:

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

to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

to include the matters below in the annual report:

events of particular importance that occurred in the Company after the operating year,

the Company's research and development activities,

financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

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

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

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

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

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

Talar Gül, SMMM
Partner
İstanbul, 8 April 2021



STATEMENT REGARDING ANNUAL REPORT

Statement Regarding 2020 Annual Report

We hereby declare that the financial statements drawn up as of December 31, 2020 and related statements and footnotes thereof have been prepared in accordance with the accounting principles and standards in effect as per the applicable insurance legislation and are consistent with the relevant legislation as well as the records of the Company, and that the information and documents included in 2020 Annual Report have been prepared in accordance with the provisions of Regulation on Financial Structure of Insurance, Reinsurance and Private Pension Companies published in

Official Journal No.26606 dated August 7, 2007.

İstanbul, / / 2021

AXA SİGORTA A.Ş.

AXA HAYAT VE EMEKLİLİK A.Ş.

FINANCIAL INFORMATION

AXA SİGORTA A.Ş

1,000 TL	2020	2019	2018	2017	2016
Alınan Prim	4,657,374	4,104,058	3,374,670	2,908,210	3,562,467
Ödenen Hasar	2,170,949	2,346,344	2,014,216	1,916,862	1,977,440
Teknik Kar	803,219	433,247	532,238	-359,112	269,720
V.Ö. Kar	682.23	526.22	371,280	-335,120	150,803
Net Kar/(Zarar)	512,583	316,377	371,280	-335,120	150,803
Ödenmiş Sermaye	1,225,739	1,225,739	1,225,739	1,225,739	1,225,739
Toplam Aktifler	9,526,217	8,128,618	6,692,842	6,022,373	5,530,089

AXA HAYAT VE EMEKLİLİK A.Ş

1,000 TL	2020	2019	2018	2017	2016
Alınan Prim	16,146	11,400	11,448	20,347	28,784
Ödenen Hasar Ve Tazminat	32,952	26,606	38,488	45,146	57,056
Teknik Kar	4,954	1,326	-4,692	-9,669	-13,312
V.Ö. Kar	1,671	11,944	13,489	3,824	-1,644
Net Kar	623	7,047	13,489	3,824	-1,644
Ödenmiş Sermaye	20,000	20,000	62,975	62,975	62,975
Toplam Aktifler	1,041,838	812,516	673,934	583,578	471,274



ASSESSMENTS OF FINANCIAL SITUATION

- Evaluation of financial condition, profitability and solvency (5.11)

AXA Sigorta A.Ş ends Year 2020 with an operating profit of 512,6 million TRY, whereas AXA Hayat ve Emeklilik A.Ş ends the year with an operating profit of 0.6 million TRY. Details on financial results of both companies are given in the section of “Audit Reports”.

Sum of cash and securities and financial assets of AXA Sigorta A.Ş constitutes 79% of total assets while this percentage in Axa Hayat ve Emeklilik A.Ş is 12%. Both companies meet all their legal and commercial obligations without any financial difficulties thanks to their strong financial structure with a high liquidity ratio.

- Determination and Assessment on capital of the Company (5.4)

As a company with the highest paid-in capital of 1.1 billion TRY within the sector, AXA Sigorta A.Ş. is also one of the companies having the most powerful equity ratio. AXA Hayat ve Emeklilik A.Ş. has sufficient equity ratio to meet its existing and potential risk and obligations, as well.

Besides, capital adequacy calculations of both companies are conducted in accordance with the principles of “Regulation on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies” published in the Official Journal No.29454 dated August 23, 2015. According to the results of calculation made in accordance with these principles, solvency ratio of AXA Sigorta A.Ş. is 174.9% in 2020, whereas this ratio for AXA Hayat ve Emeklilik A.Ş. is 414.0%.

- Analysis and evaluation of the management body regarding the financial condition and results of activities, the level of realization of planned activities, Company’s situation against the determined strategic goals (5.2)

AXA Sigorta A.Ş. and AXA Hayat ve Emeklilik A.Ş. continued to focus on sustainable profitability objectives and fulfilled strategic actions based on objectives determined by their management bodies in 2020. They have continued to make necessary investments for digital change and in order to provide right solutions for customer needs that are at the center of company strategies. Additionally, the Companies made improvements in pricing and reserve management to strengthen the financial structure for the purpose of meeting their obligations to policyholders. And consequently, they have achieved the targets determined in key performance indicators such as profitability, productivity, capital adequacy calculated by both locally and internationally accepted standards.

Our companies continue their activities to attain profitable growth by providing the highest customer satisfaction without sacrificing service quality and inquire constantly their performance and determine actions to improve our service quality in line with the results they obtained. Accordingly, depending on results of various researches we have conducted, it is observed that the agency satisfaction ratio regarding our companies is 95%. According to the Pulse survey conducted for the measurement of employee satisfaction, there was an increase of +7 points in overall score compared to the previous year. All these results have shown that our activities/operations have successfully continued in 2020 as well.



TURKEY AND WORLD ECONOMY

TURKEY'S ECONOMIC CONDITION IN 2020

Gross Domestic Products (GDP) increased by 1.8% in 2020. Annual GDP obtained through the sum of four quarters according to the production method was increased by 1.8% in 2020 in terms of chained volume index. Preliminary GDP forecast for Q4 was increased by 5.9% in Q4 2020 as compared to the same quarter of the previous year in terms of chained volume index. GDP in current prices according to the production method reached up to 5,047,909 M TRY in 2020, increasing by 16.8% compared to the previous year. GDP per capita is calculated as 60,537 TRY, or 8,599 USD in current prices in 2020.

Finance and insurance activities were increased by 21.4%. Regarding the activities constituting the GDP and in comparison with the previous year in terms of chained volume index; overall value addition of finance and insurance activities were increased by 21.4%, information and communication activities by 13.7%, agriculture industry activities by 4.8%, public administration, education, human health and social service activities by 2.6%, other service activities by 2.5% and industrial activities by 2.0% in 2020. Occupational, administrative and support service activities were decreased by 5.2%, service industry activities by 4.3%, construction industry activities by 3.5%.

CPI (Consumer Price Index) was increased by 1.25% on monthly basis in December, exceeding the market expectations, whereas annual CPI inflation reached 14.6% by end 2020. Producer Price Index (PPI) on the other hand was increased by 2.36% during the same period and annual D-PPI increase was realized as 25.15%. TCB (Turkish Central Bank) increased the interest rate from 15% to 17% through a 200 base point increase in 2020. Price stability, simplification and transparency were highlighted in Money and Foreign Exchange Policy for 2021.

Current account balance recorded 4.1 billion USD deficit in November in connection with the rapid growth in foreign trade deficit due to the increase in gold import, as well as with the effect of the decrease in net service income. Current account deficit has reached 35.2 billion USD in January-November 2020 period. Budget expenditures were increased by 20.2% in 2020 as compared to 2019, while the increase in budget income was recorded as 17.6% Thus, budget deficit also increased by 38.5% in 2020 and was realized as 172.7 billion TRY.

GLOBAL ECONOMIC CONDITION IN 2020

IMF revised its global growth forecast for 2020 in upward direction based on the realization of a revival period regarding global economic activity within the second half of the year which turned out to be more positive than the expectations and emphasized that the economic recovery and vaccination processes were different for each country.

US national elections repeated within January and the following developments were closely monitored, which were finalized by Joe Biden's taking over the presidency on January 20. US economy went through a recession with 3.5% contraction within 2020 which was widely exposed to the influence of corona virus pandemic. It was observed that the weakness in labor market in USA was continued in January, whereas the improvement in leading indicators was accelerated. Fed has not made any changes in the monetary policy during the first meeting of the year and repeated its verbal direction regarding continuation of asset purchases until inflation targets were achieved.

Euro Zone economy shrank by 6.8% in 2020. The announced leading indicators presented a confusing vision of the economic activities for the region and introduction of additional constrictions to prevent the spread of the new type of corona virus continues to create uncertainty.

Chinese economy grew by 2.3% in 2020 with the support of fiscal and monetary incentives accelerating infrastructure and construction investments in addition to the increase in export.



GLOBAL INSURANCE OVERVIEW

World premium production increased by 2.9% in 2019 compared to the previous year. 2.9 T USD out of the total premium production recorded as 6.3 T USD was realized in Life, 3.3 T USD was realized in Non-Life segments. 2019 premium production was increased by 2.2% in Life and 3.5% in Non-Life segments.

Developed markets held 81.5% and developing markets held 18.5% of total global premium production within 2020. However, share of developing markets in total premium production continue to gradually increase since the premium increase rates in these markets are higher.

Source: Swiss Re, sigma, No. 4/2020.



INSURANCE IN TURKEY

Total premium production in Turkish insurance sector in 2020 was realized as 82.6 B TRY, 68.1 B TRY of which belongs to Non-Life and 14.4 B TRY to Life segments. Premium production increased by 19.3% compared to 2019. 75.7 B TRY of the total production consists of direct premium production, while 6.8 B TRY was obtained through reinsurance.

Share of Non-Life segments in total premium production is higher than Life segment in Turkey. 82.5% of total premium production in 2020 was generated by Non-Life and 17.5% by Life segments.

Amount of funds invested in Private Pension system was 127.3 B TRY at 2019 year end (including state subsidy and automatic participation system amounts) and this figure was increased by 34% up to 170.1 B TRY in 2020. Share of participants' fund in total invested funds at 2020 year end is 80%, state subsidy share is 14% and automatic participation system's share is 7%.

Turkish insurance sector realized 82.6 billion TRY of total premium production in 2020. GDP was realized as 5 trillion TRY within the same period; so in light of this data, Turkish insurance sector generated a total premium amount equal to 1.64% of GDP. This rate was 1.62% according to 2019 data. Fund amount accumulated in Private Pension system was realized as 3.4% of GDP as of 2020 year end.

Due to its nature, insurance sector comes at the top among financial sectors highly and rapidly affected from developments in the economy. The sector grows more rapidly during economic expansions and shrinks more rapidly during recessions. Real growth in premium production of insurance sector in 2020 as compared to 2019 is 4%. Real increase in premium production as compared to the previous year was realized as 2.7% in Non-Life segments and as 10.9% in Life segment.



Research & Development Activities



MARKETING ACTIVITIES

AXA SIGORTA and AXA HAYAT VE EMEKLILIK have also continued to carry out marketing activities for its national and international customers in 2020. They have organized trainings, campaigns and meetings for their distribution channels; however, they have also reached its customers through TV, radio, press, internet and social media advertising campaigns.

Distribution Channels

Having one of Turkey's most powerful and competent agency network, AXA SIGORTA has 2.200 agency as of the year-end 2020. AXA SIGORTA has been managed by Regional Offices for the purpose of create more effective and dynamic organization structure for its distribution channels based in all provinces of Turkey. In 2020, AXA SIGORTA has continued to sell its products through 9 banks in total including Denizbank with which it cooperated exclusively in non-life insurance products. In 2020, the banks through which AXA SIGORTA carries out to sell its products are as follows: DenizBank, Alternatif Bank, Burgan Bank, ICBC Turkey Bank, Odeabank, ING Bank in Turkey; Nova Bank, Garanti Bank and Albank in TRNC.

Studies on Efficiency of Distribution Channel

Agencies have the highest share of the Company's distribution channel in terms of both quantity and weight in production. The share of the agencies in total non-life production was 87% in 2018. Various trainings, seminar, development program, meeting and campaigns have been organized for the purpose of ensuring that resolutions of the Company were adopted more and increasing motivation in short term but in the long term for the purpose of make the business processes of the agencies more efficient and contributing to the company's targets in future by developing economical, sectoral and customer-oriented perspectives and competencies.

AXA SIGORTA holds various meeting ever year in order to move its agencies forward in accordance with its marketing vision. The Millionaires Club and Provincial Champions Club, which were established in order to emphasize the appreciation of activities of the agencies that make a difference by applying the Company's strategies in accordance with criteria determined every year and to maintain their motivation and which provide various awards and privileges to their members, has continued their existence in 2020. Within the framework of club activities designed to create loyalty and continuity in the agencies that reach a certain level in total premium production, Millionaire and Provincial Champion agencies were rewarded.

2020 Agencies Meeting, which has been organized for many years and in which all studies cover a different concept each time, was held on digital environment with the theme "We're AXA, We're All Together".

For each of more than 2,300 agencies of AXA SIGORTA in 81 provinces, there are sales representative at the relevant Regional Office. Various motivational trainings and campaigns have also been organized for these representatives responsible for finding solutions to all kinds of requests, questions and problems of the agencies within the shortest time, giving company's goals to the agencies in a correct and complete manner by providing mutual information flow between the company and agency. Regional Offices are scored based on certain criteria and according to the realization of their goals with "Region Rating Report" prepared on a monthly basis and champion regional office is determined every month.

As a result of defined criteria in parallel with yearly target, it is possible to extend the studies on yearly targets and thus to obtain healthy results in this regard, which allows regional offices improve themselves according to their weakness and strengths. Thanks to this application where champion regional office is obtained various awards at the end of the year, efficiency of the regional offices can be maintained high during the year.

Advertising Campaigns

In 2020, the company organized various advertising campaigns for the purpose of increasing brand awareness, becoming a preferred brand, supporting sales and improving its growth rate further. The company believes that its mission is to bring new products and services to consumers by showing the benefits of thereof and draws attention to the importance of becoming insured before they experience difficult moment by using the insight of “value it before you lose it”.

Viral Campaigns and Social Media Accounts

In 2020, the Company published viral ads drawing attention to its Complementary Health Insurance product and AXAFit application.

AXA SIGORTA and AXA HAYAT VE EMEKLILIK take part in social media platforms such as Facebook, Instagram, Twitter and Youtube under the name of AXA Turkey since 2013 in order to take place in each media where they can give support their customers, to reach large masses, to be accessible from every platform in the digitalized world.

Mobile Applications

AXA Acentem

AXA SIGORTA enables agencies to follow-up their portfolios on their mobile devices through mobile application “AXA Acentem”. Agencies can easily access the production and performance figures of their own agencies from all mobile devices through the application “AXA Acentem”. Thanks to the application, they can give offer, follow-up renewal of thereof and also monitor many information on production, target, collection, damage, campaign, customer details etc. on a daily or even immediate basis. It is aimed to provide convenience and contribution to the business of agencies with the application. In 2018, the application “AXA Acentem” was renewed as to form and substance so that agencies used it more effectively.

AXAFit

AXAFit is a user-friendly application that is considered as good life, sports and activity companion, that provides customizability properties based on user’s exercise and needs and in which users can easily access current good living contents.

Unlike standard insurance application, AXAFit can be regarded as an application that is often used during the day and provides content and support to its users about life and health.

We aim to reach not only AXA Sigorta’s customers but also all users interested in healthy living through this application.

Our aim regarding Fit section of the application is to help the users to adopt healthy life style and to feel AXA Sigorta’s support all the time.

We support the users not only in compensation payment but also in the prevention of problems that may occur especially in terms of health thanks to this application.

AWARDS

AXA Sigorta won the following awards in 2019:

STEVIE International Business Awards

Bronze Stevie 2020 in Retro series insurance sector in Campaign of the Year category.

Martech 2020

Tech Brands Turkey: Insurance Sector

Achievements in Customer Excellence Awards: Best Customer Experience Elemental Insurance Category A

Turkey Reputation Index Research

Most reputable brand in Turkey

Customer Satisfaction Survey

AXA Group conducts "Customer Satisfaction Field Survey" in all countries where AXA operates in. In the survey conducted by an independent research company in 2020, the satisfaction of the customers buying Motor Insurance and Housing has been measured. According to the research results, AXA Sigorta's Customer Net Advise Score in 2020 increased by 8 points up to 53% as compared to the figure recorded in 2019, exceeding the average score of its competitors (*) within the market by 11 points. AXA Sigorta NPS Score exceeded the average score of competitors by +17 points with a score of 70 from participants with MOD loss experience, +9 points with 55 points from participants with Home loss experience according to the evaluation of NPS scores per type of experience.

Agency Satisfaction Survey

AXA SIGORTA has been aware of requirement of having high motivation of all stakeholders in contact with the customer and has been improving its business processes in order to provide better service to its customers. In this regard, satisfaction from services and support provided to agencies is measured regularly. Agency Satisfaction survey, which measures the satisfaction rate of AXA SiGORTA agencies regarding the services and company activities received from all units of our company, was conducted through online survey method in 2020. The survey was replied by 2,327 agencies, 93% of which indicated their satisfaction with the working conditions of AXA SiGORTA. The rate of participation in the survey, which showed how high satisfaction rate with AXA SiGORTA applications is, was 39%. 93% of the participating agencies replied as "Yes" to the question "Are you pleased with the conditions of working with AXA Sigorta?". . The survey also measured the satisfaction rates of agencies with AXA SiGORTA units, which revealed that the satisfaction due to the positive effect of the trust in AXA brand on agency businesses was 96%, satisfaction rate regarding distinction of AXA Sigorta from other competitors due to the services offered to customers was 90%.



Significant Developments



INFORMATION ON INVESTMENTS MADE BY THE COMPANY

IT INVESTMENTS

IT investments are established based on meeting needs of capacity and technology developing in parallel with company growth and maintaining system security and business continuity. Inventory which became old and cannot meet the current transaction volume is fed in hardware purchasing. The novel needs arising from the change of daily business way due to the occurrence of new technologies and trends are also provided by new investments. The most important investments in 2020 has been made for the purpose of enhancing capacity in line with the efforts in information and system security and Company's growth targets. Besides, investments on licenses have been also made.

RESEARCH & DEVELOPMENT ACTIVITIES	31.12.2020 (TRY)
Software / License	11,812,997
IT Equipment	12,214,905
Digital Insurance	32,456,075
TOTAL	56,483,977

2020

AXA SİGORTA A.Ş. AND AXA HAYAT VE EMEKLİLİK A.Ş.

DONATIONS AND GRANTS (TRY)

TURKISH MINISTRY OF FAMILY AND HEALTH	400,000
TÜSİAD (TURKISH INDUSTRY & BUSINESS ASSOCIATION)	200,000
KOÇ UNIVERSITY FOUNDATION	179,965
İZMİR EARTHQUAKE VIP TENT RENTAL ORGANIZATION	95,226
İZMİR EARTHQUAKE TANER TUNCER	83,200
TURKISH MARINE ENVIRONMENT PROTECTION ASSOCIATION	67,500
TURKSPORT	50,040
WWF	50,000
TURKISH EDUCATION FOUNDATION	33,125
İZMİR PROVINCIAL DIRECTORATE OF HEALTH	25,000
OGEM FOUNDATION	21,740
CINEMATIC CULTURE & ART ASSOCIATION	20,000
ISTANBUL TECHNICAL UNIVERSITY	20,000
TUZLA BEACH SPORTS CLUB	12,272
ÖREN SECONDARY SCHOOL PARENT TEACHER ASSOCIATION	10,953
TURKISH FOUNDATION FOR CHILDREN IN NEED OF PROTECTION	10,700
ULUDAĞ UNIVERSITY FOUNDATION	10,000
YILDIZ TECHNICAL UNIVERSITY	10,000
DOWN SYNDROME ASSOCIATION	10,000
RESCUER HOME ASSOCIATION	10,000
TEMA	9,399
OTHER	2,700
TOTAL	1,331,820



INTERNAL AUDIT

Internal Audit Department of our company exists to help the Board and Executive Management protect the assets, reputation and sustainability of the organization by providing an independent and objective assurance activity designed to add value and improve the organization's operations. It helps the organization meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of risk management, control and governance processes.

The duties, authorities and responsibilities of Internal Audit Department are defined by the "Internal Audit Regulation" approved by BoD and the Audit Committee. The independence of Internal Audit is ensured by the Internal Audit Regulation and the relevant regulation is reviewed every year and updates are made if necessary.

Internal Audit Department conducts its activities in line with the "Regulation on Internal Systems of Insurance and Reinsurance and Pension Companies" and AXA Internal Audit Standards, directly reporting to the Chairman of the Board and the Audit Committee. Also, it reports functionally to AXA Group Audit Management and AXA Group Audit Committee.

Audit Committee has three members. The annual meeting agenda is determined by the Committee and accordingly various directors of our company and representatives of independent audit companies are invited to the meeting to inform the Audit Committee. Furthermore, Audit Committee results are reviewed and discussed with an agenda item continuously kept in the agenda of BoD meetings.

The Internal Audit Department builds the annual audit plan depending on the levels of structural risk and control and applies the plan with the approval of the Audit Committee and the Board. During the preparation of the audit plan, the Company's strategy and objectives, customer complaints, audit and control results and operational risk assessments are reviewed and the risk scaling obtained and risk perceptions of the managers are also taken into account.

Apart from the audits within the scope of the annual plan, the Internal Audit is also involved in carrying out investigations and examinations when necessary.

The result of each audit activity is put into report form and submitted to the Audit Committee and the Board. Audit reports included the scope and purpose of the audit, findings and suggestions for solutions, the responsible unit and the date of the action. It is also followed periodically whether these actions are carried out or not and the results are reported to Management, Audit Committee and Board of Directors.

In 2020, Internal Audit Department carried out 13 audits and 1 examination/investigation. Action plans and dates were taken from the process owners and reports regarding the audit results were prepared.

There are tools defined for follow-up and continuous review of performance criteria of audit operations, results and performance of Internal Audit Department are monitored by the Audit Committee on a regular basis and Board of Directors is informed accordingly. Internal audit activities were audited by an independent auditor in accordance with international audit standards, result of which confirmed that the audit activities were conducted in accordance with the mentioned required standards.

Internal Audit Department consists of 6 employees as of 2020 year end. The audit team holds internationally recognized certifications (CIA, CFSA, CISA, CRMA) and the employees are supported for continuous development of the team.

In audits, adding value to the activities of the unit and the company in cooperation with the audited unit is embraced as the basic approach.

Risk Control and Audit Committee has been conducted in order to increase the coordination among the internal system functions; Control Functions Committee (monthly) and Executive Board Members have participated in this committee, in which defined agenda and current and serious issues have been discussed. As a result of internal audit activities coordinated with the functions of other internal systems, it is aimed to continuously improve the control structure so as to contribute to the achievement of the company's objectives.



INTERNAL CONTROL SYSTEM

Internal Control Department was established on August 2008 for the purpose of monitoring the performance of Company's activities and examining and controlling within the scope of risk based approach as per "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies" entered into force and published in Official Journal No.26913 dated June 21, 2008 and the Department was authorized to enable the effective evaluation of internal control medium. The scope of internal control activities is defined in "Internal Control Regulation" approved by the Board of Directors.

Internal Control System has been established to ensure the protection of company's assets, the performance of business activities effectively and efficiently in accordance with Law and related legislation, internal policies and rules and insurance practices, the reliability and integrity of accounting and financial reporting system and availability of information in time. Functional duties and responsibilities of all units within the administrative structure of the company have been determined. Job descriptions for all employee positions have been established. The job descriptions have clearly indicated the authorization, responsibilities and employee qualification required by job. These job descriptions are accessible to all employees and directors and are updated when needed.

Directives, work instructions and work flow diagrams have been prepared for all business processes of the company and recorded in electronic environment. These documents include application details, process manager, control areas for each process and cover the functions in Head Office Departments, Regional Offices and Representative Offices. These documents are published in an integrated management system in such a way as to be available to all employees. In case of any changes in application principles stated in these documents, it is updated quickly and reviewed periodically twice a year.

The directors take necessary measures in order to carry out the business activities in accordance with legislation, company's policies, procedures and targets for the departments they are responsible for. In this regard, internal control activities are considered as inseparable part of daily activities of the company. It is ensured that the implementation procedures for internal control are developed primarily by the personnel carrying out the activity and secondarily by the personnel carrying out the internal control activity with a risk-based approach. Within the scope of the working plan, control studies are conducted and the results are reported by Internal Control Department in order to evaluate the structure and effectiveness of the controls in the defined areas and to increase the effectiveness of thereof.

Risk and risk limit Company may be exposed to are determined and monitored regularly by Risk Management Department.

The insurance information systems used in our company are integrated to cover the practices of all insurance branches and products in business and the controls of the processes and to enable risk and price analysis and reporting of thereof. All information systems of our company such as the infrastructure, server, security, etc. are up-to-date in terms of both software and hardware and meet the requirements related to company activities. Accounting and financial reporting system has been designed so as to keep accounting records in accordance with insurance account plan and registration statement on transaction basis and to prepare financial statements in a healthy way. Necessary measures are taken to ensure that all information about the Company is stored, used, backed up in electronic environment and maintained in an uninterrupted manner. A business continuity plan is

prepared, reviewed regularly and tested periodically by the related department for the risks and problems that may arise in case of sudden and unexpected events.

Authorizations for each work step have been determined taking account of the nature of the work, duties and positions in our company. It is adopted to put the specified authorizations into the system in the form of parametric controls in all business steps. Therefore, authorization levels in the company systems are determined within the scope of authorization system for all users. Signing authorities are included in the signatory circular of the company.

E-mail addresses have been assigned for all users to ensure internal communication. Besides, many information and announcements are published and presented to the users on the intranet media, which is one of communication instruments, regarding the issues, especially the company activities that the personnel should be informed about. Portals of various functions of the company in the same environment are also an significant element of communication channels. Legislation and legislative amendments for which the Company is responsible are published on the intranet media in such a way as to be accessible to all users.

The efficiency and adequacy of the internal control system is individually audited by our Company's Internal Audit Department on a risk-based basis within the scope of the audit plan.

Within the scope of controls or analysis based on general or specific observations and monitoring through various documents and tools concerning the internal control system; the Company's Internal Control System is considered to have the necessary elements in terms of protection of company assets, carrying out business activities in an effective and efficient manner in accordance with the legislation, internal policies and rules and insurance practices, and ensuring the reliability, integrity of the accounting and financial reporting system and availability of information in time.

LONG-TERM MARKETABLE SECURITIES

AXA SİGORTA A.Ş. İŞTİRAKLER

İŞTİRAK ADI	İştirak oranı (%)	SERMAYE (TL.)	Hisse Adedi	Nominal Hisse Tutarı (TL)	İştirak Defter Değeri (TL)
MİLLİ REASÜRANS T.A.Ş.	%0.0914	660.000.000	60.334.560	603.346	574.278
TARSİM AŞ. (TARIM SİGORTALARI HAVUZ İŞLETMESİ A.Ş.)	%4.55	15.065.000	68.477.272	684.773	684.773
TOPLAM				1.288.118	1.259.051

AXA HAYAT VE EMEKLİLİK A.Ş. İŞTİRAKLER

İŞTİRAK ADI	İştirak oranı (%)	SERMAYE (TL.)	Nominal Hisse Tutarı (TL)	İştirak Defter Değeri (TL)
EMEKLİLİK GÖZETİM MERKEZİ A.Ş.	5.56	4.275.255	237.500	427.810



REMARKS ON SPECIAL AND PUBLIC AUDIT CARRIED OUT IN THE ACCOUNTING PERIOD:

AXA SİGORTA A.Ş. Our company is subject to limited independent audit biannually and full independent audit annually carried out by the independent auditing company PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. An independent review was performed by Ernst & Young regarding Internal Audit processes of the Company in line with the quality assurance program of AXA Group.

AXA HAYAT VE EMEKLİLİK A.Ş. Our company is subject to limited independent audit biannually and full independent audit annually carried out by the independent auditing company PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. Besides, State contribution transactions have been audited by Insurance Audits Board of the Undersecretariat of Treasury.

OTHER ISSUES

Information on the transactions and activities made by members of the management body with the company on behalf of themselves or anyone else within the scope of the prohibition of competition as per permission granted by the General Assembly

Members of BoD have been granted the necessary permission as per the Resolution of Shareholders' Assembly made on Monday, March 23, 2015 and Articles 395&396 of Turkish Commercial Code and there are no transactions and activities made by BoD members with AXA Sigorta A.Ş. and AXA Hayat ve Emeklilik A.Ş. on behalf of themselves or anyone else within the scope of the prohibition of competition.

Remarks on the crucial events occurred in the company after the end of activity year that may affect the rights of partners, creditors and other relevant persons and organizations

There is no the crucial events occurred in the company after the end of year 2020 that may affect the rights of partners, creditors and other relevant persons and organizations.

AXA SİGORTA ANONİM ŞİRKETİ
30 MART 2020 TARİHLİ 2019 MALİ YILI OLAĞAN GENEL KURUL
TOPLANTI TUTANAĞI

AXA SİGORTA ANONİM ŞİRKETİ'nin 2019 mali yılına ilişkin Olağan Genel Kurul toplantısı, 30 Mart 2020 tarihinde, saat 14:00'da "Kılıçlı Paşa Mahallesi Meclis-i Mebusan Caddesi No: 15/1 Beyoğlu/İstanbul" adresinde, İstanbul Valiliği Ticaret İl Müdürlüğü'nün 27.03.2020 tarih ve 53548568 sayılı yazılılarıyla görevlendirilen Ticaret Bakanlığı Temsilcisi Yılmaz AKBAŞ gözetiminde yapılmıştır.

Toplantıya ait davet Kanun ve Şirket Esas Sözleşmesi'nde öngörüldüğü gibi, gündemi de ihtiva edecek şekilde, Türkiye Ticaret Sicil Gazetesi'nin 12.03.2020 tarih ve 10036 sayılı nüshasında ilan edilmiş ve ayrıca nama yazılı pay sahiplerine 11.03.2020 tarihinde Karaköy Postanesi'nden iadeli taahhütlü mektupla, toplantı gün ve gündeminin bildirilmesi suretiyle süresi içerisinde yapılmıştır.

Hazır bulunanlar listesinin tetkikinde, Şirket paylarının 1.255.739.186,91 -TL toplam itibari değerinin; toplam itibari değeri 0,1 -TL olan 122.573.918.691 adet paydan, 113.520.439.015 adet payın temsilen olmak üzere toplantıda temsil edildiği ve böylece gerek Kanun gerekse Şirket Esas Sözleşmesi'nde öngörülen asgari toplantı nisabının mevcut olduğunun anlaşılması üzerine toplantı Yönetim Kurulu Üyesi Sn. Onur Koçkar tarafından açılarak gündemin görüşülmesine geçilmiştir.

1. Gündemin birinci maddesi gereğince, Toplantı Başkanlığı'na Sn. Onur KOÇKAR'ın, Tutanak Yazmanlığı'na Sn. Bartu KARASALİH'in, Oy Toplama Memurluğu'na Sn. Tuğçe AKGÜN ÇON'un seçilmelerine ve bu kişilerden oluşan Toplantı Başkanlığı'nın kurulmasına oybirliğiyle karar verildi. Ardından, oluşmuş bulunan Toplantı Başkanlığı'na Genel Kurul Toplantı Tutanak ve Kararlarının imzalanması için oybirliğiyle yetki verildi.
2. Gündemin ikinci maddesi gereğince, 6102 sayılı Türk Ticaret Kanunu'nun 514. maddesi ve 7 Ağustos 2007 tarihli Resmi Gazete'de yayımlanıp yürürlüğe giren Sigorta ve Reasürans ile Emeklilik Şirketlerinin Mali Bünyelerine İlişkin Yönetmeliğin Beşinci Bölüm 16 ve devamı maddelerinde düzenlenen esaslara uygun olarak, 2019 yılı faaliyetleri ile ilgili ve Yönetim Kurulunca onaylanan mali tablolar esas alınarak hazırlanan Faaliyet Raporunun onaylanmasına oybirliği ile karar verildi.
3. Gündemin üçüncü maddesi gereğince, Şirket'in 2019 yılına ait Bağımsız Denetçi Raporu, bağımsız denetçi firma yetkilisi Sayın Taha TOKA tarafından okundu ve müzakere edildi. Söz alan olmadığından oybirliği ile kabul edildi.
4. Gündemin dördüncü maddesi gereğince, Yönetim Kurulunun hazırlamış olduğu 2019 yılı Bilanço ve Gelir Tablosu hesaplarına ilişkin müzakereler sonucunda bilanço kar ve zarar hesaplarının, mali tabloların ayrı ayrı onaylanmasına, kabul ve tasdik edilmesine oybirliği ile karar verildi.
5. Gündemin beşinci maddesi gereğince kar dağıtılması hakkındaki teklifler görüşüldü ve Türk Ticaret Kanunu'nun ilgili maddeleri ile diğer ilgili mevzuat ve Esas Sözleşme hükümleri gereğince tanzim edilen bilanço'ya göre hesap ve tespit olunan Şirket'in 2019 yılı karından ödenecek vergi ve diğer mali mükellefiyetler karşılığı düşüldükten sonra net karı 316.377.490,28 TL.(üçyüzonaltımilyonüçyüzyetmişyedibindördüyüzdoksan Türk Lirası, yirmisekiz Kuruş) ve 127.559.237,73 TL (yüzirmiyedimilyonbeşyüzellidokuzbinikiyüzotuzyediy Türk Lirası yetmişüç Kuruş) geçmiş yıl karının da kar dağıtımına eklenmesi sonucu, 22.196.836,40 TL (yirmiikimilyonüzdoksanaltıbinsekizyüzotuzaltı Türk Lirası, kırk Kuruş) tutarında birinci tertip yedek akçe ayrılmasına ve kalan 421.739.891,61 TL.(dörtüyüzirmibirmilyonyediyüzotuzdokuzbinsekizyüzdoksanbir Türk Lirası, altmışbir Kuruş)'nin olağanüstü yedek akçe ayrılmasına oybirliği ile karar verildi.
6. Gündemin altıncı maddesi gereğince, 01.09.2019 tarihli ve 2019/20 sayılı Yönetim Kurulu kararı uyarınca Alman uyruklu ve 8011271234 vergi kimlik numaralı Andre Dr. Weiler'tin Yönetim Kurulu üyeliği görevinden istifası üzerine boşalan Yönetim Kurulu üyeliğine Fransa uyruklu ve 99353086496 yabancı kimlik numaralı Christophe Stephane Knaub'un ve 23.10.2019 tarihli ve 2019/21 sayılı Yönetim Kurulu kararı uyarınca Alman uyruklu ve 3130614736 vergi kimlik numaralı Wilim Langenbach'ın Yönetim Kurulu üyeliği görevinden istifası üzerine boşalan Yönetim Kurulu üyeliğine Türkiye Cumhuriyeti vatandaşı ve 14561509674 TC Kimlik numaralı Onur Koçkar'ın atanmalarının

onaylanması hususu oylamaya sunuldu ve oybirliği ile kabul edildi.

7. Gündemin yedinci maddesi gereğince, Yönetim Kurulu üyelerinin her birinin 2019 mali yılındaki çalışmalarından dolayı ayrı ayrı ibra edilmelerine oybirliği ile karar verildi. Pay sahibi Yönetim Kurulu Üyeleri, kendi ibralarında sahip oldukları paylardan ve yetkilerden doğan oy haklarını kullanmadılar.
8. Gündemin sekizinci maddesi gereğince, şirketin 2020 yılı hesap ve işlemlerinin 6102 sayılı Türk Ticaret Kanunu ve ilgili mevzuat çerçevesinde bağımsız, yasal, IFRS ve UFRS dış denetiminin; İstanbul Ticaret Sicil Müdürlüğü'nün 201465 sicil numarasında ve 0146002240500015 Mersis Numarasında kayıtlı bulunan; "BJK Plaza, Süleyman Seba Cad. No. 48 B Blok K.9 Akaretler Beşiktaş/İstanbul" adresinde faaliyet göstermekte olan Boğaziçi Vergi Dairesi Müdürlüğü'ne 1460022405 sicil numarası ile kayıtlı PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.'ye yaptırılmak üzere bağımsız denetçi olarak seçilmesine ve işin planlaması ile ücret ve ödeme koşullarının belirleneceği sözleşmenin imzalanması konusunda Şirket Genel Müdürü'nün yetkili kılınmasına oybirliği ile karar verildi.
9. Gündemin dokuzuncu maddesi gereğince, 2020 mali yılına ilişkin olarak Yönetim Kurulu üyelerine huzur hakkı ve ücret verilmemesine oybirliği ile karar verildi.
10. Gündemin onuncu maddesi gereğince, personelin işe alımında ve devamında özendirici ve/veya işte kalmada etkili olma amacıyla ve çalışan tarafından kazanılmış bir hak olma özelliği olmaksızın ihtiyari olarak ve Yönetim Kurulunca belirlenecek kriterler ile dağıtım tarihinde halen şirkette çalışmakta olan personele, Şirket'e bağlılık, bilgi, beceri, başarı ve verimlilikleri dikkate alınarak 30.04.2020 tarihine kadar 2019 yılı karşılığında ayrılan 25.698.061,49 (Yirmibeşmilyonaltıyüzdoksansekizbinaltmışbir Türk Lirası, kırkdokuz Kuruş) Türk Lirası başarı priminin dağıtılmasına ilişkin Yönetim Kurulu kararının onaylanmasına ve işbu başarı priminin dağıtılması, ödeme şekil ve zamanı ile miktarının saptanması için Şirket Genel Müdürü'nün yetkili kılınmasına oybirliği ile karar verildi.
11. Gündemin on birinci maddesi gereğince, Yönetim Kurulu Üyeleri'ne TTK'nın 395. ve 396. maddeleri gereği gerekli iznin verilmesine oybirliği ile karar verildi.
12. Gündemin on ikinci maddesi gereğince, Genel Kurul Toplantısında alınan kararların Şirketimiz için hayırlı olması ve 2019 yılının başarılı geçmesi dileğinde bulunuldu.

Yukarıda alınan kararlardan başka gündemde görülecek konu bulunmadığından Toplantı Başkanlığı toplantıyı kapattı. Toplantı tutanağı zabıt mahallinde Toplantı Başkanlığı'nca imza edildi.

Toplantı Başkanı

Orur KOÇKAR

Tutanak Yazmanı

Bartu KARASALIH

Oy Toplama Memuru

Tuğçe AKGÜN ÇON

Ticaret Bakanlığı Temsilcisi

Yılmaz AKBAŞ

AXA HAYAT VE EMEKLİLİK ANONİM ŞİRKETİ
30 MART 2020 TARİHLİ 2019 MALİ YILI OLAĞAN GENEL KURUL
TOPLANTI TUTANAĞI

AXA HAYAT VE EMEKLİLİK ANONİM ŞİRKETİ'nin 2019 mali yılına ilişkin Olağan Genel Kurul toplantısı, 30 Mart 2020 tarihinde, saat 14:30'da "Kılıçali Paşa Mahallesi Meclis-i Mebusan Caddesi No: 15/1 Beyoğlu/İstanbul" adresinde, İstanbul Valiliği Ticaret İl Müdürlüğü'nün 27.03.2020 tarih ve 53548698 sayılı yazılarıyla görevlendirilen Ticaret Bakanlığı Temsilcisi Yılmaz AKBAŞ gözetiminde yapılmıştır.

Toplantıya ait davet Kanun ve Şirket Esas Sözleşmesi'nde öngörüldüğü gibi, gündemi de ihtiva edecek şekilde, Türkiye Ticaret Sicil Gazetesi'nin 13.03.2020 tarih ve 10036 sayılı nüshasında ilan edilmiş ve ayrıca nama yazılı pay sahiplerine 12.03.2020 tarihinde Karaköy Postanesi'nden iadeli taahhütlü mektupla, toplantı gün ve gündeminin bildirilmesi suretiyle süresi içerisinde yapılmıştır.

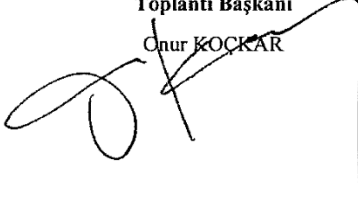
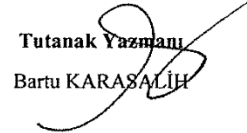

Hazır bulunanlar listesinin tetkikinde, Şirket paylarının 20.000.000,00-TL toplam itibari değerinin; toplam itibari değeri 0,1 -TL olan 2.000.000.000,00 adet paydan, 1.999.928.329,00 adet payın temsilen olmak üzere toplantıda temsil edildiği ve böylece gerek Kanun gerekse Şirket Esas Sözleşmesi'nde öngörülen asgari toplantı nisabının mevcut olduğunun anlaşılması üzerine toplantı Yönetim Kurulu Üyesi Sn. Onur Koçkar tarafından açılarak gündemin görüşülmesine geçilmiştir.

1. Gündemin birinci maddesi gereğince, Toplantı Başkanlığı'na Sn. Onur KOÇKAR'ın, Tutanak Yazmanlığı'na Sn. Bartu KARASALİH'in, Oy Toplama Memurluğu'na Sn. Tuğçe AKGÜN ÇON'un seçilmelerine ve bu kişilerden oluşan Toplantı Başkanlığı'nın kurulmasına oybirliğiyle karar verildi. Ardından, oluşmuş bulunan Toplantı Başkanlığı'na Genel Kurul Toplantı Tutanak ve Kararlarının imzalanması için oybirliğiyle yetki verildi.
2. Gündemin ikinci maddesi gereğince, 6102 sayılı Türk Ticaret Kanunu'nun 514. maddesi ve 7 Ağustos 2007 tarihli Resmi Gazete'de yayımlanıp yürürlüğe giren Sigorta ve Reasürans ile Emeklilik Şirketlerinin Mali Bünyelerine İlişkin Yönetmeliğin Beşinci Bölüm 16 ve devamı maddelerinde düzenlenen esaslara uygun olarak, 2019 yılı faaliyetleri ile ilgili ve Yönetim Kurulunca onaylanan mali tablolar esas alınarak hazırlanan Faaliyet Raporunun onaylanmasına oybirliği ile karar verildi.
3. Gündemin üçüncü maddesi gereğince, Şirket'in 2019 yılına ait Bağımsız Denetçi Raporu, bağımsız denetçi firma yetkilisi Sayın Taha TOKA tarafından okundu ve müzakere edildi. Söz alan olmadığından oybirliği ile kabul edildi.
4. Gündemin dördüncü maddesi gereğince, Yönetim Kurulunun hazırlamış olduğu 2019 yılı Bilanço ve Gelir Tablosu hesaplarına ilişkin müzakereler sonucunda bilanço kar ve zarar hesaplarının, mali tabloların ayrı ayrı onaylanmasına, kabul ve tasdik edilmesine oybirliği ile karar verildi.
5. Gündemin beşinci maddesi gereğince kar dağıtılması hakkındaki teklifler görüşüldü ve Türk Ticaret Kanunu'nun ilgili maddeleri ile diğer ilgili mevzuat ve Esas Sözleşme hükümleri gereğince tanzim edilen bilanço'ya göre hesap ve tespit olunan Şirket'in 2019 yılı karından ödenecek vergi ve diğer mali mükellefiyetler karşılığı düşüldükten sonra net karı 7.046.545,32 TL.(yedimilyonkıraltıbinbeşyüzkırkbeş Türk Lirası, otuziki Kuruş) 'sının tamamının olağanüstü yedek akçe ayrılmasına oybirliği ile karar verildi.
6. Gündemin altıncı maddesi gereğince, 01.09.2019 tarihli ve 2019/22 sayılı Yönetim Kurulu kararı uyarınca Alman uyruklu ve 8011271234 vergi kimlik numaralı Andre Dr. Weilert'ın Yönetim Kurulu üyeliği görevinden istifası üzerine boşalan Yönetim Kurulu üyeliğine Fransa uyruklu ve 99353086496 yabancı kimlik numaralı Christophe Stephane Knaub'un ve 23.10.2019 tarihli ve 2019/23 sayılı Yönetim Kurulu kararı uyarınca Alman uyruklu ve 3130614736 vergi kimlik numaralı Wilm Langenbach'ın Yönetim Kurulu üyeliği görevinden istifası üzerine boşalan Yönetim Kurulu üyeliğine Türkiye Cumhuriyeti vatandaşı ve 14561509674 TC Kimlik numaralı Onur Koçkar'ın atanmalarının onaylanması hususu oylamaya sunuldu ve oybirliği ile kabul edildi.
7. Gündemin yedinci maddesi gereğince, Yönetim Kurulu üyelerinin her birinin 2019 mali yılındaki çalışmalarından dolayı ayrı ayrı ibra edilmelerine oybirliği ile karar verildi. Pay sahibi Yönetim Kurulu

Üyeleri, kendi ibralarında sahip oldukları paylardan ve yetkilerden doğan oy haklarını kullanmadılar.

8. Gündemin sekizinci maddesi gereğince, şirketin 2020 yılı hesap ve işlemlerinin 6102 sayılı Türk Ticaret Kanunu ve ilgili mevzuat çerçevesinde bağımsız, yasal, IFRS ve UFRS dış denetiminin; İstanbul Ticaret Sicil Müdürlüğü'nün 201465 sicil numarasında ve 0146002240500015 Mersis Numarasında kayıtlı bulunan; "BJK Plaza, Süleyman Seba Cad. No. 48 B Blok K.9 Akaretler Beşiktaş/İstanbul" adresinde faaliyet göstermekte olan Boğaziçi Vergi Dairesi Müdürlüğü'ne 1460022405 sicil numarası ile kayıtlı PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.'ye yaptırılmak üzere bağımsız denetçi olarak seçilmesine ve işin planlaması ile ücret ve ödeme koşullarının belirleneceği sözleşmenin imzalanması konusunda Şirket Genel Müdürü'nün yetkili kılınmasına oybirliği ile karar verildi.
9. Gündemin dokuzuncu maddesi gereğince, 2020 mali yılına ilişkin olarak Yönetim Kurulu üyelerine huzur hakkı ve ücret verilmemesine oybirliği ile karar verildi.
10. Gündemin onuncu maddesi gereğince, personelin işe alımında ve devamında özendirici ve/veya işte kalmada etkili olma amacıyla ve çalışan tarafından kazanılmış bir hak olma özelliği olmaksızın ihtiyari olarak ve Yönetim Kurulunca belirlenecek kriterler ile dağıtım tarihinde halen şirkette çalışmakta olan personele, Şirket'e bağlılık, bilgi, beceri, başarı ve verimlilikleri dikkate alınarak 30.04.2020 tarihine kadar 2019 yılı karşılığında ayrılan 1.974.017,44 (Birmilyondokuzyüzyetmişdörtbinonyedi Türk Lirası, kırkdört Kuruş) Türk Lirası başarı priminin dağıtılmasına ilişkin Yönetim Kurulu kararının onaylanmasına ve işbu başarı priminin dağıtılması, ödeme şekil ve zamanı ile miktarının saptanması için Şirket Genel Müdürü'nün yetkili kılınmasına oybirliği ile karar verildi.
11. Gündemin on birinci maddesi gereğince, Yönetim Kurulu Üyeleri'ne TTK'nın 395. ve 396. maddeleri gereği gerekli iznin verilmesine oybirliği ile karar verildi.
12. Gündemin on ikinci maddesi gereğince, Genel Kurul Toplantısında alınan kararların Şirketimiz için hayırlı olması ve 2019 yılının başarılı geçmesi dileğinde bulunuldu.

Yukarıda alınan kararlardan başka gündemde görüşülecek konu bulunmadığından Toplantı Başkanlığı toplantıyı kapattı. Toplantı tutanağı zabıt mahallinde Toplantı Başkanlığı'nca imza edildi.

<p>Toplantı Başkanı Onur KOÇKAR</p> 	<p>Tutanak Yazmanı Bartu KARASALIH</p> 	<p>Oy Toplama Memuru Tuğçe AKGÜN ÇON</p> 
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Ticaret Bakanlığı Temsilcisi

Yılmaz AKBAŞ



BAĞLI ŞİRKET RAPORU

Rapor Tarihi: 26.02.2021

AXA Sigorta A.Ş. Yönetim Kurulu'nun hakim ve bağlı şirketlerle ilişkileri hakkında 6102 sayılı Türk Ticaret Kanunu'nun 199'uncu maddesinin 1'inci fıkrası gereğince düzenlemiş olduğu rapordur:

a)AXA Sigorta A.Ş.'nin Hakim Şirketle, Hakim Şirkete Bağlı Bir Şirketle, Hakim Şirketin Yönlendirmesiyle O'nun veya O'na Bağlı Bir Şirketin Yararına Yaptığı Hukuki İşlemler ve Geçmiş Faaliyet Yılında Hakim Şirketin ya da O'na Bağlı Bir Şirketin Yararına Alınan veya Alınmasından Kaçınılan Tüm Diğer Önlemler :

Şirketler topluluğu bünyesindeki hakim ve bağlı şirketler ile yürütülen işlemler olağan ticari faaliyetler olup hakim şirketin yönlendirmesi ile ya da yönlendirmesi olmaksızın hakim şirketin ya da bağlı şirketlerden birinin yararına yapılan herhangi bir işlem veya söz konusu çerçevede alınan ya da alınmasından kaçınılan herhangi bir önlem bulunmamaktadır.

b)AXA Sigorta A.Ş.'nin Hukuki İşlemin Yapıldığı veya Önlemin Alındığı veyahut Alınmasından Kaçınıldığı Anda Kendilerince Bilinen Hal ve Şartlara Göre, Her Bir Hukuki İşlemden Uygun Bir Karşı Edim Sağlanıp Sağlanmadığı ve Alınan veya Alınmasından Kaçınılan Önlemin Şirketi Zarara Uğrattıp Uğratmadığı, Şirket Zarara Uğramışsa Bunun Denkleştirilip Denkleştirilmediği:

Bu çerçevede herhangi bir hukuki işlem yapılmamış olduğu cihetle herhangi bir karşı edim de gerekmemiş, önlem alınması ya da alınmasından kaçınılması ve bu sebeple herhangi bir zararın oluşması söz konusu olmamıştır.

Yavuz Ölken
Yönetim Kurulu Başkan Yardımcısı
Genel Müdür



Onur Koçkar
Yönetim Kurulu Üyesi



AXA SİGORTA A.Ş.

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Ticaret Sicil No: 98645 Büyük Mükellefler V.D. 649 00 399 46 Mersis No: 7185-2672-2776-9762

BAĞLI ŞİRKET RAPORU

Rapor Tarihi: 26.02.2021

AXA Hayat ve Emeklilik A.Ş. Yönetim Kurulu'nun hakim ve bağlı şirketlerle ilişkileri hakkında 6102 sayılı Türk Ticaret Kanunu'nun 199'uncu maddesinin 1'inci fıkrası gereğince düzenlemiş olduğu rapordur:

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Yavuz Ülken
Yönetim Kurulu Başkan Yardımcısı
Genel Müdür


Onur Koçkar
Yönetim Kurulu Üyesi

AXA HAYAT VE EMEKLİLİK A.Ş.

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COMPLIANCE AND PERSONAL DATA PROTECTION

Compliance and personal data protection are responsible for the following two issues in “AXA SIGORTA A.Ş.” and “AXA HAYAT VE EMEKLİLİK A.Ş.” as of January 11, 2010.

- 1) Compliance Management
- 2) Personal Data Protection Management

Compliance Management

It is the 2nd line of Defense Department which has development and monitoring functions in line with “AXA Group Compliance Policy”. Reporting is provided to Legal and Compliance Management. Primary responsibilities are as follows:

- Determination of compliance risks along with job families,
- Helping Management Body in establishing control and procedures required for reducing defined compliance risks and in adjusting thereof within the company,
- Monitoring compliance with local legislation, compliance and ethical standards,
- Reporting to Senior Executives, the relevant Committee and AXA Group regularly.

Compliance risk should be considered as legal or regulatory sanctions, material or reputational loss the company faces when it fails to act in accordance with laws, regulations and administrative provisions. In this regard, compliance risks are determined / updated every year as a result of risk evaluation in detail performed with job families by taking into account of local and international regulations Turkey is subjected to (FATCA, UK, Bribery Act, UN-US-EU Sanctions etc.). Then, a process whose general principles are determined by AXA Group Risk Management put in place for the purpose of reducing these risks in cooperation with Internal Control, Operational and Financial Risks Department at the national level.

Subject headings for compliance risks taken into consideration in risk assessment process are listed below:

Antitrust
Prevention of Discrimination
Information Abuse
Conflicts of Interest
Distribution Channel Marketing

Regulatory risks related to outsourcing:

Economic Sanctions and Embargo
Financial Crimes Anti-Money Laundering/ Prevention on Laundering of Crime Revenues and on Financing Terrorism
Misconduct
Customer Complaint Trends
Protection and Accountable Use of Customer Data
Anti-Corruption/Anti-Fraud Practices
Sales Channel Compensation / Billing
Sales Applications
Insurance Brokers and rules of distribution channel
Cross-border Transactions
Social Media Association
Prevention of Abuse
Product Compliance
Compliance & Ethics
Scope of Compliance Risks Analysis
Internal Fraud related to Compliance, Financial Crimes and Ethics

Compliance management works are determined in accordance with “Compliance Plan” prepared annually and are put into effect upon approval of Executive Board. Compliance Plan is a framework program which includes preparation of annual control plan, risk assessment and update efforts, determination of monitoring program, compliance reporting etc.

AXA Group has put Group Standards into effect in order to maintain its business activities at high level in every countries where it operates insurance activities. Compliance Manager gives all kinds of supports to ensure that all insurance activities of Management Body and job families comply with AXA Group Standards as well as national legislation. Compliance AXA Group Standards is recorded every year through “certification” process of Senior / Middle Level Executives and the relevant job families.

Compliance studies are audited by Compliance Managers from various AXA Companies affiliated to AXA Group and International & New Markets Regions in accordance with “Compliance Support and Development Program” carried out biyearly by AXA Group. Following audit, possible findings are reported to the CEO and Compliance Manager of audited AXA Group Company. Necessary improvement activities are monitored periodically by AXA Group, International & New Markets and local Internal Audit Department.

Anti-Corruption, Prevention on Laundering of Crime Revenues and Financing Terrorism are among the significant compliance issues. Control and awareness actions are put into practice in accordance with “Anti-corruption Program” approved by Board of Directors at the beginning of the year. Studies on Prevention of Laundering of Crime Revenues and Financing Terrorism are carried out in accordance with “Compliance Program” issued by MASAK Compliance Team within the framework of national legislation and AXA Group Standards. Necessary improvement activities taken are monitored periodically by AXA Group and International & New Markets Zone. Processes are recorded every year through “certification” procedure of “Anti-corruption” and “AXA Group Compliance and Ethics Standards” of Senior / Middle Level Executives and the relevant job families.

Personal Data Protection Management

The processing of personal/private data in accordance with national legislation and AXA Group Data Protection Policy is carried out through necessary technical/legal investigations (“Privacy by Design”) by Legal and Information Technologies Department before domestic data transfer and the projects to be implemented by job families. In this regard, Legal and Compliance Department are directly reported and primary responsibilities are as follows:

- Development and adaptation of AXA SIGORTA Data Protection Policy,
- Providing training and giving technical opinion about data protection to different departments in various areas,
- Contacting with regulatory authorities,
- Helping the preparation of internal and external Non-disclosure Agreements,
- Examination and follow-up business activities and supplier contracts for the purpose of ensuring compliance with legislation provisions and AXA SIGORTA Data Protection Policy,
- Approval of projects or processes in compliance with the legislation,
- Ensuring compliance of data processing application and procedures with the legislation,
- Giving information Senior Management and Executives of Data Protection Policy and their responsibilities in this regard.



OPERATIONAL STABILITY AND PHYSICAL SECURITY MANAGEMENT

Operational Stability and Physical Security Management Department are responsible for the following two issues in “AXA SIGORTA A.Ş.” and “AXA HAYAT VE EMEKLİLİK A.Ş.”.

- 1) Operational Stability Management
- 2) Physical Security Management

Operational Stability Management

Operational Stability Management Department is the unit that defines and manages the procedure to follow in case of failure in critical processes related to “Production” and “Damage”.

AXA Sigorta uses lost of resources in order to carry out business activities. AXA Group has declared the most important 5 dangers that may affect these resources: Cyber Attack, Earthquake, Fire, Civil Disorder/Terrorism and Epidemics. Our department is responsible for ensuring the following advantages and continuity of thereof:

- To define the risks that may hinder/terminate business activities and to reduce/eliminate them proactively,
- To ensure and maintain reputational integrity,
- To provide the best service quality,
- To recover within the shortest time after crisis,
- To develop constantly,

The results of "Risk Analysis" and "Business Impact Analysis" activities, updated on annual basis by job families, are analyzed every year in compliance with various predetermined risk scenarios under coordination of our Department. Disaster backup activities are performed in coordination with Information Technologies Department and activities regarding quantification of foreseen risks are conducted together with Risk Management Department.

CEO of AXA Sigorta is responsible for operational stability policy and development and implementation of thereof. CEO has appointed Olgun Küntay, member of Executive Committee, as Managing Director responsible for Business Continuity in order to audit the activities related to operational stability in this regard. Business Continuity Sponsor, IT Service Continuity Sponsor and Crisis Officer lend assistance to Olgun Küntay in this process.

In addition to the foregoing, Operational Resilience Executive Board, comprising of Senior Manager in charge of Business Continuity, Crisis Coordinator, Disaster Recovery Coordinator, CIO and General Secretary, closely monitors business continuity activities and level of preparation against risk scenarios and convenes in case of extraordinary situations. Furthermore, Operational Stability Committee convenes twice a year to evaluate periodic activities in this regard and set a road map for compliance with AXA Group Operational Stability strategy.

Awareness level of employees and stakeholders is ensured to be maximized with the tests and practices performed in different categories every year. All activities are controlled by AXA Group / AXA International & New Markets at local level. AXA Group is reported regularly every year.

Physical Security

It is aimed to protect employees and assets against “barratry” actions. Barratry actions include actions due to crime, terrorism, political or social instability. AXA Group Management Committee confirmed a physical security road map in April 2015. This confirmation requires AXA Companies to align or create

physical security measures with AXA Physical Security Method prepared pursuant to the best practices in the world.

Reporting is made directly to Olgun Küntay. The four main pillars of AXA Group Physical Security are as follows:

- Security Organization: Creating a clear and formal physical security structure within the company is an significant step for effective physical security management.
- Travel Safety: Management of International business travel and trips requires risk-based safety procedure and safety measures.
- Space Safety: A physical security plan should be established in order to ensure safety, in which all taken measures are specified.
- Incident Intervention: Need to be prepared in order to reduce potential impact of physical security incidents on company reputation, employees and assets.



PROMINENT AMENDMENTS ON INSURANCE LEGISLATION IN 2020

No legislative amendments directly affecting our sector in 2020.

- Amendments made in Regulation on Information on Insurance Contracts were promulgated in Official Journal on February 14, 2020. In general, the new arrangement aims at simplification of the former one; however, the modifications do not significantly change the current requirements applicable to the process of informing customers. In principle, Insurers fulfill their liability of providing information in written form. Provision of information can be fulfilled via SMS, e-mail messages or a permanent data storage device enabling recording or another similar means of communication in cases where parties cannot be physically present at the same location. Liability of information can also be fulfilled through call centers or phone calls. The new arrangement has not introduces any radical change since current requirements were not significantly altered in terms of content.
- Regulation on Amendment of Regulation on Activities Covered under Insurance, Insurance Contracts Executed in Favor of Consumers and Distant Insurance Contracts was promulgated in Official Journal on May 9, 2020. This arrangement has changed the purpose of the Regulation. According to the new arrangement, the purpose is established as "determination of the border between the scope of insurance business activities and other activities not falling within this scope, and of the principles and procedures regarding insurance contracts executed in favor of consumers and distance insurance contracts executed remotely by contractual parties and insurance contracts which may be provided with the products and services offered by entities core business of which is not included in insurance sector". With this amendment, "insurance contracts which may be provided with the products and services offered by entities core business of which is not included in insurance sector" which is argues as "gift insurance contracts" within the sector are explicitly arranged and regulated with the mentioned Regulation. The relevant amendment enables intermediation for sale of distant insurance contracts and stipulates that the remuneration to be paid to intermediaries with core business activities not including insurance shall not be paid as commissions but as "service charges".
- Amendments were made in Land Vehicles Motor Third Party Liability (MTPL) Insurance General Conditions. Most significant ones among such modifications are the arrangements introduced for the calculation methods of Bodily Damages compensation amounts and Impairment claims. Purpose of these new arrangements is to cease the conflicts regarding the calculation method for the loss amount in practice. Amendments to General Conditions promulgated on March 20, 2020 shall go into effect on April 4, 2020 and General Conditions applicable at the execution date shall be valid for contracts executed before and the new amended General Conditions shall be valid for contracts executed after this effective date.
- Supreme Court decided on October 9, 2020 that the expression "... and in General Conditions prepared in accordance with this Act..." stated in the first sentence and the expression "... in General Conditions..." contained in the second sentence of Article 90 and the entire Article 92(i) of Highway Traffic Act is contradictory to the constitution and shall be annulled. Problems have emerged regarding the applicability of the relevant articles related with loss calculation set forth in the General Conditions for Amendment of Land Vehicles Motor Third Party Liability (MTPL) Insurance General Conditions promulgated in Official Journal on March 20, 2020 and entered into effect on April 1, 2020.

A large, thick red diagonal slash graphic that spans across the center of the image, from the bottom-left towards the top-right.

Risk Management



RISK MANAGEMENT

Risk management policies and procedures of AXA SIGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. have been developed in parallel to AXA Group Risk Management Standards, to ensure monitoring, checking, and where necessary revising the risk and return structure of the company's future cash flows, and the characteristics and level of the associated activities. The purpose of these standards determined by AXA Group is to ensure systematic identification, measurement, management and control of any risks the group companies may encounter with. The risk groups the companies may be exposed to are incorporated in these standards in line with their extent, characteristics, and complexities as well as experiences from previous periods. AXA SIGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. have adopted AXA Group Risk Management standards within the framework of Risk Management Activities; the Company works in close cooperation with and regularly report to AXA Group and the affiliated AXA Mediterranean Regional Risk Management teams.

The primary purpose of our Risk Management operations, constituting an integral part of all our business operations in line with AXA Group Risk Management standards, is collective monitoring of financial, insurance, and operational risk exposures, as well as measuring the impacts of these exposures on significant financial indicators (profitability, company value, capital, liquidity).

All these activities are conducted by the Risk Management Department within AXA SİGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. While performing these assessments, the Risk Management shall be held responsible particularly for implementation of AXA Risk Management standards and fulfillment of responsibilities set forth in local regulations and for meeting all requirements within this context. Roles and responsibilities of Risk Management Department, which directly reports to Risk Management, is approved by the Board.

In accordance with national and international legislation, insurance companies are required to actively manage the risks that they are exposed to, which are comparable to the nature and complexity of the activities they engage in and which can affect their ability to meet their obligations or fulfill their corporate objectives. Also they are required to establish an effective and adequate risk management system that allows them to be assessed. The system has to be integrated into the company and it is essential that the roles played by key personnel are formally identified.

Insurance companies, within the framework of the necessities of legislative regulation, through a rigorous analysis process, must be able to understand the nature of the identified risks, their origin, the likelihood or need to control them and must understand also the effects that may arise from them in terms of possible losses and opportunities. In particular, the role of risk management is not to prevent risk taking by insurers and investment managers, but to selectively develop a risk-taking culture of AXA SIGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. with the tools and metrics to help consciously select the risks that it really wants to carry. Considering these requirements, AXA SİGORTA A.Ş. and AXA HAYAT EMEKLİLİK A.Ş. have established a framework of Corporate Risk Management which is a complex framework based on a set of standards, policies, procedures, committees and governance.

Five key processes have been identified as relevant to this framework, fixed with a strong risk culture:

a) Organization and Management: AXA SIGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. have a Risk Governance Scheme established and structured by Risk Management policies and procedures.

b) Risk Appetite Framework: The role of the Risk Management team is to make sure that senior management has approved actionable risks, understands the consequences of adverse developments in risk and has actionable plans when things start to deteriorate. This is achieved through the Risk Appetite framework, which shows the risks involved in causes, company value, capital and liquidity under different scenarios.

c) Secondary Opinion: Risk Management is to be able to look at risk areas and identify these areas by measuring, inspecting financial risks, insurance risks and operational risks, and to be vigilant against extremes and to think about them. Risk management has processes and governance to ensure that AXA Turkey's major decision-making processes receive a systematic and independent second opinion.

d) Underwriting Rules and Product Approval: The release of new products or the re-pricing / re-design of products allows the senior management to evaluate the long-term consequences of such actions and to determine the profitability objectives determined based on the risk in order to realize the strategy of AXA.

e) Internal Model (STEC - Short Term Economic Capital): can provide a concrete and powerful metric that controls and measures most of the exposed risk. The AXA STEC model is also designed as a consistent and wide-ranging risk management tool that is an important component in capital management, planning process and performance measurement process.

Risk Classification

In line with AXA Group standards, the risk management practices of AXA SIGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. assess the Risk Portfolio in 3 primary groups, which are also divided into various sub-groups.

I. Financial Risks

This category covers the impact of interest rate, exchange rate and real estate price variations to be caused by potential fluctuations in financial markets and various investment instruments on the company's financial indicators. These assessments allow the implementation of action plans to ensure that the potential impacts remain below the risk limits defined.

On the other hand, the Asset-Liability management is crucial particularly for the preservation of earnings on long term portfolios and liquidity; assessments performed in this respect guide the investment decisions taken to assure cash flows for our obligations.

Furthermore, our reinsurance structure is reviewed on company basis within the scope of financial analyses activities, classified in accordance with the ratings issued by international rating agencies and the reinsurance risks are assessed with the models utilized in AXA Group standards.

II. Insurance Risks

These risks are grouped in two primary segments: Life and Non-Life.

Within the scope of these risks arising from insurance agreements, the financial loss which may occur due to realization of the insured event are measured through statistical methods, which in return determines the minimum capital level the company should keep to cover these risks. These measurements are made in accordance with the internal models established in line with AXA Group standards and by the Undersecretariat of Treasury, and are reported regularly.

III. Operational Risks

These risks refer to the losses which may be incurred, directly or indirectly, due to external events, or inadequate or failed internal processes, personnel, and systems. The task of Risk Management unit is to identify, measure, and monitor the operational risks which may be exposed to. The risk scenarios identified on self-assessment basis are updated annually and measured at AXA Group Standard levels through use of statistical methods. The risks identified are monitored by the relevant unit and Internal Audit department and reviewed by the Operational Risk Committee.

The table identified in line with AXA Group Risk Management standards that indicates the risk groups AXA companies are exposed to, is as follows:

ANA Risk Grubu	Alt Risk Grubu	Risk Konusu
Finansal Riskler	Piyasa Riskleri	Hisse Senedi Riskleri
		Gayri Menkul Riski
		Faiz Riski
		Özel Sektör Bono Riski
		Varlık Bazlı Finansal Yatırım Riski
		Alternatif Yatırım Riskleri
		Döviz Riski
		Volatilite Riski
		Baz Riski
	Kredi Riski	Ülke Riski
	Likidite Riski	Karşı Taraf Riskleri
		Likidite Riski
Hayat Dışı Sigortacılık Riskleri	Rezerv Riski	Yetersiz Rezerv Riski
		Yükselen Riskler (örn. Asbestos)
	Sigortacılık Riski	Ticari Yazım Riski
		Fiyatlama Riski
		Müşteri Değeri Riski
	Katastrof Riski	Katastrof Riski - Doğal Afet
		Katastrof Riski - İnsan
Hayat Sigortacılık Riskleri	Rezerv Riski	Mortalite Riski
		Uzun Yaşam Riski
		İştirâ Riski
		Gider Riski
	Sigortacılık Riski	Sakatlık Riski
		Uzun Dönemli Bakım Riski
		Sağlık Riskleri
	Katastrof Riski	Katastrof Riski - Salgın
Operasyonel Riskler	Şirket İçin Suistimal	Şirket içi Suistimal ve yetkisiz işlemler
	Şirket Dışı Suistimal	Şirket dışı Suistimal ve Sistem güvenliği
	İş yeri güvenliği ve istihdam uygulamaları	Çalışan ilişkileri, ayrımcılık
		Güvenli çalışma ortamı (örn; Salgın)
		Personel Yönetimi (kritik çalışan kayıpları)
	Müşteri, ürün ve iş uygulamaları	Uygunluk, bildirim ve ürün sorumlulukları (örn; yanlış satış, agresif satış, yanlış yönlendiren pazarlama materyali,...)
		Uygun olmayan ve kanun dışı, iş ve piyasa uygulamaları (Antitröst, lisanssız satış, kara para, yasal uyumsuzluklar)
		Ürün hataları (ürün eksiklikleri ve model hataları)
	Maddi Varlıklara Gelebilecek Zararlar	Doğal Afet ve diğer insan kaynaklı felaketler
	Sistem Hataları ve İş Kesintileri	Bilgi güvenliği
		Sistem kesintileri
	İşlem, yönetim ve süreç hataları	İşlem Hataları (örn; hatalı hasar ödemeleri,...)
		Yazım ve Hasar Süreçlerindeki hatalar
		Kamuya açıklama ve raporlama hataları
		Proje Yönetimi Hataları
		İç Servis sağlayıcıların hataları ve düşük performansları (bağlı acenteler, satış ve provizyon ekipleri)
		Dış Servis sağlayıcıların hataları ve düşük performansları

Risk Limits

By taking the financial structures of the companies into account, the impact of sub risk groups on the most critical financial indicators of the company, namely profitability, company value and capital adequacy are considered during determination of risk limits in accordance with AXA Group standards. While the risk limits vary by the diversity and scale of the company's financial asset investments, the operational limits set on a per-personnel or per-unit basis may also vary with reference to the complexity of the transactions performed, and the characteristics of the products.

The limits set are then reviewed annually with reference to the market circumstances, the financial state and strategies of the company, and AXA standards. Any excess of limits are monitored both through the alerts defined in the system by responsible units, and on a collective basis; the operations are executed through a structure which allows immediate intervention and reporting in case of any limit excess.

A detailed explanation regarding the risk group of the company and its transactions is provided in footnote 45, attached to the Independent Audit Reports provided in the Annual Report.



Other Issues



INFORMATION REGARDING LEGAL CASES FILED AGAINST THE COMPANY NEGATIVELY AFFECTING COMPANY'S FINANCIAL STATUS & ACTIVITIES AND POSSIBLE CONSEQUENCES THEREOF

There are no open legal cases against the Company which may negatively affect the Company's financial status or activities, excluding those filed for disputes arising from the insurance policies issued in various product segments for which the required reserves have been allocated.




ADMINISTRATIVE AND JUDICIAL SANCTIONS APPLIED TO THE COMPANY AND MANAGEMENT BODY MEMBERS DUE TO NON- COMPLIANT PRACTICES

There are no administrative or judicial sanctions imposed on the Company or members of its management body for any reason.



INFORMATION REGARDING THE ORDINARY SHAREHOLDERS' MEETING (IF HELD WITHIN THE YEAR) INCLUDING DATE, RESOLUTIONS AND RELEVANT ACTIONS

An Extraordinary Shareholders' meeting was held on 16.11.2020 for AXA Sigorta A.Ş and dividend distribution was made to the extent permitted by the relevant legislation.



EXPLANATIONS REGARDING EVENTS OF SPECIFIC SIGNIFICANCE WHICH HAS OCCURRED WITHIN THE COMPANY AND WHICH MAY INFLUENCE THE RIGHTS OF COMPANY SHAREHOLDERS AND OTHER RELEVANT INDIVIDUALS AND ORGANIZATIONS

There have been no crucial events occurred in the company after the end of year 2020 that may affect the rights of partners, creditors and other relevant persons and organizations.



AMENDMENTS TO COMPANY ARTICLES OF ESTABLISHMENT AND REASONS THEREOF

No amendments or modifications were made in the Company's Articles of Establishment

AXA SİGORTA A.Ş.

AXA HAYAT VE EMEKLİLİK A.Ş.

BOARD OF DIRECTORS MEETINGS

Şirket	Toplantı Tarihi	Katılması Gereken Üyeler	Katılım	Katılım Oranı
AXA SİGORTA A.Ş.	23-01-20	Benoit Michel CLAVERANNE	Evet	100%
AXA SİGORTA A.Ş.	23-01-20	Yavuz ÖLKEN	Evet	
AXA SİGORTA A.Ş.	23-01-20	Christophe Stephane KNAUB	Evet	
AXA SİGORTA A.Ş.	23-01-20	Guillaume Herve Marie Xavier LEJEUNE	Evet	
AXA SİGORTA A.Ş.	23-01-20	Celalettin Ali ERLAT	Evet	
AXA SİGORTA A.Ş.	23-01-20	Onur KOÇKAR	Evet	
AXA SİGORTA A.Ş.	21-07-20	Benoit Michel CLAVERANNE	Evet	83%
AXA SİGORTA A.Ş.	21-07-20	Yavuz ÖLKEN	Evet	
AXA SİGORTA A.Ş.	21-07-20	Christophe Stephane KNAUB	Evet	
AXA SİGORTA A.Ş.	21-07-20	Guillaume Herve Marie Xavier LEJEUNE	Hayır	
AXA SİGORTA A.Ş.	21-07-20	Celalettin Ali ERLAT	Evet	
AXA SİGORTA A.Ş.	21-07-20	Onur KOÇKAR	Evet	
Şirket	Toplantı Tarihi	Katılması Gereken Üyeler	Katılım	Katılım Oranı
AXA HAYAT VE EMEKLİLİK A.Ş.	23-01-20	Benoit Michel CLAVERANNE	Evet	100%
AXA HAYAT VE EMEKLİLİK A.Ş.	23-01-20	Yavuz ÖLKEN	Evet	
AXA HAYAT VE EMEKLİLİK A.Ş.	23-01-20	Christophe Stephane KNAUB	Evet	
AXA HAYAT VE EMEKLİLİK A.Ş.	23-01-20	Guillaume Herve Marie Xavier LEJEUNE	Evet	
AXA HAYAT VE EMEKLİLİK A.Ş.	23-01-20	Celalettin Ali ERLAT	Evet	
AXA HAYAT VE EMEKLİLİK A.Ş.	23-01-20	Onur KOÇKAR	Evet	
AXA HAYAT VE EMEKLİLİK A.Ş.	21-07-20	Benoit Michel CLAVERANNE	Evet	83%
AXA HAYAT VE EMEKLİLİK A.Ş.	21-07-20	Yavuz ÖLKEN	Evet	
AXA HAYAT VE EMEKLİLİK A.Ş.	21-07-20	Christophe Stephane KNAUB	Evet	
AXA HAYAT VE EMEKLİLİK A.Ş.	21-07-20	Guillaume Herve Marie Xavier LEJEUNE	Hayır	
AXA HAYAT VE EMEKLİLİK A.Ş.	21-07-20	Celalettin Ali ERLAT	Evet	
AXA HAYAT VE EMEKLİLİK A.Ş.	21-07-20	Onur KOÇKAR	Evet	



AXA SİGORTA A.Ş. AXA HAYAT VE EMEKLİLİK A.Ş. CORPORATE MANAGEMENT COMMITTEE REPORT

CORPORATE MANAGEMENT COMMITTEE

AXA Sigorta A.Ş. (hereinafter referred to as “Company”) established a Corporate Management Committee in June 2011 to follow-up the compliance with the principles set out in the "Circular on Corporate Management Principles in Insurance, Reinsurance and Pension Companies (2011/8)".

The duties of the Committee are as follows: to perform the necessary activities for the purpose of ensuring compliance with the principles, to give suggestions to the Board of Directors in this regard and to monitor Company’s compliance with the principles.

Corporate Management Committee prepares a report indicating the evaluations and submits it to Board of Directors in March every year. A copy of the report is submitted to Turkish Ministry of Treasury and Finance.

THE PRINCIPLES AXA SİGORTA A.Ş. HAS ADOPTED

PRINCIPLE 1 - Corporate Management Principles

The company has established its corporate management principles by taking into account of the principles of “equality”, “transparency”, “accountability” and “responsibility”. These principles are guaranteed in consideration of the following policy, procedure and guidelines within the company.

- Equality
 - Compliance and Ethics Guide, Conflict of Interest Prevention;
08.01.Y.019 - Conflict of Interest Guideline,
- Transparency
 - 98.11.P.001 - Human Resources Directive,
 - 98.11.P.005 - Data Privacy Policy,
 - 98.11.P.010 - Personal Data Protection Policy,
 - 98.11.P.006 - Information Security Policy,
 - 04.01.01.Y.027 - Third Party Basic Information Security Measures Review Policy,
 - 06.07.01.Y.001- Information Security Management System Policy
- Accountability
 - Strategic Plan,
 - 29.01.Y.001- Strategic Planning Guideline
 - 98.11.P.007 - Competition and Anti-Trust Policy,
- Responsibility
 - 26913-Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies,
 - Compliance Standard,
 - AXA Group Standards,
 - 18.01.Y.003 - Internal Control Activities Guideline,
 - 17.01.Y.001 - Internal Audit Guideline,
 - 17.01.Y.002 - Guideline on Prevention of Abuse and Corruption,
 - 08.02.T.016 - Code of Conduct for Prevention of Abuse and Corruption,

- 98.11.P.002 - Anti-Corruption Policy,
- 98.11.P.003 - Abuse Policy,
- 17.01.Y.003 - Black Money Audit Guideline,
- 98.11.P.005 - Media Relations Guide,
- 98.11.P.006-Employee Social Media Guidelines,
- 17.02.T.001-Contradictions and Irregularities Reporting Instruction,
- Audit Committee Regulation,
- Internal Audit Directive,

PRINCIPLE 2 - Principles on Exercise of Share Ownership's Rights

All shareholders are treated equally in accordance with the principles.

No distinction is made between shareholders in exercise of the right to demand information and examination. Any information that may affect the exercise of shareholder's rights is accessible to shareholders in electronic environment.

The company shall take all necessary measures to ensure the participation of shareholders in General Meeting in a timely manner and provide information on the agenda in such a way so as not to create any hesitation and to provide shareholders with the opportunity to make necessary arrangements. The issues set out the agenda are transferred in an objective and detailed manner with a clear and understandable way in Shareholders' Assembly Meeting; shareholders are given opportunity to express their opinions and ask questions under equal conditions by creating a healthy discussion environment. Practices that make the exercise of voting difficult are avoided. Each shareholder is given an opportunity to exercise his/her right of voting in the easiest and most appropriate manner. The voting procedure is announced to all shareholders before and at the beginning of the meeting. The company shows utmost care to the exercise of minority rights.

The company avoids the practices that make it difficult for shareholders to transfer their shares freely. The company has a specific and coherent profit distribution policy. Our company performs the profit distribution in accordance with laws and regulations to which it is subjected. The following items are taken into consideration during profit distribution: our long-term group strategies, investment and financing policies, profitability and cash positions, and above all, capital adequacy ratio. Profit distribution decisions are taken by the shareholders in General Meeting held in March every year in accordance with Company's Capital Adequacy Forecasts and company's targets.

Accordingly, profit distribution is made in cash or non-paid up shares over the net profit for the period in the financial statements prepared in accordance with legislation and subjected to independent audit as well as the "distributable profit" calculated pursuant to the relevant legislation.

PRINCIPLE 3 – Transparency in Business and Operations

The Company undertakes to announce all kinds of up-to-date information that will be disclosed to the public and that may have an impact on its financial condition and operating results.

Certified Information on financial condition of the company, which is also used in public disclosure, is easily available in "Financial Info" segment in "AXA SIGORTA" section through <https://www.axasigorta.com.tr> . All annual reports are available electronically on the company's website since 2003.

The company's website is easily accessible. In addition to the information contained in the sub-paragraph (a) of Article 13/3 titled "Obligation to Create Website" of Regulation on Information on Insurance Contracts published in the Official journal No.31039 dated 14/02/2020 on the company's website, the following are also included:

- a) Institutional Information regarding the Company (in English and Turkish)
- b) Information on Trade Registration
- c) Articles of Establishment
- ç) Information on members of Board of Directors,
- d) Annual Reports
- e) Financial statement for the current year and the last four years, including independent audit reports and footnotes,
- f) Company's vision and mission.

The content of the dedicated part of our company's website which should be available has started to be kept in a secure environment, to be made available for company's access and to be archived by signing a protocol with Central Registry Agency (CRA) pursuant to Regulation on Website of Equity Companies published in the Official Gazette numbered 28663 and dated 31 May 2013.

The company has an "Information Policy" on public disclosure, indicating which / how and how often/ in what ways the information defined by Board of Directors, other than the ones determined by laws, shall be disclosed to the public. In this Information Policy, the company pursues the balance between identifying confidential business information and protecting its transparency and interests.

A total of 36 standards have been implemented for governance standardization in the countries where AXA Group operates in insurance, which were approved by AXA Group Board of Directors and updated in January every year. This process is finalized with a year-end certification (original signed) that the relevant Directors undertake to carry out their daily activities in accordance with the standards under the guidance of CEO.

The company's code of ethics is listed under the "Compliance and Ethics Guide". Besides, the internal code of ethics Company employees should follow are gathered under the name of "AXA SIGORTA Compliance and Ethics Guide" and Senior Management and Directors declare, in writing, every year, that they are working in compliance with the principles in the Guide during the year. This process is called Compliance and Ethics Guide Certification.

The information required pursuant to "Data Controller's Obligation to Inform" of Personal Data Protection Law No. 6698 enacted on April 7, 2016 was published under <https://www.axasigorta.com.tr/aydinlatma-bildirimi>. Furthermore, data Protection Statement, Personal Data Protection Policy and a document including information regarding the application process for data Owners to Execute their Rights can also be found in Company website.

The profit distribution policy is included in the annual report and disclosed to public pursuant to the Information Policy.

The Annual Report has been prepared in detail so as to ensure that public can reach all kinds of information about the Company's activities. A special section was included in the Annual Report, where the main legislative amendments affecting the insurance activities during the year were discussed.

PRINCIPLE 4 - Protection of Stakeholders' Rights

A well-balanced policy is followed in order to protect stakeholders' rights in case of conflicts of stakeholders' interests.

The company takes all measures to ensure customer satisfaction in delivery of products and services. AXA Group "Know Your Customer" Process is aligned with all company's processes. In this regard, a customer-driven organizational structure has been adopted. In addition to local legislation, AXA Group "Product Approval Process- PAP" is followed for product development under the responsibilities of Internal Control, Operational and Financial Risks Department and before technical, financial, marketing, legal, internal control, actuary, compliance and information technologies departments.

Besides, the company show attention to confidentiality of customer and supplier data in terms of trade secret. AXA Group "Information Security Policy" determines the measures to be taken and systemic infrastructure standards in this regard. Moreover, AXA SIGORTA Project Management Office performed a detailed analysis in order to check the compliance with secondary legislation published within the framework of the Personal Data Protection Law No.6698 and took necessary actions regularly.

All purchases, including service procurements, are carried out automatically through the approval mechanism defined using the portal "Corporate Expense Management (Truck)". Purchase Tenders are performed through internet by providing user name and password to the tenderer over the portal "e-

Tender Purchase Portal". The parties participating in the tenders are able to see each other's offers and thereby transparency is ensured in maximum level.

Everyone is regarded as a talent in AXA Sigorta and each employee is given equal opportunity in all processes of discovering talent, recruitment, evaluation of skills, developing and dependence of thereof performed by HR Department. This cycle is considered as an experience journey and each step is planned with care and by obtaining the opinions of employees.

Our "Values" underlying this process are as follows: Customer First, Courage, Integrity and ONE AXA. Commitments expected from all Company employees in accordance with these values are summarized as follows:

CUSTOMER FIRST

We put the customer at the center of everything we do.

- We begin every project, process and product with the customer's view.
- We put our entire energy and creativeness in facilitating and simplifying our customers' lives.
- We do everything we can to match our interests with those of customers', even if this means a challenge for the existing order.

COURAGE

We support others to take action for creating learning and development opportunities.

- We make our decision much more rapidly and 80% sure to implement them with the right pace and to be able to continue to innovate. We always prefer "good enough but complete" to "excellent but too late".
- We think much more simple and and decide and implement much faster both for our teams and for our customers.
- We value feedback; we both request feedback and also give feedback, always respectfully.
- We try to learn and develop to achieve the better and encourage other teams to do the same.

ONE AXA

We achieve mutual success with diversity and cooperation. Big decisions, creative ideas and sustainable success can only be possible through minds, support and energy of others.

- We are aware that cooperation is the most significant capability we should seek for during promotions, recruitment and rewarding processes.
- We encourage diversity and inclusion because we are sure different mindsets, opinions, different backgrounds and experiences would eventually bring us success.

INTEGRITY

We take responsibility and walk the talk.

- We always think about the long term and always act upon our ethical values, no matter how hard.
- With utmost transparency we do as we say and say as we do.
- We surely have the courage to share our opinions; however, once a decision is made, we back up and support that decision even if we do not entirely agree.

Examples of the exchange of views between the employee-agency-customer throughout the year are as follows: the organization called "Being from AXA" organized with the participation of all Company employees in order to strengthen a participatory management environment; "Agencies Meetings" where information and evaluations are provided for agencies; "Regional Meetings", which enable agencies to meet face-to-face with the top executives of the company and in which the issues related to

the economy or personal development have been discussed; "Employee Satisfaction Survey" where employee satisfaction is determined online; Agency Satisfaction Survey where agency satisfaction is determined; various satisfaction surveys conducted by independent organizations; "Axa Sigorta Employee Health Insurance" information benefited by employees and their relatives and Orientation Training Program for new employees.

Job descriptions and distribution of all company employees are determined by Directors and announced to employees. The entire process is performed automatically through use of AXABiz HR Portal.

The decisions made or developments regarding employees are shared with all employees via e-mail, information screens and/or intranet by HR-Training, Development and Internal Communication Department.

In 2020, the company implemented various projects in order to enable communication and socialization with the aim of increase the interaction within the company.

- In this regard, the organization called "Being from AXA" was held in Antalya with the participation of all our employees this year. In the organization with the motto "We're AXA, We're Number One", our employees took opportunity to listen to the strategies of company for future from Senior Executives and to have fun.
- In parallel with Company's Digitalization strategy, the Company continued the integration activities for integrating the new version of ONE, the global intranet program being used by all company employees since 2015 and this program is planned to be opened to the use of employees.
- Furthermore, the studies have been carried out in order to disseminate the use of YesLearning, a global training and management system that allows employees to follow their programs in all countries where AXA operates globally, by all employees as an active portal where people can follow training details, make evaluation after training and see calendar details.
- Regarding the LinkedIn Learning platform, which brings the online certificate programs offered by the leading universities together under the same roof and available for our employees through a contract executed by our Company, we The company made announcements stating that all employees could benefit the advantages of this platform freely and encouraged our employees to use this platform.
- Besides, the information sharing was provided through digital screen at the Head Office and all other locations.
- We designed and started to implement an Online Orientation program to facilitate the adaptation of new hires to our Company culture and environment.

In 2019, the AXA Sigorta focused on the dimensions of corporate responsibility ranging from society, environment, customer, employees and suppliers and implemented many projects with the support of increasing voluntary participation that it embraced and applied in every sphere of life. However, the company that has acted with the aim of dissemination of this awareness continued to lead many activities where the corporate responsibility approach touched the "society". As Turkey's largest insurance company with international identity, one of our main responsibility is to empower people to live a better life.

The projects and activities carried out in 2019 can be listed as follows:

Different from previous years, this year our Company focused on sustainable projects compatible with our Company strategy. These projects can be expressed under "Climate Change and Environment, Health and Social Inclusion" titles.

Various projects performed under these titles and other actions taken with the contributions of AXA In All Hearts Volunteers are provided below.

- **We Created Collaborations with TEMA and Turmepa**
We performed common projects with TEMA for protection of country forests and with Turmepa for keeping our seas clean. We cleaned shores together with our AXA In All Hearts Volunteers.
- **WWF - We Acted upon Our Green Office Certificate**
We reviewed our processes and practices for continuation of our Green Office certificate given to our building.
- **We Performed Awareness Activities regarding Road Safety**
We carried our awareness activities at gas stations and road sides drawing attentions to road safety.
- **We Participated in Bakış, A Live TV Program Providing Information on Climate Change and Environment**
We made a series of programs drawing attention to climate and environment throughout the country with the contributions of Company senior managers.
- **We Supported Sera Çamaş for "Village Schools" and "Virtual Forest" Projects**
We gave support to Sera Çamaş, a young friend of ours, with her project for taking musical events to villages and her Virtual Forest project engineered after the forest fire in İzmir with the aim of collective tree planting. We invited her to our organizations and listed to her story.
- **We Became CineTale Project Partner**
We supported the organization which offers the movie action, the event children always dream of but have difficulty to reach, as a real experience by wandering around villages. We also organized a child festival in Istanbul with this organization.
- **We Performed Awareness Activities with Turkish Red Crescent and Green Crescent**
Our blood donation campaigns and activities regarding ways of recovery from bad habits continued throughout the year.
- **We Sponsored Turkish Volleyball National Teams**
We supported both Cup Volley team and Women's National Volleyball Team during eliminations to participate in the Olympic Games. Our support for development of Turkish sports continues.
- **We Became Values Sponsor of Altınordu Football School**
We continue our partnership with Altınordu Sports Club which thrives for development of young generation in terms of both sporting and also academic activities.
- **We Went Live with AXAFIT Application**
We share tips and suggestions for a healthy life through this App and these are not limited only with our employees or our customers.
- **We Sponsored the Robotics Team "Beyond Dreams"**
We are now going on with the support we have started in Mardin for Muğla Ören Secondary School as well. Our Company assumed the sponsorship of "Science Heroes" Project carried out by Muğla Ören Secondary School. We continue to contribute in issues such as project registration fee, theme set, project table in order to support our children.

- We Became the Lab Sponsor of Başkent University**
 We provided support for establishment of an Insurance and Finance Laboratory in the University and for procurement of necessary equipment with the purpose of supporting our business sector.
- We Supported Scholarship Students of Koç University**
 We provide support for educational expenses of two young students, one attending the Faculty of Psychology and the other the Faculty of Business Administration, within the scope of the project launched in 2018 aiming at supporting successful students.
- We Organized Healthy Life Seminars**
 We organized seminars on Prostate Cancer, Breast Cancer, healthy nutrition and similar topics in our Head Office and also in other locations.
- Helped Non-Governmental Organizations**
 We arranged stand organizations at our Head Office building to support various associations and NGOs. These include Down Syndrome Association, Nahl Association, Gülümseten Dükkan, etc.
- We Made a Visit to an Animal Shelter**
 We visited our lovely friend with our volunteers in Yedikule Animal Shelter that currently hosts more than 3000 animals by supplying their needs such as milk, dry food, old newspaper and leftovers from our supplier company from which we provided cafe services.
- We Raised Awareness on Carbon Footprint**
 We performed walking activities in order to draw attention to the studies on reducing our carbon footprint. All our colleagues supported this activity by participating in walking in the relevant locations.
- We Cared for Recycling**
 Waste materials such as waste batteries, paper, cartridges, bulbs and covers have been collected thanks to the “recycling corners” established in order to get all employees adopt environmental awareness and recycling habit. To attain this goal, we ceased use of personal waste bins and aimed at ensuring separation of wastes at central points.
- We Made Contributions to Professional Education**
 We visited universities giving insurance education and locating at various provinces and provided seminars to the students for the purpose of improving the cooperation between the Sector and the University. In these seminars given by Company executives; sectoral information, business world and the clues to help the students in career choices are shared.
- We Made Charities**
 Providing support to children and young people is one of AXA's most important principles. In this regard, we provide financial and in-kind aid and support throughout the year to schools and organizations in need. We have granted “stationery materials, books, computers, clothes, sports equipment, shoes etc.” depending on the messages we have received from these organizations regarding their needs.
- We Also Invested in the Future**
 In 2019, just like every other year, the participation fees paid by our agencies for the trainings conducted at AXA Academy were granted to Turkish Education Foundation (TEV) and thus we contributed to student scholarships and to the development of Turkey’s future generation with these donation amounts.

PRINCIPLE 5 - Activities of Board of Directors and Executives

Board of Directors determines company's policy and strategies, the ways to be followed in achieving these strategies and policies, development related to them and the processes to be followed in supervision and evaluation. The Board of Directors, constantly and effectively, reviews the degree to which the Company has achieved its goals, activities and past performance of thereof. And, it takes precautions promptly and before the problem occurs if required.

The Board of Directors looks out for the compliance of company's business activities with legislation, articles of association, internal regulations and policies established.

The Board of Directors plays a leading role in removal any possible disputes between Company and shareholders. The authorities and responsibilities of members of Board of Directors and other Executives are clearly and understandably determined and included in the annual report. The member of Board of Directors performs her/his duties circumspectly and well-meaningly. Performing the duty circumspectly and well-meaningly means that the minimum attention and care have been taken under similar situations and circumstances. The member of Board of Directors should take enough time for the company's business. Meetings of Board of Directors are planned and held effectively and efficiently. Necessary mechanisms have been established to ensure that all members of Board of Directors have access to all kinds of information in time to ensure the performance of their duties. The Board of Directors is responsible for the preparation and presentation of financial statements in accordance with the existing legislation and international accounting standards and the authenticity and accuracy of thereof. The Board of Directors takes an individual decision on acceptance of the periodic financial statement and annual report. Directors ensure the performance of company's activities pursuant to mission, vision, targets, strategies and policies and act in accordance with financial and operational plans approved by Board of Directors every year. Directors follow the rules of legislation, articles of association, internal regulations and policies while performing their duties. Directors have necessary qualifications to perform their duties. Directors shall not use confidential and non-public information about Company in favor of themselves or anyone else and shall not give false, misleading, groundless information about Company and shall not disseminate and comment about Company.

PRINCIPLE 6 - Remuneration Policy

General policy regarding remunerations to be paid to the members of Board of Directors, senior executives and other employees is determined by the Board of Directors. The wages to be paid to the members of Board of Directors are calculated per meeting and valid only for the independent members; however, the members of Board of Directors who are the employees of any AXA company at the same time are not paid salary. The qualifications of the employees and their contributions to the Company are taken into consideration in determination of the wages and other benefits to be given to the directors and employees. The company performed a clear and target-oriented performance evaluation consisting of all complete target and competency assessments. The results obtained and the attitudes and behaviors to these results are taken into account during performance evaluation. Performance Evaluation System runs online through AXABiz İK Portal and is based on the evaluation of targets and competencies entered into the system, with face-to-face meetings between the Director and the employee. All transactions performed in electronic environment regarding performance evaluation system are carried out with personal passwords and the records of thereof is monitored by the system. These implementations are available on our intranet open to all users. Personal Data, Total Earnings (salary plus bonuses), Payroll, Business Travels, Leaves, Expenses made on behalf of the Company for business purposes, Probation Periods, Development Plans, Job Definitions, Recruitment and Lay Off/Termination processes are automatically recorded and managed on fully automated "AXABiz HR Portal" which is accessible via Company intranet.

HUMAN RESOURCES PRACTICES

We made the PULSE employee satisfaction survey (which we have been implementing to measure Satisfaction and Commitment of Employee as of November 2017) four times within 2020, in April 2020 and May 2020 at global level under the name "Pulse Checking-In" and in June 2020 and December 2020 at local level as the "Pulse Survey" with the usual content. Additionally, we also implemented PULSE employee satisfaction survey within September 2020 at local level with the cooperation of WTW under "Future Readiness" name.

This PULSE survey consisting of short and few questions plays a significant role in commitment of our employees to our company and its applications in the successful performance of our Company.



Participation rate of our employees in PULSE Checking-In survey which was held via an online application named CultureIQ was 97% for April 2020 and 96% in May 2020; and this rate was realized as %96 for Pulse survey in June 2020 and again as 96% in December 2020. "Future Readiness" held locally this year had a participation rate of 87%.

Our colleagues' participation ratio in the PULSE survey and their opinions in this regard allow us make our values "ONE AXA" and "Courage" happen. We can see this very clearly from the comments. Sincere replies given by employees to PULSE questions encourage us to chase the better.

According to the result of the survey we carried out with the motto "Your voice is important for us", commitment ratio has increased to 57 in June 2020 and 54 in December 2020. We are glad to share with you that the engagement level in our Company is quite good as compared to the levels within INM and AXA Group.

TRAINING AND DEVELOPMENT

In 2020 just like in ever year, AXA Sigorta has acted in accordance with development plans and needs of its employees by being aware of contribution of Training and Development activities to the performance of companies and employees and taking into account of the needs of the developing world. Accordingly, in 2020 just like in previous years, the company has implemented different training programs with the experience of global environment and the support of local solutions and continued to make a difference in the sector in terms of both employee and distribution channels.

GELECEĞE HAZIRLIK GELİŞİMİLE BAŞLAR!

%70 YAPTIKLARIMIZDAN
ÖĞRENDİKLERİMİZ

%20 BİRBİRİMİZDEN
ÖĞRENDİKLERİMİZ

%10 EĞİTİMLERDEN
ÖĞRENDİKLERİMİZ



*"Bana söylersen
unutabilirim,
Gösterirsen
anımsayabilirim,
Ama beni de katarsan
anlarım."*



We have started implementing the 70-20-10 method, which takes learning beyond in-class trainings, and employees made progress according to the development method personally preferred shaped by the feedback discussions by their immediate managers in line with the "Individual Development Plans" supporting their development, through on the job trainings (involvement in projects, taking additional responsibilities, rotation) by 70%, by 20% through learning from others

(peer coaching, manager coaching, manager mentoring) and by 10% through formal trainings (in-class courses, online trainings, movies, books, articles, etc.).

Our Company continued its activities and operations remotely (i.e. employees working at their homes) in 2020 due to the Covid-19 pandemic conditions. We have supported our employees during this period in terms of training and development by providing formerly in-class training on online environment with the precious supports of specialist trainers.

The different development opportunities arising from being a part of global force reflects credit upon the programs conducted within the company. The program contents are designed to support the company culture and to provide contribution to development journey of the employees and specialization in business processes. There is a system that blends and builds the differences inclusively in these programs which aim to develop the employees both individually and professionally. In the programs developed with AXA University and expert foreign institutions on a global scale and with national universities and consultancy firms on a local scale for this purpose, employees are supported with all kinds of development tools in order to think multi-directionally and to acquire other competencies required for performing their duties at the expected level outside their main responsibility areas. AXA Sigorta has continued to provide regular contributions to the development of its employees and agencies in 2020 just like in every year thanks to the training programs carried out with this understanding the contributions of different solution partners.

Year 2020 Budget Realization

KPI's	Çalışan			Acente			AXA Akademi		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
# Katılımcı	624	2.068	3.292	920	902	4024	323	344	549
# Eğitim	111	165	125	52	95	25	17	27	32
# Eğitim Saati	13.864	21.656	16.511	3.489	1.948	487	301	343	251
Yurtdışı Eğitim									
# Katılımcı	11	10	n/a	n/a	n/a	n/a	n/a	n/a	n/a
# Eğitim	9	5	n/a	n/a	n/a	n/a	n/a	n/a	n/a
# Eğitim Saati	330	227	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Cost	762K TL	978K TL	608K TL	74K TL	69K TL	26K TL	127K TL	251K TL	180K TL
Bütçe 2020			750K TL			87K TL			380K TL

EMPLOYEE TRAININGS

AXA Sigorta Directors have the opportunity to increase their skills in corporate culture as well as professional business competencies with customized and applicable training and development programs within the scope of creating values of **"Customer First, Courage, Integrity and ONE AXA"** targeted on a global level and maintaining thereof.

- **Development Programs for Executives**

We provided the **"Remote Management and Common Goal Training"** on online environment for supporting our managers remotely working at home due to pandemic conditions, in 2 groups with the participation of Regional Coordinators, Regional Sales managers and Assistant Sales Managers.

"Team Management" training was given through live connection with the support of our consultant closely familiar with our corporate culture to our managers recently promoted to assistant manager position, with the aim of strengthening their communication with their teams.

Moreover, we also provided **"Online Coaching Program"** in 2020 for enhancing Coach-like Leadership perspective. Regional Coordinators and Managers who shall provide coaching participated in "Coach-like Leadership Training" under this program and afterwards the Online Coaching platform was opened to the access of the Assistant Managers who shall be receiving such coaching and thus the program was successfully initiated. Success of this program designed for manager development contributes to our corporate culture and shall cover all Assistant Managers within next year.

Online certificate programs on diverse topics provided with the cooperation of **LinkedIn Learning** to ensure development of AXA employees has been a supportive tool for the leadership development of our Managers. Additionally, special programs with contents prepared by AXA University, supporting corporate culture and designed for reinforcing Company strategy were also opened to the access of our Managers.

We also had the annual Executive Meetings on online platform this year in March and June 2020.

- **Technical Training Programs**

AXA Sigorta has carried out training programs in order to allow its Employees keep and develop their technical know-how up-to-date with national and international programs.

- The 37th term of Basic Insurance Training Program issued by TSEV has been participated by 5 employees.
- Freight Liability Insurance Training was given to our technical teams in cooperation with TSEV.
- "Freight Liability Insurance Seminar" aiming at enhancing the knowledge levels of our sales teams was held with the support of Bakırköy Regional Coordinator.
- Furthermore, relevant members of our technical teams participated in trainings arranged by TSEV on various different subjects.

- **Internship Program**

As we do every year, this year we employed 30 students from different universities and departments/faculties in short term internship programs, with the purpose of creating human resources for our Company and also as a requirement of our Corporate Social Responsibility understanding within the scope of AXIS program (AXA Intern Story – interns welcomed for long term projects).

We have supported internship program pursuant to the agreements with universities and Non-Governmental Organizations in line with this mentality as well.

- **Personal Development Programs**

Following trainings for personal development are organized in 2020 based on the development areas revealed by the results of performance appraisal meetings held by employees and their direct managers:

- Creating Effect through Personal Awareness and Professional Stand
- Openness to Change and Innovation
- Team Management
- Team on Duty
- Communication and Positive Attitude in Relation Management
- Strategic Planning, Decision Making and Problem Solving
- Conflict Management and Stress Handling
- Balance of Emotions
- Project and Process Management – Business Planning
- Process Management through Integral and Detailed Perspective
- Negotiation and Persuasion Skills

- **Rotation Program**

A total of 7 colleagues made use of Rotation trainings, which were designed to provide information about different applications and business processes between different departments and regional offices.

- **Orientation Program**



We have organized an Orientation Program with 2 groups consisting of 94 employee in order to enable new employees learn about the corporate culture and general work flow. We have also carried out an Orientation Program for 5 Executives. Additionally, our corporate culture is conveyed with the Online Orientation Program.

- **English Language Development**

43 employees in total have used the English Language Development Program through two methods which we have designed to support the developments of our employees who have included enhancing their English skills in their personal development programs.

- **Mandatory Trainings**

- "Basic Occupational Health & Safety Training" legally required to be completed was realized in online environment with 256 participants.
- "Prevention of Money Laundering Training" was completed by 84% with the participation of 674 employees.

Trainings on information security with contents prepared by AXA University were completed as follows on YesLearning global training platform:

- "Security Core Education Training" was completed by 100%.
- "Security Check Point Training" was completed by 100%.

- **LinkedIn Learning Online Development**

With the contributions of prominent international universities, LinkedIn Learning, was one of the programs attracting the interest of our employees working on various subjects on online platforms designed for supporting the development of AXA employees.



Organization	# of Individuals	Training Hours
AXA Sigorta A.Ş.	3104	15004
AXA Hayat ve Emeklilik A.Ş.	188	1507
Total	3292	16511

Training Category	2020		
	# of Individuals	Training	Training Hours
Manager Development	121	13	988
Personal Development	406	41	3998
Technical Development	716	42	5290
Organizational Development	2049	29	6235
Total	3,292	125	16511

2020 Training Details	# of Individuals	# of Training Participants	%	Training Hours	Training Hours per Individual
Head Office (CEO)	1	1	100%	23	23
Information Technologies and Innovation	79	70	89%	1611	20
Individual Technical and Health	50	40	80%	1115	22
Life and Pension	24	27	113%	1056	44
Human Resources, Internal Communication and Administrative Affairs	25	14	56%	226	9
Corporate Technical and Claims	142	143	101%	2954	21
Financial Affairs	46	30	65%	312	7
Risk Management	15	14	93%	507	34
Sales and Marketing	346	330	95%	6962	20
Legal and Compliance	14	12	86%	193	14
Internal Audit	6	6	100%	158	26
Total	748	687	92%	15117	20
2020 Training Details	# of Individuals	# of Training Participants	%	Training Hours	Training Hours per Individual
Akdeniz Regional Management Office	29	26	90%	547	19
Bakırköy RMO	30	32	107%	637	21
Aegean RMO	37	36	97%	866	23
South Anatolia RMO	26	23	88%	407	16
Istanbul RMO	29	26	90%	797	27
Kadıköy RMO	32	29	91%	1049	33
Black Sea RMO	30	30	100%	532	18
Marmara RMO	27	27	100%	495	18
Central Anatolia RMO	43	37	86%	710	17
Total	283	266	93.99%	6040	21

DISTRIBUTION CHANNEL TRAININGS

Agency Trainings

- **Technical Application and Product Training**

We have continued to increase the technical know-how and skills of our Agencies through trainings on product and system usage in the branches of Elemental, Life & Pension and Health in our regional offices within 2020.

AXA Sigorta Academic Trainings

AXA Insurance Academy is designed in order to enable our agencies to improve their competencies in business management as well as technical know-how and to make use of their academic knowledge and practices by combining them with facts of business world.

Training Programs

- Professional Sales Workshop Certificate Program
- New Trends in Sales
- Negotiation Skills Program

Furthermore, "Future Faculty" established under AXA Academy roof in 2019 with collaboration with BÜYEM (Boğaziçi University Lifetime Training Center) had its first graduates. Future Faculty initially started with "You're the Future" and "Rising Stars" programs with the participation of 46 agencies has successfully completed its programs. Topics of both programs are provided below:

Academic courses given by BÜYEM;

- Economics
- Marketing
- Sales- Creation of Customer Loyalty
- Customer Experience
- Professionalism and Creation of Personal Distinction
- Finance
- Inter Generation Conflict Management
- Communication from I to We
- Business Management
- Digital and Social Media Marketing
- Leadership Skills
- Institutionalization in Family Businesses

Technical courses to be provided by AXA Sigorta Executives;

- Industrial Package Policy & Electronic Device and Machinery Breakdown & Liability
- Home & SME
- Engineering & Freight/Marine Insurance Products
- Health Technical & Health Strategies
- Information Security



INTERNAL COMMUNICATION

In 2020, the AXA Sigorta implemented various projects in order to enable communication and socialization with the aim of increase the interaction within the company.



We maintained a continuous communication with our colleagues during the remote working period due to Covid-19 pandemic, with our news bulletin "**Remote yet Close**" which was initially published daily and afterwards switched to weekly periods. The bulletin included the organizations made within the Company, news from fellows, information regarding insurance sector and also activities which would ensure building motivation at home. Moreover, we shared the letters received from colleagues upon the "News from You..." communication series initiated by our CEO with all employees each day and shared our feelings all together with joy.



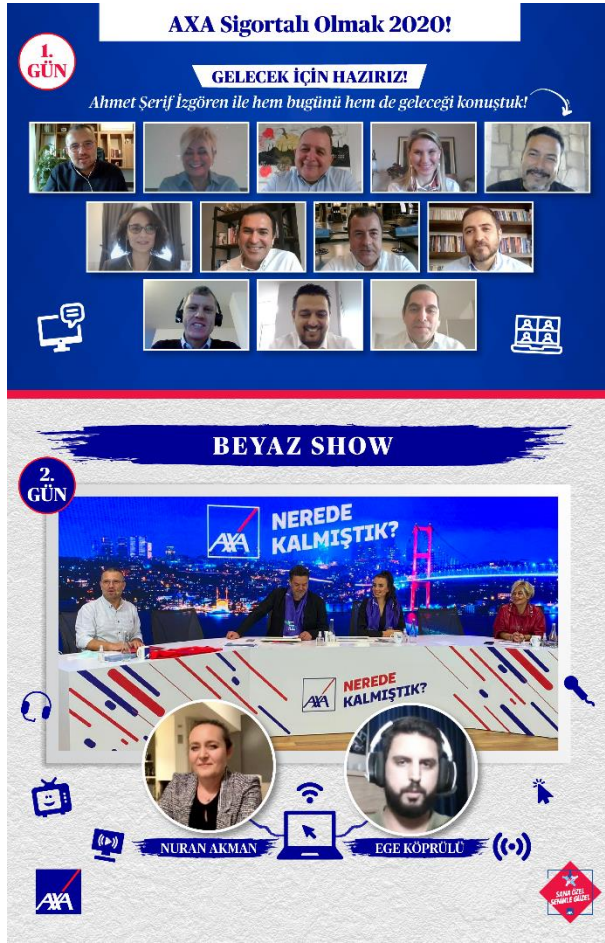
We enhanced our slogan to "We're AXA, #We're Number One even at Home" and created a digital almanac "**AXA Covid19 Diary Digital Book**" within this context. In our digital book we shared significant events and letters with photos sent by our precious colleagues for the "New from You..." communication initiative, expressing their thoughts and feelings.



We aimed at keeping the communication live with our colleagues also with the close interest and support of senior management. Within this context, we brought our colleagues working in different departments with different titles and our managers together in online environment via "Online Coffee Chat with CEO" and "Coffee Chat with ExCom", thus the communication between parties has been reinforced through such sharing.

Our @axa.kariyer instagram account opened in 2019 continued to be effective for both sharing internal practices and implementations on social media and also for creating synergy between our employees. This account had a significant number of followers within a very short time. It continued to be a successful communication channel where we demonstrated, both with posts and with stories, the working environments, development opportunities of AXA Sigorta employees and available career opportunities for individuals who wish to become an AXA employee and where we quite actively created and posted contents.





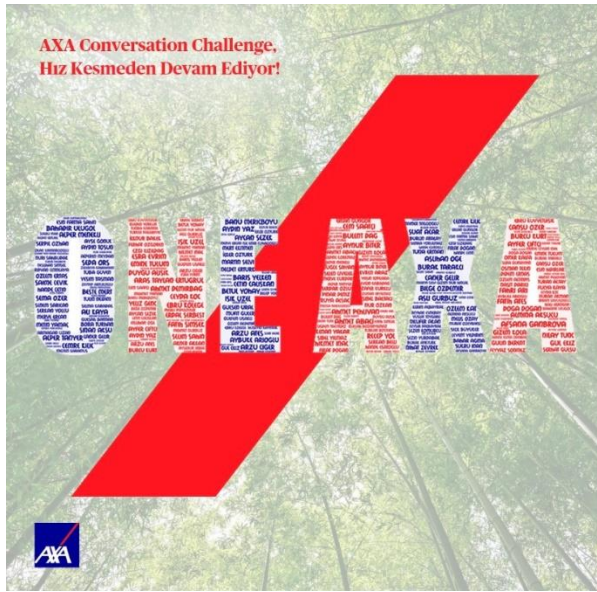
Our traditional employee organization "**Being from AXA**" was realized via live broadcast on digital platform under the slogan "**We're Ready for the Future**" slogan this year due to pandemic conditions. . We informed our colleagues about the actions taken in line with the Company strategy with the participation of Executive Board Members. Additionally, we talked about today and the future with Ahmet Şerif İzgören on the first day of this 2-day organization.

On the second day, we repeated the "AXA Beyaz Show" of the previous year by saying "**So, Were We We?**" this year and had a pleasant organization where we shared what we have said until this year and what has happened with the participation of our Executive Board members via live connection. Additionally, our most senior colleague Nuran Akman and most recently recruited employee Ege Köprülü also connected to the organization and shared their thoughts and feelings with us. We are proud and happy to say

"**We're Ready for the Future!**" with all the functions in our Company.

We came together with over 210 students in Virtual Career Fair. Our CEO Yavuz Ölken also accompanied us. He gave sincere advices to young talents who found the opportunity to talk to him online. We address young talents with "Gelişim Sana Özel, Başarı Seninle Güzel" initiative and continue to support young individuals with career opportunities within the insurance sector. .





"We shared our experiences emphasizing OneAXA spirit, our own opinions and additionally our ideas and suggestions which would take us even further during AXA Conversation Challenge which we have initiated in line with our core objective to "Protect what's significant for people to ensure human development".

We contributed with our comments and opinions to this online platform which was created to realize AXA's goal together with all AXA colleagues throughout the world and to be able to learn from each other's' experiences during Covid-19 pandemic period.



The "How Are You?" initiative launched by AXA Group aims at enhancing our culture and developing an environment of acceptance and inclusion to freely talk about our psychological health without the fear of being judged. AXA Sigorta supported this precious initiative with "Take Care of Yourself Wellbeing Program". We took important actions with the objective of "creating an environment where our colleagues would know from where/whom to get support when needed and where they can feel comfortable and trust to access such information" and emphasized the significance of self care and taking time for themselves. And we asked them "How Are You?".



We continued our activities at high pace during October within the scope of "Axa Security Month" awareness. We shared with our employees the information announcements prepared by AXA Group within this scope. We also shared this issue in our @axa.kariyer instagram account to raise awareness regarding this subject.

As AXA Sigorta employees we adopt to live and work by feeling secure in every aspect of life and take every possible measure to ensure information security; in line with this motto we emphasized the importance of information security by saying "Take Care, Protect and Report".

In 2020, the AXA Sigorta focused on the dimensions of corporate responsibility ranging from society, environment, customer, employees and suppliers and implemented many projects with the support of increasing voluntary participation that it embraced and applied in every sphere of life. However, the company that has acted with the aim of dissemination of this awareness continued to lead many activities where the corporate responsibility approach touched the “society”. As Turkey’s largest insurance company with international identity, one of our main responsibility is to empower people to live a better life and support social life with the mission to **"Protect what's significant for people to ensure human development"**.

The projects and activities carried out in 2020 can be listed as follows:

Different from previous years, this year our Company focused on sustainable projects compatible with our Company strategy. These projects can be expressed under "Climate Change and Environment, Health and Social Inclusion" titles.

Various projects performed under these titles and other actions taken with the contributions of AXA In All Hearts Volunteers are provided below.

- **We Organized Healthy Life Seminars**

Pandemic conditions could not hold us back from raising awareness; we organized seminars in digital environment with specialist physicians about issues such as breast cancer, prostate cancer etc.

- **We Became the Lab Sponsor of Başkent University**

We provided support for establishment of an Insurance and Finance Laboratory in the University and for procurement of necessary equipment with the purpose of supporting our business sector.

- **We Supported Scholarship Students of Koç University**

We provide support for educational expenses of two young students, one attending the Faculty of Psychology and the other the Faculty of Business Administration, within the scope of the project launched in 2018 aiming at supporting successful students.

- **We Made Contributions to Professional Education**

We came together on digital platforms with the students of universities giving insurance education and locating at various provinces with the purpose of improving the cooperation between the Sector and the University. These events conducted by Company executives included sectoral information, aspects of business world in general and various clues to help students in their career choices. We came together with Uludağ, Galatasaray and Marmara Universities in 2020.

- **We Became Value Partner of Istanbul University Rover Team**

We are proud of becoming the value partner of İTÜ Rover Team which has started its activities in 2017 with the understanding stated as the "Best way to foresee the future is to create it" and has designed, developed and manufactured the prototypes of robots which shall help astronauts during colonization on Mars. In 2020, İTÜ Rover Team ranked third among 93 participant countries with their “AXA İTÜ Rover” vehicle in University Rover Challenge organized within the United States of America.

- **We Also Invested in the Future**

In 2020, just like every other year, the participation fees paid by our agencies for the trainings conducted at AXA Academy were granted to Turkish Education Foundation (TEV) and thus we contributed to student scholarships and to the development of Turkey’s future generation with these donation amounts.

AXA SİGORTA A.Ş.

**CONVENIENCE TRANSLATION of FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT for JANUARY 1 - DECEMBER 31,
2020 PERIOD**

AXA SİGORTA A.Ş.

**CONVENIENCE TRANSLATION of FINANCIAL STATEMENTS for JANUARY 1 -
DECEMBER 31, 2020 PERIOD**

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AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

I- Current Assets	Note	Current Period Audited December 31, 2020	Previous Period Audited December 31, 2019
A- Cash and Cash Equivalents	2.12 and 14	1,116,275,147	1,253,920,451
1- Cash		-	-
2- Checks Received		-	-
3- Banks	2.12 and 14	568,016,703	685,574,031
4- Checks and Payment Orders Issued (-)		-	-
5- Bank Guarantees and Three Months Short Term Credit Card Receivables	2.12 and 14	548,258,444	562,751,420
6- Other Cash and Cash Equivalents	2.12 and 14	-	5,595,000
B- Financial Assets and Financial Investments at Policyholders' Risk	11.1, 11.4 and 11.7	6,440,169,816	5,350,616,703
1- Available for Sale Investments	11.1, 11.4 and 11.7	6,442,169,816	5,352,616,703
2- Held to Maturity Investments		-	-
3- Trading Investments		-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments at Policyholder's Risk		-	-
7- Company Shares		-	-
8- Provision for Impairment of Financial Assets (-)	11.7	(2,000,000)	(2,000,000)
C- Receivables from Operations	2.8, 11.1 and 12.1	1,233,130,451	945,335,418
1- Due from Insurance Operations	12.1 and 12.5-12.7	1,316,620,343	1,036,649,249
2- Provision for Due from Insurance Operations (-)	12.1 and 12.5-12.7	(161,253,133)	(169,390,840)
3- Due from Reinsurance Operations		-	-
4- Provision for Due from Reinsurance Operations (-)		-	-
5- Cash Deposited with Insurance and Reinsurance Companies	12.1 and 45	77,763,241	78,077,009
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Due from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12.1	792,354,656	613,698,469
10- Provision for Doubtful Receivables from Main Operations (-)	12.1	(792,354,656)	(613,698,469)
D- Due from Related Parties		606,261	257,238
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint- Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties	45	606,261	257,238
7- Rediscount on Due from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables		26,590,631	24,416,690
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		218,061	152,311
4- Other Receivables	47.1	26,372,570	24,264,379
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
F- Deferred Expenses and Income Accruals		439,906,647	359,174,180
1- Deferred Production Expenses	17.15-17.19	369,767,453	315,606,518
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Deferred Expenses	47.1	70,139,194	43,567,662
G- Other Current Assets		1,958,076	2,572,601
1- Prepaid Office Supplies		2,788	3,924
2- Prepaid Taxes and Funds	2.18 and 35	1,883,066	2,565,185
3- Deferred Tax Assets		-	-
4- Cash Advances		55,542	3,492
5- Advances to Personnel		16,680	-
6- Count Shortages		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I - Total Current Assets		9,258,637,029	7,936,293,281

Following notes constitute a complementary part of Financial Statements.

AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

II - Non-Current Assets	Note	Current Period Audited December 31, 2020	Previous Period Audited December 31, 2019
A- Receivables from Operations		-	-
1- Due from Insurance Operations		-	-
2- Provision for Due from Insurance Operations (-)		-	-
3- Due from Reinsurance Operations		-	-
4- Provision for Due from Reinsurance Operations (-)		-	-
5- Cash Deposited with Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Due from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint- Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Due from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables		-	-
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
D- Financial Assets	45.2	1,259,051	1,143,619
1- Investment Securities	45.2	1,259,051	1,143,619
2- Affiliates		-	-
3- Affiliates Capital Commitments (-)		-	-
4- Subsidiaries		-	-
5- Subsidiaries Capital Commitments (-)		-	-
6- Joint Ventures		-	-
7- Joint Ventures Capital Commitments (-)		-	-
8- Financial Assets and Financial Investments at Policyholders' Risk		-	-
9- Other Financial Assets		-	-
10- Provision for Impairment of Financial Assets (-)		-	-
E- Tangible Assets	2.5 and 2.6	112,938,785	94,910,689
1- Investment Property	7	39,832,081	41,542,440
2- Provision for Diminution in Value of Investment Property (-)		-	-
3- Property for Operational Usage	6	44,931,826	44,571,034
4- Machinery and Equipment		-	-
5- Furniture and Fixtures	6	71,165,756	55,369,953
6- Motor Vehicles	6	720,000	-
7- Other Tangible Assets (including leasehold improvements)	6	2,591,012	1,392,536
8- Leased Assets	6	20,618,547	12,196,468
9- Accumulated Depreciation (-)	6	(66,964,497)	(60,205,802)
10- Advances Given for Tangible Assets (including construction in progress)	6	44,060	44,060
F- Intangible Assets	2.7 and 8	74,601,981	44,849,970
1- Rights	8	156,990,615	112,721,542
2- Goodwill		-	-
3- Start-up Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets	8	2,801,468	2,801,468
6- Accumulated Amortization (-)	8	(85,190,102)	(70,673,040)
7- Advances Given for Intangible Assets		-	-
G- Deferred Expenses and Income Accruals		-	-
1- Deferred Production Expenses		-	-
2- Income Accruals		-	-
3- Other Deferred Expenses		-	-
H- Other Non-Current Assets		78,779,886	65,883,670
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Prepaid Office Supplies		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	2.18, 21 and 35	78,779,886	65,883,670
6- Other Non-Current Assets		-	-
7- Other Non-Current Assets Depreciation (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
II- Total Non-Current Assets		267,579,703	206,787,948
TOTAL ASSETS (I + II)		9,526,216,732	8,143,081,229

Following notes constitute a complementary part of Financial Statements.

AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

III- Current Liabilities	Note	Current Period Audited December 31, 2020	Previous Period Audited December 31, 2019
A- Financial Liabilities		1,826,192	3,166,309
1- Due to Credit Institutions		-	-
2- Leasing Payables	20	1,826,192	3,166,309
3- Deferred Leasing Costs (-)		-	-
4- Short Term Installments 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		-	-
B- Payables from Operations		302,610,131	256,751,328
1- Payables from Insurance Operations	4, 10 and 19	285,199,887	242,287,886
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables from Private Pension Operations		-	-
5- Payables from Other Operations	19 and 47.1	17,410,244	14,463,442
6- Rediscount on Payables from Other Operations (-)		-	-
C- Due to Related Parties		2,842	4,442
1- Due to Shareholders	45	2,568	2,568
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel		274	1,874
6- Due to Other Related Parties		-	-
D- Other Payables		170,582,319	129,592,950
1- Deposits and Guarantees Received		13,918,038	9,789,953
2- Payables to SSI regarding Medical Expenses	4 and 19	24,334,302	36,103,858
3- Other Payables	19 and 47.1	132,329,979	83,699,139
4- Rediscount on Other Payables (-)		-	-
E- Insurance Technical Provisions		6,245,730,444	5,440,715,641
1- Unearned Premium Reserve - Net	2.24, 4 and 17	1,999,138,667	1,766,211,355
2- Unexpired Risks Reserve-Net	2.24, 4 and 17	20,811,999	23,613,963
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	2.24, 4 and 17	4,140,697,724	3,600,077,680
5- Bonus Provision-Net		-	-
6- Other Technical Reserves - Net	47.1	85,082,054	50,812,643
F- Taxes and Other Fiscal Liabilities		52,562,208	137,508,781
1- Taxes and Funds Payable		39,099,063	43,023,792
2- Social Security Withholdings Payable		2,660,563	2,358,040
3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
4- Other Taxes and Fiscal Liabilities	47.1	9,506,908	10,276,057
5- Corporate Tax Provision and Other Fiscal Liabilities	35	187,194,797	209,842,169
6- Prepaid Taxes and Other Similar Liabilities for Profit (-)	35	(185,899,123)	(127,991,277)
7- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks		113,980,170	77,925,202
1- Provision for Employment Termination Benefits		-	-
2- Provision for Social Aid Fund Asset Shortage		-	-
3- Provision for Expense Accruals	2.20 and 23	113,980,170	77,925,202
H- Deferred Income and Expense Accruals		94,559,578	75,327,576
1- Deferred Commissions Income	10, 17 and 19	89,667,506	73,382,124
2- Expense Accruals		-	-
3- Other Deferred Income		4,892,072	1,945,452
I- Other Current Liabilities		5,609,991	3,338,352
1- Deferred Tax Liabilities		-	-
2- Count Overages		-	-
3- Other Current Liabilities	47.1	5,609,991	3,338,352
III - Total Current Liabilities		6,987,463,875	6,124,330,581

Following notes constitute a complementary part of Financial Statements.

AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

IV – Non-Current Liabilities	Note	Current Period Audited December 31, 2020	Previous Period Audited December 31, 2019
A- Financial Liabilities		11,454,673	6,140,852
1- Due to Credit Institutions		-	-
2- Leasing Payables	20	11,454,673	6,140,852
3- Deferred Leasing Costs (-)		-	-
4- Issued Debt Securities		-	-
5- Other Issued Debt Securities		-	-
6- Value Differences of Other Issued Debt Securities (-)		-	-
7- Other Financial Payables		-	-
B- Payables from Operations		-	-
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables from Private Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Payables to SSI regarding Medical Expenses		-	-
3- Other Payables		-	-
4- Rediscount on Other Payables		-	-
E- Insurance Technical Provisions		255,711,332	217,093,059
1- Unearned Premium Reserve - Net		-	-
2- Unexpired Risks Reserve - Net		-	-
3- Mathematical Reserves - Net		63	1,171
4- Outstanding Claims Reserve - Net		-	-
5- Bonus Provision-Net		-	-
6- Other Technical Reserves - Net	2.24, 4, 17 and 47.1	255,711,269	217,091,888
F- Other Liabilities and Related Provisions		-	-
1- Other Payables		-	-
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
3- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks	22	24,145,534	20,651,501
1- Provision for Employment Termination Benefits	22	24,145,534	20,651,501
2- Provision for Social Aid Fund Asset Shortage		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Commissions Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Non-Current Liabilities		-	-
IV- Total Non-Current Liabilities		291,311,539	243,885,412

Following notes constitute a complementary part of Financial Statements.

AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

V- Shareholders' Equity	Note	Current Period Audited December 31, 2020	Previous Period Audited December 31, 2019
A- Share Capital	2.13 and 15	1,225,739,187	1,225,739,187
1- (Nominal) Capital	2.13 and 15	1,225,739,187	1,225,739,187
2- Unpaid Capital (-)		-	-
3- Adjustments to Share Capital		-	-
4- Adjustments to Share Capital (-)		-	-
5- Capital of Expected Registration		-	-
B- Capital Reserves		14,766,603	163,732
1- Share Premium		-	-
2- Share Premiums of Canceled Shares		-	-
3- Sales Profit Addition to the Capital		-	-
4- Foreign Currency Translation Differences		-	-
5- Other Capital Reserves	16	14,766,603	163,732
C- Profit Reserves		494,352,474	105,025,589
1- Legal Reserves	15	75,181,394	51,203,816
2- Statutory Reserves		-	-
3- Extraordinary Reserves		328,042,648	-
4- Special Reserves		-	-
5- Valuation of Financial Assets	2.8 and 15	90,137,676	54,076,734
6- Other Profit Reserves	16	990,756	(254,961)
D- Retained Earnings		-	127,559,238
1- Retained Earnings		-	127,559,238
E- Accumulated Loss (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit / Loss(-) for the Period		512,583,054	316,377,490
1- Net Profit for the Period		511,059,406	316,377,490
2- Net Loss for the Period (-)		-	-
3- Profit Not Subject to Distribution		1,523,648	-
Total Shareholders' Equity		2,247,441,318	1,774,865,236
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,526,216,732	8,143,081,229
(III+IV+V)			

Following notes constitute a complementary part of Financial Statements.

**CONVENIENCE TRANSLATION of DETAILED INCOME STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

	Note	Current Period Audited (January 1 - December 31, 2020)	Previous Period Audited (January 1 - December 31, 2019)
A- Non-Life Technical Revenues			
1- Earned Premiums (Net of Reinsurer's Share)		4,388,829,576	3,586,903,466
1.1- Written Premiums (Net of Reinsurer's Share)	2.21 and 24	3,350,793,680	2,888,857,817
1.1.1- Gross Written Premiums (+)	24	3,580,919,028	3,189,663,560
1.1.2- Ceded Premiums (-)	10 and 24	4,657,374,373	4,104,057,687
1.1.3- Premiums Ceded to SSI (-)	24	(981,795,989)	(812,815,700)
1.2 Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	17	(94,659,356)	(101,578,427)
1.2.1- Unearned Premium Reserve (-)	17	(232,927,312)	(288,869,540)
1.2.2- Reinsurer's Share in Unearned Premium Reserve (+)	17	(293,951,301)	(369,033,877)
1.2.3- SSI Share of Unearned Premiums Reserve (Net of Portion Carried Forward)	10 and 17	70,258,043	64,942,804
1.3- Change in Unexpired Risks Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	17	(9,234,054)	15,221,533
1.3.1- Unexpired Risks Reserve (-)	17	2,801,964	(11,936,203)
1.3.2- Reinsurer's Share in Unexpired Risks Reserve (+)	17	(1,173,314)	(14,717,737)
2- Investment Income Transferred from Non-Technical Section	17	3,975,278	2,781,534
3- Other Technical Income (Net of Reinsurer's Share)		7,074,056	6,200,886
3.1- Gross Other Technical Income (+)		7,074,056	6,200,886
3.2- Reinsurer's Share in Gross Other Technical Income (-)		-	-
4- Recovery and Salvage Income Accruals (+)		132,129,181	74,750,795
B- Non-Life Technical Expenses (-)		(3,585,610,720)	(3,153,656,046)
1.1- Incurred Losses (Net of Reinsurer's Share)		(2,519,570,597)	(2,230,405,832)
1.1- Paid Claims (Net of Reinsurer's Share)		(1,978,950,553)	(2,086,361,553)
1.1.1- Gross Paid Claims (-)		(2,170,949,148)	(2,346,344,335)
1.1.2- Reinsurer's Share in Paid Claims (+)	10	191,998,595	259,982,782
1.2- Change in Outstanding Claims Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		(540,620,044)	(144,044,279)
1.2.1- Outstanding Claims Reserve (-)		(722,260,388)	(279,779,452)
1.2.2- Reinsurer's Share in Outstanding Claims Reserve (+)	10	181,640,344	135,735,173
2- Change in Bonus and Rebate Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Rebate Reserve (-)		-	-
2.2- Reinsurer's Share in Bonus and Rebate Reserve (+)		-	-
3- Change in Other Technical Reserves (Net of Reinsurer's Share and Reserves Carried Forward)(+/-)		(38,619,381)	(39,902,931)
4- Operating Expenses (-)	31 and 32	(911,432,665)	(795,023,765)
5- Change in Mathematical Reserves (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		1,108	1,257
5.1- Mathematical Reserves (-)		1,108	1,257
5.2- Reinsurer's Share in Mathematical Reserves (+)		-	-
6- Other Technical Expenses (-)		(115,989,185)	(88,324,775)
6.1- Gross Technical Expenses (-)		(115,989,185)	(88,324,775)
6.2- Reinsurer's Share in Gross Technical Expenses (+)		-	-
C- Net Technical Income - Non-Life (A - B)		803,218,856	433,247,420
D- Life Technical Revenues			
1- Earned Premiums (Net of Reinsurer's Share)		-	-
1.1- Written Premiums (Net of Reinsurer's Share)		-	-
1.1.1- Gross Written Premiums (+)		-	-
1.1.2- Ceded Premiums (-)		-	-
1.2 Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
1.2.1- Unearned Premium Reserve (-)		-	-
1.2.2- Reinsurer's Share in Unearned Premium Reserve (+)		-	-
1.3- Change in Unexpired Risks Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurer's Share in Unexpired Risks Reserve (+)		-	-
2- Life Segment Investment Revenues		-	-
3- Unrealized Profits in Investments		-	-
4- Other Technical Income (Net of Reinsurer's Share)		-	-
4.1- Gross Other Technical Income (+)		-	-
4.2- Reinsurer's Share in Gross Other Technical Income (+/-)		-	-
5- Recovery Income Accruals (+)		-	-
E- Life Technical Expenses			
1.1- Incurred Losses (Net of Reinsurer's Share)		-	-
1.1- Paid Claims (Net of Reinsurer's Share)		-	-
1.1.1- Gross Paid Claims (-)		-	-
1.1.2- Reinsurer's Share in Paid Claims (+)		-	-
1.2- Change in Outstanding Claims Reserve (Net of Reinsurer's share and Reserves Carried Forward) (+/-)		-	-
1.2.1- Outstanding Claims Reserve (-)		-	-
1.2.2- Reinsurer's Share in Outstanding Claims Reserve (+)		-	-
2- Change in Bonus and Rebate Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Rebate Reserve (-)		-	-
2.2- Reinsurer's Share in Bonus and Rebate Reserve (+)		-	-
3- Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
3.1- Life Mathematical Reserves (-)		-	-
3.1.1- Actuarial Mathematical Reserves (-)		-	-
3.1.2- Profit Share Reserve (Reserves for Policies with Investment Risk Borne by Policyholders)		-	-
3.2- Reinsurer's Share in Mathematical Reserves		-	-
3.2.1- Reinsurer's Share in Actuarial Mathematical Reserves (+)		-	-
3.2.2- Reinsurer's Share in Profit Share Reserve (Reserves for Policies with Investment Risk Borne by Policyholders) (+)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer's Share and Reserves Carried Forward)(+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses in Investments (-)		-	-
8- Investment Income Transferred to Non-Life Technical Section (-)		-	-
F- Net Technical Income - Life (D - E)		-	-
G- Private Pension Technical Income			
1- Fund Management Income		-	-
2- Management Cost Charge		-	-
3- Entrance Fee Income		-	-
4- Management Cost Charge in case of Suspension		-	-
5- Special Service Expense Charge		-	-
6- Capital Allowance Value Increase Income		-	-
7- Other Technical Income		-	-
H- Private Pension Technical Expense			
1- Fund Management Expenses (-)		-	-
2- Capital Allowance Value Decrease Expenses (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expenses (-)		-	-
I- Net Technical Income - Private Pension (G - H)		-	-

Following notes constitute a complementary part of Financial Statements.

**CONVENIENCE TRANSLATION of DETAILED INCOME STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

II- NON-TECHNICAL SECTION		Current Period Audited January 1 – December 31, 2020	Previous Period Audited January 1 – December 31, 2018
	Note		
II- NON-TECHNICAL SECTION			
C- Net Technical Income - Non-Life (A - B)		803,218,856	433,247,420
F- Net Technical Income - Life (D - E)		-	-
I - Net Technical Income-Private Pension(G-H)		-	-
J- Total Net Technical Income (C+F+I)		803,218,856	433,247,420
K- Investment Income		1,490,269,442	925,176,530
1- Income from Financial Investments	26	526,217,679	449,775,940
2- Income from Liquidation of Financial Investments	26	7,724,488	155,218,316
3- Valuation of Financial Investments	26	189,581,738	22,895,169
4- Foreign Exchange Gains	26.36	758,761,063	291,999,524
5- Income from Affiliates	26	-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment	26	4,721,882	5,280,606
8- Income from Derivatives		-	-
9- Other Investments	26	3,262,592	6,975
10- Investment Income Transferred from Life Technical Section		-	-
L- Investment Expenses (-)		(1,393,408,883)	(841,229,619)
1- Investment Management Expenses - Interest Included (-)	26	(8,634,837)	(15,987,117)
2- Diminution in Value of Investments (-)	26	(5,656,483)	(6,234,319)
3- Loss from Realization of Financial Investments (-)	26	(24,271,103)	(34,465,060)
4- Investment Income Transferred to Non-Life Technical Section (-)		(898,832,659)	(617,093,968)
5- Loss from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	26, 36	(429,005,625)	(147,315,494)
7- Operating Expenses (-)	6.1	(25,847,578)	(17,992,055)
8- Other Investment Expenses (-)		(1,160,598)	(2,141,606)
M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)		(217,849,018)	9,025,328
1- Provisions (+/-)	47.5	(239,830,952)	(112,554,253)
2- Rediscounts (+/-)		-	-
3- Special Insurances (+/-)		-	-
4- Inflation Adjustments (+/-)		-	-
5- Deferred Tax Assets (+/-)	21 and 35	20,497,824	119,253,343
6- Deferred Tax Liabilities Expenses (-)		-	-
7- Other Income		2,405,024	2,631,871
8- Other Expenses and Losses (-)		(920,914)	(305,633)
9- Revenues and Profits from Previous Year		-	-
10- Expenses and Losses from Previous Year (-)		-	-
N- Net Profit (or Loss) for the Period	37	512,583,054	316,377,490
1- Profit/Loss(-) for the Period		682,230,397	526,219,659
2- Provision for Corporate Tax and Other Fiscal Liabilities (-)		(169,647,343)	(209,842,169)
3- Net Profit/Loss(-) for the Period		-	-
4- Inflation Adjustment		-	-

Following notes constitute a complementary part of Financial Statements.

CONVENIENCE TRANSLATION of CASH FLOW STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

		Current Period Audited January 1 – December 31, 2020	Previous Period Audited January 1 - December 31, 2020
	Note		
A. CASH FLOW FROM OPERATING ACTIVITIES			
1. Cash Inflow from Insurance Operations		5,367,322,140	4,980,019,145
2. Cash Inflow from Reinsurance Operations		-	-
3. Cash Inflow from Private Pension Operations		-	-
4. Cash Outflow from Insurance Operations (-)		(4,724,864,174)	(4,532,377,291)
5. Cash Outflow from Reinsurance Operations (-)		-	-
6. Cash Outflow from Private Pension Operations (-)		-	-
7. Net Cash from Operating Activities (A1+A2+A3-A4-A5-A6)		642,457,966	447,641,854
8. Interest Payment (-)		-	-
9. Income Tax Payment (-)		(267,067,896)	(116,248,925)
10. Other Cash Inflows		34,873,353	45,940,811
11. Other Cash Outflows (-)		(379,124,722)	(349,950,674)
12. Net Cash Inflow from Operating Activities		31,138,701	27,383,066
B. CASH FLOW FROM INVESTMENT OPERATIONS			
1. Sale of Tangible Assets		4,807,615	2,425,357
2. Tangible Asset Acquisitions (-)	6, 7 and 8	(63,550,400)	(15,351,079)
3. Financial Asset Acquisitions (-)		(2,602,843,055)	(1,440,764,465)
4. Sale of Financial Assets		1,741,506,588	835,141,401
5. Interest Received		751,810,730	627,407,150
6. Dividends Received	26	39,309	1,503,617
7. Other Cash Inflows		89,098	27,287,829
8. Other Cash Outflows (-)		(3,817,111)	(1,522,120)
9. Net Cash Inflow from Investment Activities		(171,957,226)	36,127,690
C. CASH FLOW FROM FINANCING OPERATIONS			
1. Issue of Shares		-	-
2. Cash Inflows from Borrowings		-	-
3. Leasing Payments (-)		(6,363,683)	(5,030,913)
4. Dividends Paid (-)	45	(77,313,631)	-
5. Other Cash Inflows		-	-
6. Other Cash Outflows (-)		-	-
7. Net Cash Inflow from Financing Operations		(83,677,314)	(5,030,913)
D. EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		84,830,570	46,977,230
E. Net Increase in Cash and Cash Equivalents		(139,665,269)	105,457,073
F. Cash and Cash Equivalents at the Beginning of the Period		1,238,104,597	1,132,647,524
G. Cash and Cash Equivalents at the End of the Period (E+F)	2.12	1,098,439,328	1,238,104,597

Following notes constitute a complementary part of Financial Statements.

AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of STATEMENTS of CHANGES in SHAREHOLDERS' EQUITY for JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

Statement of Changes in Shareholders' Equity - Audited (*)											
	Capital	Own Shares (-)	Increase in Asset Values	Inflation Adjustment on Share Capital	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Profit (or Loss) for the Period	Retained Earnings / (Accumulated Loss)	Total
I- Balance at the End of Previous Period (31/12/2018)	1,225,739,187		(326,010,922)	-	-	51,203,816	-	3,792,417	371,280,446	(243,721,208)	1,082,283,736
II- Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
III- New Balance (01/01/2019) (I+II)	1,225,739,187		(326,010,922)	-	-	51,203,816	-	3,792,417	371,280,446	(243,721,208)	1,082,283,736
A- Capital Increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From Internal Sources	-	-	-	-	-	-	-	-	-	-	-
B- Own Shares	-	-	-	-	-	-	-	-	-	-	-
C- Gains and Losses Not Included in Income Statement	-	-	380,087,656	-	-	-	-	(3,883,646)	-	-	376,204,010
D- Increase/(Decrease) in Asset Values	-	-	-	-	-	-	-	-	-	-	-
E- Foreign Currency Translation Differences	-	-	-	-	-	-	-	-	-	-	-
F- Other Income and Losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation Adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	316,377,490	-	316,377,490
I- Dividends Paid	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	-	-	-	-	-	-	(371,280,446)	371,280,446	-
IV- Balance at Period End (31/12/2019)											
(III+ A+B+C+D+E+F+G+H+I+J)	1,225,739,187	-	54,076,734	-	-	51,203,816	-	(91,229)	316,377,490	127,559,238	1,774,865,236
I- Balance at the End of Previous Period (31/12/2019)	1,225,739,187	-	54,076,734	-	-	51,203,816	-	(91,229)	316,377,490	127,559,238	1,774,865,236
II- Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
III- New Balance (01/01/2020) (I+II)	1,225,739,187	-	54,076,734	-	-	51,203,816	-	(91,229)	316,377,490	127,559,238	1,774,865,236
A- Capital Increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From Internal Sources	-	-	-	-	-	-	-	-	-	-	-
B- Own Shares	-	-	-	-	-	-	-	-	-	-	-
C- Gains and Losses Not Included in Income Statement	-	-	36,060,942	-	-	-	-	1,245,717	-	-	37,306,659
D- Increase/(Decrease) in Asset Values	-	-	-	-	-	-	-	-	-	-	-
E- Foreign Currency Translation Differences	-	-	-	-	-	-	-	-	-	-	-
F- Other Income and Losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation Adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	512,583,054	-	512,583,054
I- Dividends Paid	-	-	-	-	-	-	-	-	-	(77,313,631)	(77,313,631)
J- Transfer	-	-	-	-	-	23,977,578	-	342,645,519	(316,377,490)	(50,245,607)	-
IV- Balance at Period End (31/12/2020)											
(III+ A+B+C+D+E+F+G+H+I+J)	1,225,739,187	-	90,137,676	-	-	75,181,394	-	343,800,007	512,583,054	-	2,247,441,318

(*) Detailed information about Equity items is provided in Note 15.

Following notes constitute a complementary part of Financial Statements.

AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of STATEMENTS of PROFIT DISTRIBUTION for JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS

	Audited Current Period January 1 - December 31, 2020 (*)	Audited Previous Period January 1 - December 31, 2019
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
1.1. NET PROFIT/(LOSS) FOR THE PERIOD	682,230,397	526,219,659
1.2. TAXES AND FISCAL LIABILITIES	(169,647,343)	(209,842,169)
1.2.1. Corporate Tax (Income Tax)	(169,647,343)	(209,842,169)
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Taxes and Fiscal Liabilities	-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)	512,583,054	316,377,490
1.3. PREVIOUS YEARS' LOSSES (-)	-	-
1.4. PRIMARY LEGAL RESERVES	-	(22,196,836)
1.5. LEGAL RESERVES RETAINED BY COMPANY (-)	(1,523,648)	(14,602,871)
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]	511,059,406	279,577,783
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	(77,313,631)
1.6.1. To Common Shareholders	-	(77,313,631)
1.6.2. To Preferred Shareholders	-	-
1.6.3 To Owners of Participating Redeemed Shares	-	-
1.6.4 To Owners of Profit-Sharing Securities	-	-
1.6.5 To Owners of Profit and Loss Sharing Securities	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO FOUNDERS (-)	-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.10.1. To Common Shareholders	-	-
1.10.2. To Preferred Shareholders	-	-
1.10.3. To Owners of Participating Redeemed Shares	-	-
1.10.4. To Owners of Profit-Sharing Securities	-	-
1.10.5. To Owners of Profit and Loss Sharing Securities	-	-
1.11. SECONDARY LEGAL RESERVES (-)	-	(1,780,741)
1.12. STATUTORY RESERVES (-)	-	-
1.13. EXTRAORDINARY RESERVES	-	200,483,411
1.14. OTHER RESERVES	-	-
1.15. SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECONDARY LEGAL RESERVES (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To Common Shareholders	-	-
2.3.2. To Preferred Shareholders	-	-
2.3.3 To Owners of Participating Redeemed Shares	-	-
2.3.4 To Owners of Profit-Sharing Securities	-	-
2.3.5 To Owners of Profit and Loss Sharing Securities	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III PROFIT PER SHARE	0.004	0.003
3.1. TO COMMON SHAREHOLDERS	0.004	0.003
3.2. TO COMMON SHAREHOLDERS (%)	0.4%	0.3%
3.3. TO PREFERRED SHAREHOLDERS (%)	-	-
3.4. TO PREFERRED SHAREHOLDERS (%)	-	-
IV. DIVIDENDS PER SHARE	-	0.001
4.1. TO COMMON SHAREHOLDERS	-	0.001
4.2. TO COMMON SHAREHOLDERS (%)	-	0.1%
4.3. TO PREFERRED SHAREHOLDERS (%)	-	-
4.4. TO PREFERRED SHAREHOLDERS (%)	-	-

(*) Shareholders' Assembly is the authorized body of the Company regarding distribution of current period profit. The Company has not yet held the Ordinary Shareholders' Assembly meeting as of the financial statement dates.

AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 PERIOD

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

1. General Information

- 1.1 Name of Parent Company:** Axa Holding A.Ş. is the direct main partner and Axa SA is the ultimate main partner of Axa Sigorta A.Ş. ("Company") as of December 31, 2020 and December 31, 2019.

Pursuant to the Share Purchasing Agreement executed on February 5, 2008 between Axa SA, a partner of Axa Sigorta A.Ş.'s main partner Axa Holding A.Ş. and OYAK, all shares of OYAK in Axa Oyak Holding A.Ş. is transferred to Axa Mediterranean Holding SA. Following the official approvals given by the Undersecretariat of Treasury affiliated to the Turkish Ministry of Treasury and Finance ("the Ministry") and Turkish Competition Authority validating the said share transfer, Company's former name Axa Oyak Sigorta A.Ş. is changed as Axa Sigorta A.Ş. with the resolution made in Company Shareholders' Assembly held on August 12, 2008 and the title change is officially registered on the same date. Business title of the Company's main partner Axa Oyak Holding A.Ş. is also changed and registered on the same date as Axa Holding A.Ş.

Regarding completion of the transfer of Axa Hayat Sigorta A.Ş.'s health portfolio and execution of the transfer agreement, Company management decided (with Resolution No.25 made during Company Board of Directors ("BoD") meeting held on October 15, 2009) to execute the transfer over financial statements drawn up as of October 31, 2009, pursuant to the authorization given to BoD during the Extraordinary Shareholders' Assembly meeting held on September 10, 2009. The Ministry approved this transfer with the official letter dated August 25, 2009 and the transfer is realized through recognition in Company financial statements drawn up on October 31, 2009 in accordance with the portfolio transfer agreement signed on September 10, 2009.

- 1.2 Company's Legal Residence Address, Legal Structure, Country of Incorporation and Address of Officially Registered Office:** The Company is registered in Istanbul, Turkey and registered address is "Meclis-i Mebusan Cad. No: 15, 34443 Salıpaazarı/İstanbul".
- 1.3 Nature of Operations:** The Company operates in fire, accident, motor vehicles, motor vehicles liability, freight, engineering, legal protection, agriculture and health insurance business areas.
- 1.4 Explanation of Company Activities and Characteristics of Main Operations:** Disclosed in Notes 1.2 and 1.3.
- 1.5 Average Number of Employees during the Period by Category:**

	January 1 - December 31, 2020	January 1 - December 31, 2019
Senior and middle level managers	78	76
Other employees	624	618
Total	702	694

- 1.6 Total amount of remunerations and other benefits provided to senior management such as chairman, members of BoD, general manager, general coordinator, assistant general managers etc. (TRY):** January 1 - December 31, 2020: 19,676,979 TRY (January 1 - December 31, 2019: 18.597.567 TRY)

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

1. General Information (continued)

- 1.7 Criteria set for the allocation of investment income and operating expenses (personnel, management, research and development, marketing and sales, outsourcing services and other operating expenses) in financial statements:** “Communiqué No.2008/1 regarding the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan” dated January 4, 2008, issued regarding the procedures and principles related to keys used in company financial statements was amended with “Communiqué No.2010/9 regarding the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan” dated August 9, 2010, issued by the Ministry of Treasury and Finance.

According to the latter, all investment income generated by investments backing non-life technical provisions is transferred from non-technical to technical section of the income statement. Other investment income is classified under non-technical section. The Company distributed the operational expenses transferred to technical section to the sub segments by considering the weighted average of the number of policies produced within the last three years.

- 1.8 Information on financial statements as to whether financial statements include only one firm or a group of firms:** Financial Statements are drawn up for only one company (Axa Sigorta A.Ş.).
- 1.9 Name and other identification information of the reporting firm and changes in this information from the previous balance sheet date:** Company's name and other identification details and changes in the foregoing information from the previous balance sheet date are disclosed in Notes 1.1, 1.2, & 1.3.
- 1.10 Events after balance sheet date:** Financial statements for the period ended on December 31, 2020 are authorized by Board of Directors on March 12, 2021. Events after Balance Sheet date are disclosed in Note 46.

2. Summary of Significant Accounting Policies

2.1. Basis of Preparation

The Company prepares its financial statements in accordance with the provisions of Insurance Act No.5684 and the rules and principles regarding insurance and reinsurance companies set forth by the Insurance and Private Pension Regulation and Supervision Agency ("SEDĐK") established upon the Presidential Decree published on October 18, 2019. Insurance regulations regarding the financial reporting before the establishment of and inception of regulatory activities on insurance sector by SEDĐK has been issued by the Ministry of Treasury and Finance.

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the Communiqué issued by the Ministry regarding the Insurance Chart of Accounts and Prospects, published in Turkish Official journal (No:25686) dated December 30, 2004 (Insurance Accounting System Communiqué No.1) and also with the Industry Announcement No.2011/14 dated December 27, 2011 regarding Opening New Account Codes in the Insurance Chart of Accounts. Content and format of the financial statements and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Journal No.26851 dated June 18, 2008 and with the Industry Announcement No.2012/7 dated May 31, 2012 regarding Presentation of Financial Statements with New Account Codes. Financial statements were prepared in TRY and on historical cost basis, being adjusted for inflation until December 31, 2004, excluding financial assets and various properties measured at fair value.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

Since January 1, 2008, the Company has been booking its activities and operations in line with the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies", issued on July 14, 2007 and effective as of January 1, 2008, in addition to other regulations, announcements and communiques issued by the Ministry regarding the principles of accounting and financial reporting; and for issues not covered by the foregoing, in accordance with the "Insurance Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") as issued by Public Oversight Accounting and Auditing Standards Authority ("POA").

"TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application pursuant to the notice No. 9 issued by the Ministry on February 18, 2008. In addition, the companies are obliged to prepare consolidated financial statements in compliance with the "Communiqué on Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies" dated December 31, 2008 which was published in the Official Journal No. 27097 and effective as of March 31, 2009. In addition, the companies are obliged to comply with the "Communiqué on Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") dated December 31, 2008 which was published in the Official Journal No. 27097 and effective as of March 31, 2009. The Company does not have any subsidiaries required to be consolidated in the aforementioned scope.

The Company calculated the insurance technical reserves amounts as of December 31, 2020 in accordance with the Regulation on Technical Reserves of Insurance, Reinsurance And Pension Companies, and Assets in which such Provisions are to be Invested ("Technical Provisions Regulation") issued under Insurance Law No.5684 as amended through the amendments promulgated in Turkish Official Journal No.27655 on July 28, 2010 and No.28356 on July 17, 2012, as well as with other relevant regulations and then reflected these figures to its financial statements.

Financial statements are prepared in accordance with the legal arrangements regarding accounting and financial reporting in effect pursuant to the insurance legislation, and in accordance with the provisions of TFRS for issues not covered by the foregoing.

Comparative data is reclassified where required to ensure compliance with the presentation of current period's financial statements.

a) Adjustment of Financial Statements During Hyperinflationary Periods

Pursuant to the Official Letter No.19387 of the Ministry dated April 4, 2005, Company financial statements as at December 31, 2004 were restated and 2005 opening balances were determined accordingly in accordance with "Financial Reporting in Hyperinflationary Economies" section included in the regulations of Capital Markets Board's ("CMB") Communiqué XI No.25, which came into force as published in the Official Journal No: 25290 on November 15, 2003. Restatement of financial statements according to the inflation rate is ceased within 2005, again in accordance with the aforementioned Official Letter of the Ministry. Therefore, non-monetary assets and liabilities including shareholders' equity items included in the Balance Sheet as at December 31, 2020 are calculated through indexing of entries until December 31, 2004 and carrying of entries made after this date with respective nominal values.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

b) Comparative Data and Correction of Financial Statements of Previous Periods

Company Balance Sheet as at December 31, 2020, Income Statement, Statement of Changes in Shareholders' Equity and Cash Flow Statement for the period January 1 - December 31, 2020 are presented together and in comparison with the Balance Sheet as at December 31, 2019 and Income Statement, Statement of Changes in Shareholders' Equity and Cash Flow Statement for the period January 1 - December 31, 2019, respectively.

c) Other Accounting Policies

Information regarding other accounting policies is disclosed individually under dedicated titles in following sections of this report.

2.1.1 Currency Used

The functional and reporting currency of the Company is Turkish Lira (TRY).

2.1.2 Rounding scale of the amounts presented in the financial statements

All figures presented in TRY have been rounded to the nearest integer unless provided as otherwise in financial statements and in relevant notes.

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

Financial statements are prepared on the historical cost basis, except for valuation of financial assets.

2.1.4 New and Revised Financial Reporting Standards

New and Modified Standards and Interpretations

Modifications made in relevant standards and respective interpretations should be presented in the financial statement notes as explained below during preparation of financial statements compliant with Turkish Financial Reporting Standards (TFRS).

a. New standards effective as of December 31, 2020 and modifications to and interpretations of previously existing standards:

Amendments to TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after January 1, 2020. These amendments to TAS 1 "Presentation of Financial Statements", and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and consequential amendments to other TFRSs are as follows:

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

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

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.1.4 New and Revised International Financial Reporting Standards (continued)

a. New standards effective as of December 31, 2020 and modifications to and interpretations of previously existing standards (continued):

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

Amendments to TAS 16 "Rent - COVID 19 Rent Related Concessions"; effective from Annual periods beginning on or after June 1, 2020. Various concessions are granted to lessees for rental payments due to COVID-19 pandemic. Such privileges may be in different forms, including suspension or deferral of rental payments. On May 28, 2020, IASB issued an amendment on IFRS 16 to provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising from a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification. This relief would often allow the lease concession to be booked as a variable rental payment within periods where an incident or condition triggering such decrease in rental payments occurs.

b. Standards and amendments issued but not put into effect as of December 31, 2020:

Modifications in **"TFRS 17 - Insurance Contracts"** shall be applicable for the reporting periods starting with January 01, 2023 and afterwards. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to TAS 1 "Presentation of Financial Statements"; effective from Annual periods beginning on or after January 1, 2022. The amendments issued to TAS 1 "Presentation of Financial Statements" clarify the criteria for the classification of a liability as either current or non-current, depending on the rights available at the end of the relevant reporting period. Classification shall not be affected by the events occurring after the reporting date or the entity's expectations (e.g. obtaining royalty rights or breach of an agreement). This modification also clarifies what "payment" of a liability means as specified in TAS 1.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.1.4 New and Revised International Financial Reporting Standards (continued)

b. Standards and amendments issued but not put into effect as of December 31, 2020 (continued):

Narrow-scoped amendments to TFRS 3, TAS 16, TAS 17 and various annual improvements in TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from Annual periods beginning on or after January 1, 2022.

- **Amendments to TFRS 3 "Business Combinations";** these modifications do not change the accounting requirements for business mergers; however, update a reference made to Conceptual Framework made in TFRS 3 for Financial Reporting.
- **Amendments to TAS 16 "Tangible Assets";** prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity shall recognize the proceeds from selling such items, and costs of producing those items, in profit or loss.
- **Amendments to TAS 37 "Provisions, Contingent Liabilities and Contingent Assets";** specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach".

Annual improvements introduce minor modifications to the explanatory examples in TFRS 1 "First-time Adoption of International Financial Reporting Standards", TFRS 9 "Financial Instruments", TAS 41 "Agricultural Activities" and TFRS 16.

2.2 Consolidation

The Company does not have any subsidiaries required to be consolidated under the "Communiqué on Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") dated December 31, 2008, which was published in the Official Journal No. 27097 and effective as of March 31, 2009.

2.3 Segment Reporting

As of December 31, 2020, the Company operates within Turkey and only in non-life insurance business segment, which is followed as a single reportable unit. The Company is not listed in stock market and does not make any segment reporting as defined in "TFRS 8- Segment Reporting".

2.4 Foreign Currency Translation

The functional currency of the Company is TRY. Foreign currency transactions are translated to functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in Income Statement.

Changes in the fair value of monetary securities denominated in foreign currency and classified as available for sale are analyzed between translation differences resulting from changes in the discounted cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in discounted cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Foreign exchange translation differences from non-monetary financial assets and liabilities are considered as part of fair value changes and these differences are classified under the accounts where fair values changes are booked.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.5 Tangible Assets

Tangible assets are carried at cost less accumulated depreciation and accumulated impairment amounts.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy.

Such assets are depreciated, on the same basis used for other fixed assets, when they are ready to use.

Assets, other than land and ongoing constructions, are depreciated over their expected useful lives by using the straight line method. Estimated useful life, residual value, and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gain or loss arising on the disposal or retirement of an item of tangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized to profit or loss. These assets are included in "Other Income" and "Other Expense" accounts in the Income Statement.

Depreciation periods for tangible assets are presented in the table below:

Property for operational usage (Buildings)	50 years
Furniture and fixtures	3-10 years
Leasehold improvements	5 years
Motor vehicles	5 years

If there are indicators of impairment on tangible assets except for land and buildings, a review is made in order to determine possible impairment and as a result of this review, if an asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down immediately to its recoverable amount by accounting for an impairment provision. Gains and losses on disposals of property and equipment are included in other operational income and expenses accounts (see Note 6).

2.6 Investment Property

Investment properties are held either to earn rentals and/or for capital appreciation or for both and first registration is measured on fair value including transaction costs after measured at cost. After initial booking, investment properties are measured over fair value reflecting real market conditions at the Balance Sheet date. In cases where fair value assessments cannot be reliably made, properties under construction are measured with historical cost value until such assessment can be made reliably or until the date before the completion date of such investment. Any gains or losses from the changes in the fair values of investment properties are recognized in the Income Statement within the period of such change (Note 7).

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.7 Intangible Assets

Intangible assets consist of the acquired information systems, royalty rights and computer software. Intangible assets are carried at acquisition cost and amortized by the straight-line and accelerated methods over their estimated useful lives after their acquisition date. If impairment exists, carrying amount of intangible assets is written down immediately to its recoverable amount (Note 8).

The amortization periods of intangible assets are within 3-15 year range.

2.8 Financial Assets

Financial investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments are recognized and derecognized on trade date, where the purchase or sale of an investment under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as “available-for-sale” (AFS) financial assets, “financial assets at fair value through profit and loss” and “loans and receivables”.

Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and Receivables (Receivables from Operations)

Loans and Receivables are financial assets created through provision of cash or service to the debtor. These receivables are recognized at acquisition value. Fees paid and other similar expenses incurred for assets received as a guarantee of such receivables are not considered as transaction costs and these are reflected to respective expense accounts.

The Company allocates provisions where Company management deems as required for the receivables based on the assessments and estimations made. Such provision is presented under "Provision for Due from Insurance Operations" item in the Balance Sheet. The Company considers the general structure of existing receivables portfolio, financial structures of policyholders and intermediaries, non-financial data and the economic conjuncture in line with the risk policies and precautionary principle while making its forecasts.

In addition to "Provision for Due from Insurance Operations", the Company also allocates a provision amount for receivables under administrative and legal proceedings for doubtful receivables not included in Provision for Due from Insurance Operations in accordance with Article 323 of Tax Procedural Law. This provision is classified under "Provision for Doubtful Receivables from Main Operations" item in the Balance Sheet.

Provisions for doubtful receivables are deducted from the income of the current year. In case a doubtful receivable for which a provision has been allocated previously is collected, the collected amount is deducted from the relevant provision account and reflected in "Provision Expenses" account. Bad receivables are removed from respective accounts after all legal transactions are completed (Note 12).

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.8 Financial Assets (continued)

Available for Sale Investments

Listed equity instruments and various debt securities held by the Company and traded in an active market are classified as available for sale financial assets and are valued at fair value within the periods after initial recognition. It is considered that the fair value cannot be reliably measured if the price that provides a basis for fair value is not set in active market conditions and discounted value calculated with the effective interest method is used as fair value. Securities representing share of capital classified as available for sale financial assets are recorded at fair value if they are traded within structured markets and/or the fair value can be reliably determined. In case these assets are not traded within structured markets and/or the fair value cannot be reliably determined, they are reflected in financial statements over cost value, after deduction of the provision for impairment amount.

"Unrealized profits and losses" arising from changes in fair values of available for sale securities are not reflected in the Income Statement for the relevant period until either collection of the amount corresponding to or sale/disposal of or impairment of such asset is realized and followed under "Valuation of Financial Assets" account in Shareholders' Equity. Accumulated fair value differences booked under Shareholders' Equity are reflected to the Income Statement on maturity dates or upon disposal of such assets.

The Company evaluates on each Balance Sheet date whether objective evidence exists regarding impairment in financial assets. Decrease of fair values of securities, classified as available for sale down to levels significantly lower than their respective costs and for prolonged periods, are considered as indicators of impairment.

In case objective evidence exists for impairment of available for sale financial assets, differences between acquisition cost and fair value of the relevant financial asset are deducted from Shareholders' Equity and reflected to Income Statement within subsequent periods. Impairment expenses recorded in the Income Statement regarding capital instruments cannot be reversed.

The Company does not allocate any impairment provisions for short-term market fluctuations, provided that a collection risk has not been born for securities classified under available for sale financial assets and representing borrowings (Note 11).

Affiliates and Investment Securities

These are stock certificates or shares acquired by the Company for investment purposes belonging to entities where the Company does not take part in management of other entities or determination of partnership policies even if the Company holds above 10% of the shares. The difference between carrying value and fair value (to the extent that it is measured reliably) of such assets are recognized in shareholders' equity and assets that have fair value are carried at fair value while the other assets are carried at book value net of impairments, if any.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.9 Impairment of Assets

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that are impaired are reviewed for possible reversal of the impairment at each reporting date.

Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired.

A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Except for AFS equity instruments, if, in a sub sequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Mortgages or guarantees on assets are explained in Note 43, provisions for overdue receivables and provisions for receivables which are not overdue are explained in Note 12, and provision and rediscount expenses for the period are explained in Note 47.5.

2.10 Derivative Financial Instruments

None (December 31, 2019: None).

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2. Summary of Significant Accounting Policies (continued)**2.11 Offsetting of Financial Instruments**

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or when acquisition of the asset and settlement of the liability take place consecutively.

2.12 Cash and Cash Equivalents

Cash and cash equivalents, include 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.

Cash and cash equivalents included in the statements of cash flows are as follows:

	December 31, 2020	December 31, 2019
Banks (Note 14)	568,016,703	685,574,031
Bank Guaranteed Credit Card Receivables (Note14)	548,258,444	562,751,420
Other Cash and Cash Equivalents	-	5,595,000
Minus – Accrued Interest	(2,490,919)	(3,235,968)
Bank Deposits (Disclosed in Notes 14 and 43) (*)	(15,344,900)	(12,579,886)
Total Cash and Cash Equivalents	1,098,439,328	1,238,104,597

(*) The mentioned interest accruals and changes in the earmarked deposit accounts are included in "Net Cash Inflow from Operating Activities" section in the Cash Flow Statement.

The Company has 6,425,000 TRY in time deposit accounts, excluding interest accruals earmarked in favor of public institutions, and 8,919,900 TRY in demand deposit accounts as of December 31, 2020 (December 31, 2019: 4,529,000 TRY in time deposit and 8,050,886 TRY in demand deposit accounts).

2.13 Capital

The composition of the Company's share capital at December 31, 2020 and December 31, 2019 is as follows:

Name of Shareholder	December 31, 2020		December 31, 2019	
	Share	Share Amount	Share	Share Amount
Axa Holding A.Ş.	92.61%	1,135,204,390	92.61%	1,135,204,390
T.C. Ziraat Bankası A.Ş.	7.31%	89,547,369	7.31%	89,547,369
Other	0.08%	987,428	0.08%	987,428
Total	100.00%	1,225,739,187	100%	1,225,739,187

As of December 31, 2020 no privileges are granted to the preference shares representing the share capital (December 31, 2019: None).

The Company is not subject to the registered share capital system as of December 31, 2020 and December 31, 2019.

Other information about the Company's share capital is explained in Note 15.

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2. Summary of Significant Accounting Policies (continued)

2.14 Insurance and Investment Contracts – Classification

Insurance Contracts

Insurance contracts are those contracts that transfer insurance risk. Insurance contracts provide protection to policyholders against adverse economic consequences of an event of loss as covered under the terms and conditions stipulated in the insurance policy. Main contracts issued by the Company are insurance contracts prepared in non-life segment as also explained below, mainly in fire, freight, accident and engineering.

Accident insurance contracts (liability, personal accident and motor) serve two main objectives: These contracts protect policyholders against the damage risk on the asset and the damage risk to third parties. Fire insurance contracts are divided into three: individual, commercial and industrial. Policyholder is insured against physical losses and damages arising from risks like fire, lightning, explosion etc. included in the policy. Profit Loss clause protects policyholders against absolute indirect losses arising from partial or total operational discontinuity as a result of an event covered by the insurance contract. Freight insurance contracts cover transportation insurance (boat, motor vehicles, aircraft) and in-transit property insurance. Engineering insurance contracts are divided into two sub-groups. Contracts covering risks permanently exists and valid for indefinite period of time and contracts covering non-repetitious risks for a limited period of time. First group covers sudden and unpredictable losses and damages to mechanical equipment, facilities and electronic devices. Second group includes assembly and construction-installation insurances naturally limited to the validity period of assembly-construction-installation warranty. Additionally, agriculture insurances issued by Tarım Sigortaları Havuz İşletmesi A.Ş. ("TARSİM") and compulsory earthquake insurance contracts Doğal Afet Sigortaları Kurumu ("DASK") are also available. Calculation principles for income and liabilities arising from insurance contracts are provided in Notes 2.21 and 2.24.

Reinsurance Treaties

Reinsurance contracts are insurance contracts put in effect by the Company and the respective reinsurance firm for potential losses which might occur regarding one or more insurance contracts executed by the Company where contractual parties calculate the premium amounts and loss assessments according to mutually agreed terms and conditions according to the type of treaty. Company's reinsurance policy and treaties are summarized below.

The Company has excess of loss, surplus and proportional quota-share reinsurance treaties in effect, depending on operational segments.

The Company has entered into risk and excess of loss per event treaties in fire, freight, non-motor accident and engineering segments. Such excess of loss treaties function according to the date of loss realization. Surplus reinsurance treaties are used for construction and installation segments. Various sub segments of non-motor accident segment are protected with proportional quota-share reinsurance treaties. These are run-off type treaties since reinsurer's responsibility still continues after contract termination. Company holds proportional treaties in MTPL (Motor Third Party Liability) and MOD (Motor Own Damage) segments. Protection for natural disasters such as flood and earthquake is provided only with catastrophic excess of loss reinsurance treaties.

Additionally, The Company also has facultative reinsurance treaties on insurance contract basis for certain risks.

The Company executes a major portion of its reinsurance treaties through Axa Global RE.

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2. Summary of Significant Accounting Policies (continued)

2.14 Insurance and Investment Contracts – Classification (continued)

Premiums Ceded to Social Security Institution

New procedures and principles are introduced for collection and settlement of amounts for health services provided to relevant persons due to traffic accidents with Article 98 of Highway Act No.2918 as amended by Article 59 of "Act No.6111 on Restructuring Settlement of Various Receivables and Modification of Social Insurance and General Health Insurance and Various Acts and Statutory Decrees" ("Act"), promulgated in Turkish Official Journal on February 25, 2011. In this regard, all amounts incurred for health services provided by public and private healthcare institutions to individuals due to traffic accidents shall be covered by SSI (Turkish Social Security Institution) regardless of whether the casualties have a registered social security account or not. Moreover, amounts of health services provided due traffic accidents occurred before enactment of Act No.6111 shall also be paid by SSI according to Provisional Article 1 of this Act.

Liability of insurance companies regarding the amounts to be paid for services to be incurred in accordance with the aforementioned articles of the Act are stipulated according to the "Regulation on Principles and Procedures for Collection of Health Service Prices Provided to Relevant Persons due to Traffic Accidents" issued by the Ministry on August 27, 2011 ("Regulation"); "Circular No.2011/17 on Procedures and Principles regarding Implementation of Regulation on Principles and Procedures for Collection of Health Service Prices Provided to Relevant Persons due to Traffic Accidents" dated September 15, 2011 ("Circular No.2011/17"); "Circular No.2011/18 on Recognition of Payments Made to Social Security Institution (SSI) for Medical Treatment Expenses and Opening New Account in Insurance Chart of Accounts" ("Circular No.2011/18").

On this basis, regarding medical treatment expenses arising from traffic accidents occurring after the enactment date of the Act, the Company should transfer to SSI the premium amounts determined in accordance with the Regulation, Circular No.2011/17, Circular No.2012/3 and "Regulation on Amendment of the Regulation on Principles and Procedures for Collection of Amounts of Health Services Provided to Relevant Persons due to Traffic Accidents" promulgated in Official Journal No.28280 on May 2, 2012 for insurance policies arranged in "Compulsory Freight Insurance", "MTPL", "Compulsory Road Passenger Personal Accident Insurance" segments before February 25, 2011. According to the foregoing, the Company calculated 94,659,356 TRY premium amount for January 1 - December 31, 2020 period (January 1 - December 31, 2019: 101,578,427 TRY) (see Notes 10 & 24) and a provision for unearned premiums amount equal to 49,031,741 TRY (December 31, 2019: 58,265,796 TRY) as of December 31, 2020 and booked these figures under "Premiums Ceded to SSI" and "SSI Share in Unearned Premium Reserve" accounts, respectively.

Premiums and Losses Ceded to Turkish Motor Insurers' Bureau

A "High Risk Policies Pool" ("Pool" or "RPP") is established, upon enactment of "Regulation for Amendment of Regulation on Tariff Implementation Principles regarding Compulsory Financial Liability Insurance for Land Motor Vehicles" promulgated in Turkish Official Journal No.30121 on July 11, 2017, for compulsory traffic (MTPL) insurance policies written on and after April 12, 2017 only, for high loss frequency stages and/or vehicle groups as defined in the aforementioned Regulation. Premium and loss shares regarding MTPL insurance policies included in this Pool is calculated by Turkish Motor Insurers' Bureau ("TMIB") at two stages in accordance with the Operating Principles of High Risk Policies which began to be implemented after enactment of the aforementioned Regulation. According to these Principles, 50% of written premiums and paid loss claims is equally shared among insurers and the remaining 50% is calculated according to the market shares in terms of MTPL premiums held by those insurance companies within the last 3 years.

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2. Summary of Significant Accounting Policies (continued)

2.14 Insurance and Investment Contracts – Classification (continued)

Premiums and Losses Ceded to Turkish Motor Insurers' Bureau (continued)

According to the Operating Principles of High Risk Policies issued by TMIB on August 15, 2017, 76% of total premiums net of deductions to be received from policyholders for policies issued after July 11, 2017 which are subject to the Pool, will be ceded to the Pool.

The Company has recorded the amounts of premiums, claims and commissions paid to the Pool under the regulation and taken over from the Pool within the scope of the Company's share, taking into account the monthly receipts finalized by the TMIB as of December 31, 2020 and the estimated figures for the months for which no receipt was forwarded by TMIB by the same date. The Company recorded 202,075,067 TRY for premiums, 79,232,429 TRY for compensation payments, 56,466,103 TRY for outstanding claims ceded to the Pool; and 159,095,173 TRY for premiums, 89,017,991 TRY for compensation payments, 1,153,331 TRY for recovery, 991,138 TRY for salvage and 84,788,732 TRY for outstanding claims on December 31, 2020 as reported by the Pool as the Company's share and in accordance with the requirements stipulated in the legal legislation. Additionally, provision amounts for IBNR compensation payments taken over from the Pool are calculated according to the expected loss ratios provided by TMIB and the opinions of Company actuary and recorded accordingly.

2.15 Insurance Contracts and Investment Contracts with Discretionary Participation Feature

None (December 31, 2019: None).

2.16 Investment Contracts without Discretionary Participation Feature

None (December 31, 2019: None).

2.17 Loans

None (December 31, 2019: None).

2.18 Taxes

Corporate Tax

Applicable corporate tax in Turkey for 2020 is 22% (December 31, 2019: 22%). Corporate tax rate is applied to the tax base amount calculated by adding certain disallowable expenses to and deducting exempt income and investments (such as affiliation privileges) from revenues of business entities. No further tax is payable unless the profit is distributed.

Withholding tax is not applied to dividends paid to limited taxpayer entities earning income within Turkey through an office or a permanent representative and to entities residing in Turkey. Dividend payments made to other persons and entities except the foregoing shall be subject to 15% withholding tax. Appropriation of retained earnings to capital is not considered as profit distribution, therefore no withholding tax is applied.

Entities calculate the provisional tax amount equal to 22% of their quarterly financial profits, submit their provisional tax return statements until the 14th day and pay the tax amount until the end of 17th day of the second month following the quarterly period subject to provisional tax. Provisional tax amounts paid within the year belong to that specific year and these amounts are rebated against the corporate tax amount to be calculated over the corporate tax return statement to be submitted within the subsequent year.

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2. Summary of Significant Accounting Policies (continued)

2.18 Taxes (continued)

Corporate Tax (continued)

In case a surplus paid amount provisional tax exists even after such rebate, such surplus amount can be recollected or set off against other fiscal payables due to the government.

75% of the revenues from sale of affiliate shares stocked for minimum 2 years and founders' shares, participating redeemed shares and stock privilege rights also held for the same time period and 50% of revenues from sale of immovable properties included in Company assets, again held for the same time period, shall be exempt from tax liabilities, provided that the foregoing shall be capitalized as prescribed in Turkish Corporate Tax Law or kept in equity for 5 years.

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

In addition to the corporate tax, withholding tax should be applied to tax payer entities for profit shares (if distributed) which are included in and disclosed as company revenues in financial statements, excluding dividends distributed to the branches of multinational companies located in Turkey. Withholding tax rate shall be applied as 10% until further notice by the Council of Ministers. Profit amounts not distributed as dividends but included in shareholders' equity shall not be subject to withholding tax.

Income or corporate taxpayers calculating their revenues on Balance Sheet basis are required to apply inflation adjustment to their financial statements starting as of January 1, 2004 in accordance with the "Law on Amendment of Tax Procedural No.5024, Income Tax Law and Corporate Tax Law" ("Law No.5024") promulgated in Turkish Official Journal on December 30, 2003. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (TÜİK TEFE (Wholesale Price Index) increase rate). Since the conditions in question were not fulfilled in 2019 and 2020, no inflation adjustments were performed.

Deferred Taxes

Deferred tax assets and/or liabilities are calculated in consideration of legal tax rates on the tax effects of the provisional differences between the amounts of such assets and liabilities reflected on Company's financial statements and the amounts taken into account for calculation of the legal tax base amount. Deferred tax liabilities are calculated for the entire taxable provisional differences, whereas deferred tax assets comprising of deductible provisional differences are calculated with the condition that a strong possibility exists for the Company to be entitled to use such differences (i.e. tax rebate) by obtaining taxable revenues in near future. Aforementioned assets and liabilities shall not be recognized in Company books if arising from provisional transactional differences with no impact on profit or loss, goodwill or initial inclusion of other assets and/or liabilities in financial statements (excluding mergers).

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2. Summary of Significant Accounting Policies (continued)

2.18 Taxes (continued)

Deferred Tax Assets (continued)

Deferred tax liabilities are calculated for all taxable provisional differences related with the investments in affiliates and joint ventures and shares in joint ventures, excluding cases where the Company is in control of the removal of such provisional differences and where such removal in near future is not very likely. Deferred tax assets arising from such taxable provisional differences related with such investments and shares are calculated with the constraints that a strong possibility exists for the Company to be entitled to use such differences (i.e. tax rebate) by obtaining taxable revenues and for removal of such differences in near future.

Corporate tax rate is raised from 20% to 22% for 2018, 2019 and 2020 under the "Act No.7061 on Amendment of Certain Tax Laws and Other Laws" promulgated in Turkish Official Journal No.30261 on December 5, 2017.

2.19 Employee Benefits

The Company accounts for its liability related to employment termination, vacation benefits and other benefits provided to employees according to "Turkish Accounting Standards Regarding Employee Benefits" ("TAS 19") and classifies these in the Balance Sheet under "Provision for Employment Termination Benefits" and "Provision for Expense Accruals" accounts.

According to the Turkish Labor Law, the Company is required to pay termination benefits to each employee whose job is terminated except for the reasons such as resignation, retirement and attitudes determined in Labor Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labor Law by considering certain actuarial estimates (Note 22).

2.20 Provisions

In case a liability arising from past events exists and fulfillment of such liability is likely and the amount of such liability is reliably predictable, provisions are allocated in financial statements. Provision amount is calculated in consideration of the risks and uncertainties regarding such liability, through estimating the expense expected to be incurred in the most reliable way on the Balance Sheet date. In case the provision is measured by using the expected cash flows required to fulfill such liability, the book value of such provision equals to the present value of the relevant cash flows.

In cases where the economic benefit required for payment of such liability is expected to be totally or partially borne by third parties, the amount to be collected is recognized as an asset if the collection of such amount is almost certain and can reliably be measured.

Liabilities arising from past events and whose existence would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are classified as contingent liabilities and not included in the financial statements (Note 23).

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2. Summary of Significant Accounting Policies (continued)

2.21 Recognition of Revenues

Written Premiums

Written premiums represent premiums on policies written during the year, net of cancellations. As disclosed in Note 2.24, premium income is recognized in the financial statements on accrual basis by allocating the unearned premium reserve over written risk premiums.

Circular No.2020-8 issued by the Ministry of Treasury and Finance on May 13, 2020 introduces limitations on Land Vehicles Motor Third Party Liability (MTPL) Insurance premiums to be written by insurance companies, according to which the total amount of premiums written within a calendar year shall be limited to maximum five folds of the previous year's equity amount. This factor shall be applied as 4 folds for the 8-month period of 2020, remaining between May 1 - December 31, 2020.

Reinsurance Commissions

Commission income for premiums ceded to reinsurance companies are recorded on an accrual basis over the period, and classified in the technical section of the Income Statement under operating expenses. As disclosed in Note 2.24, reinsurance commission income is recognized in the financial statements on accrual basis by allocating unearned commissions reserve over charged commissions.

Recovery and Salvage Income

The Company accrued the recovery receivable amounts up to the coverage limit of the debtor insurer in financial statements drawn up as of December 31, 2020 and December 31, 2019 in accordance with Circular No.2010/13 on Recovery and Salvage Income issued by the Ministry on September 2010, provided that the compensation payment is made and a certificate of release or a confirmation document proving such payment is obtained from relevant beneficiaries and a notification is made to counter party insurer or relevant third parties. A provision amount is allocated for these receivables if no collection is made within the first six months after the payment of such compensation amount from the counter party insurer or within the first four months from relevant third parties. In this regard, the accrued recovery receivable amount net of reinsurer's share as of December 31, 2020 is 237,743,978 TRY (December 31, 2019: 223,249,969 TRY) and the provision amount for such receivable is 154,260,264 TRY (December 31, 2019: 162,397,971 TRY) (Note 12.1).

The Company's doubtful recovery and salvage receivables amount from main operations is 720,129,480 TRY on December 31, 2020 (December 31, 2019: 610,632,015 TRY). Provision is allocated for the entire doubtful recovery and salvage receivables (Note 12).

Interest Income and Expense

Interest income and expenses are accounted on an accrual basis in the related period's Income Statement. Interest income includes income gains from the coupons of fixed return investment instruments and valuation of discounted government bonds based on internal rate of return method.

Dividend Income

Dividend income from the equity share investments are recognized when the shareholder has the right to receive dividends.

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2. Summary of Significant Accounting Policies (continued)

2.22 Leases

The Company shall measure its lease liability and the relevant right of use asset over the present value of the lease amounts not yet paid on the actual start date of such lease. The lease payments shall be discounted by using the interest rate implicit in the lease transaction in case such rate can be readily determined, or otherwise, by using the alternative borrowing interest rate available to the lessee.

2.23 Dividend Distribution

Dividend payables are reflected to financial statements as a profit distribution item among the liabilities of the declaration period.

2.24 Technical Reserves

Unearned Premiums Reserve

Unearned premiums reserve consists of the portion of the accrued premium amounts of effective insurance contracts extending to the subsequent accounting period(s) in gross figures, without any deductions of commissions etc. For freight policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months. Policies are assumed to begin at 12:00 and expire at 12:00 in general for calculation of the portion carried to the subsequent period on daily basis during calculation of unearned premiums reserve amount. The portion of the commissions paid to intermediaries and commission amounts received from reinsurers for ceded premiums extending to subsequent period(s) are recognized under "Deferred Expense" and "Deferred Income" accounts in the Balance Sheet, respectively, and under "Operational Expenses" account in Income Statement. According to the Technical Reserves Regulation, foreign exchange selling rates declared by Turkish Central Bank in the Official Journal on the date of accrual of the relevant premium are taken into account for unearned premiums related to the insurance contracts arranged in foreign currencies, if no foreign exchange rate is specified in such insurance contract (Note 17).

Deferred Production Expenses and Assistance Premiums and Deferred Commissions Income

Pursuant to Circular No.2007/25 issued by the Ministry on December 28, 2007, the portion of the commissions paid to intermediaries and commission amounts received from reinsurers for ceded premiums corresponding to subsequent period(s) are recognized under "Deferred Acquisition Expenses" and "Deferred Commissions Income", respectively in Balance Sheet and under "Operational Expenses" account in Income Statement (Note 17).

The Company deferred the portion related to the future months out of the payments made to the assistance service providers as 53,216,107 TRY in total and recorded this amount under "Other Deferred Expenses" in the Balance Sheet on December 31, 2020 (December 31 2019: 36,160,452 TRY) (Note 47.1).

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2. Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Unexpired Risks Reserve

Pursuant to Technical Provisions Regulation, insurance companies are required to allocate provision amounts for ongoing risks by considering the expected loss ratio for the possibility of potential compensation payments which may be incurred due to valid insurance contracts to exceed the unearned premiums reserve amount allocated for the mentioned contracts. The expected loss ratio is calculated through dividing the realized loss amount by earned premium amount. Pursuant to "Circular No.2012/15 on Modifications on Calculation of Unexpired Risk Reserve" ("Circular No.2012/15") issued by the Ministry on December 13, 2012, calculation of the mentioned expected loss ratio are made per main business segments as of December 31, 2020 and 2019. In case the expected loss ration calculated on segment basis exceeds 95%, the amount found by multiplying the percentage in excess of 95% with net unearned premiums reserve is calculated as the net unexpired risks reserve ("URR") and the amount found by multiplying the percentage in excess of 95% with gross unearned premiums reserve is calculated as the gross unexpired risks reserve. The difference between gross and net amounts is considered as the Reinsurer's share.

With the Technical Reserves Regulation and "Circular No. 2019/15 on Unexpired Risk Reserve" issued by the Ministry, insurers are allowed to make the Unexpired Risk Reserve calculation over the gross loss ratio of the last accident quarters in all segments. Gross loss ratio is calculated by dividing the final loss amount, found through the total of the last four quarters including the current period and also indirect businesses, by gross earned premiums amount. The Company takes into account the discounted amounts in segments for which a discount is applied for Outstanding Claims Reserve account during calculation of final loss amount realized in URR account. In case separate calculations are made for businesses where 100% of direct production is ceded to pools established in Turkey in accordance with the Technical Reserves Regulation and "Circular No. 2019/15 on Unexpired Risk Reserve" issued by the Ministry and in case gross loss ratio exceeds 100% for such ceded business and exceeds 85% for other businesses, gross URR amount shall be calculated by multiplying the excess portion by gross unearned premiums reserve and met URR amount shall be calculated by multiplying the excess portion with net unearned premiums reserve.

On the other hand, "Circular No. 2019/15 on Unexpired Risk Reserve" stipulates that the URR amount can be calculated at the beginning of the fiscal year specified in the first paragraph or at the beginning of the accident year. The Company calculates URR at the beginning of the accident year for MTPL (Land Vehicles Compulsory and Facultative Financial Liability, separately) segment and at the beginning of the fiscal year for all other segments.

The Company calculated a Net Unexpired Risk Reserve of 20,811,999 TRY as of December 31, 2020 (December 31, 2019: 23,613,963 TRY) and reflected this figure in relevant accounts (Notes 4 & 17).

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2. Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Outstanding Claims Reserve

The Company allocates provisions for loss claim and compensation amounts accrued and assessed through calculations but not actually paid in previous periods or in the current period or for estimated amounts if such calculation has not been made and for loss claim and compensation amounts which are realized but not reported. Outstanding claims reserve amount is determined according to expert reports or to expert and policyholder assessments from which no recovery, salvage or similar income items are deducted.

Compensation amounts for losses realized before but reported after the accounting periods are considered as Incurred But Not Reported ("IBNR") claim compensations.

The Company calculated the provision for compensations of incurred but not reported losses ("IBNR") by using the Actuarial Chain Ladder Method ("ACLM") in accordance with the "Regulation on Amendment of the Regulation on Technical Reserves of Insurance, Reinsurance And Pension Companies, and Assets in which such Provisions are to be Invested" promulgated in Turkish Official Journal No.27655 on July 28, 2010 and "Circular No.2014/16 on Outstanding Claims Reserve" issued by the Ministry on December 5, 2014.

The Regulation on Amendment of the Relevant Regulation issued in Turkish Official Journal No.28356 on July 17, 2012 states that "the compensation amount for incurred but not reported losses shall be calculated according to the Actuarial Chain Ladder Method, content and application principles of which shall be specified by, or to other calculation methods to be determined and announced by the Ministry of Treasury and Finance".

"Circular No.2014/16 on Outstanding Claims Reserve" issued by the Ministry on December 5, 2014 ("Circular") stipulates that ACLM calculations can be made by using the following six methods: "Standard Chain, Loss Ratio, Cape Cod, Frequency/Severance, Munich Chain Method and Bornhuetter-Ferguson". Additionally, this Circular grants the authority to company actuaries for selection of the data to be used, adjustment transactions, selection of the most suitable method and development factors and intervention to development factors by using actuarial methods. Pursuant to this Circular, IBNR calculation can also be made with other methods to be determined by companies, provided that a valid actuarial basis exists and the amount should exceed the calculation result of the actuarial chain ladder method employed by the company.

The Company made IBNR calculation in all segments by considering the characteristics of the respective segment and by using the actuarial method determined in accordance with Article 4 of "Circular No.2014/16 on Outstanding Claims Reserve" issued by the Treasury on December 5, 2014. This method covers MTPL segment on the basis of loss reason (material damages, death, disability, impairment, driver faults, caretaker expenses) in addition to coverage based distinction (material/bodily-physical). Both average cost and loss frequency developments of loss triangles are evaluated during such distinctions. Additionally, the legal status of the files are also assessed. Furthermore, extreme losses (so called "major losses") are eliminated via statistical methods to ensure that calculations can be made with a more homogeneous data set in all segments, excluding MTPL and MOD. Moreover, the mentioned IBNR calculations are performed in gross amounts and net figures are determined depending on the applicable or relevant reinsurance treaties of the Company.

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2. Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Outstanding Claims Reserve (continued)

The difference between the incurred loss amount -consisting of accrued and calculated outstanding claims reserve and the total of payments made until the relevant date (net of recovery and salvage collection amounts)- and the final loss amount calculated by using the actuarial chain ladder method -content and application principles of which is determined in accordance with Technical Provisions Regulation and the Circular put in effect on January 1, 2015- is recorded as incurred but not reported compensation amount. The Company made the actuarial chain ladder method ("ACLM") calculations over incurred losses (total of outstanding and paid claims) for each segment.

The ACLM selected by the Company to use for each segment, results of these calculations as of December 31, 2020 and December 31, 2019, the methods for determination of the net amounts after reinsurance and limits used for major loss screening, interventions to development factors in ACLM calculations and effects of these interventions are explained in Note 17.

As disclosed in Note 2.14, the Company is no longer liable for payment of medical treatment expenses related with the coverages provided for "Compulsory Land Transportation Financial Liability", "MTPL" and "Compulsory Road Passenger Personal Accident" segments in accordance with Circular No.2011/18, therefore compensation payments made for medical treatment expenses, outstanding claims covered by the Law and collected recovery, salvage amounts and other similar income amounts are removed from the ACLM development triangle prepared for determination of IBNR claim amounts as of December 31, 2020.

The Company allocated a total additional outstanding claims reserve amount of 2,134,864,343 TRY on December 31, 2020 (December 31, 2019: 1,689,801,879 TRY) for IBNR claims.

Pursuant to "Circular No.2017/7 on Amendment of Circular No.2016/22 on Discounting of Cash Flows from Outstanding Claims Reserves" issued by the Ministry on September 15, 2017, the Company discounted the net cash flows to be generated by outstanding claims reserves calculated and allocated for General Liability and Motor Vehicles Liability segments according to Insurance Law and relevant Legislation, in accordance with the provisions and principles set forth in "Circular No.2016/22 on Discounting of Cash Flows from Outstanding Claims Reserves" issued by the Ministry on June 10, 2016. The Company reflected 693,602,494 TRY of discount to its financial statements drawn up on December 31, 2020 (December 31, 2019: 618,118,264 TRY).

Pursuant to "Circular No.2011/23 on Explanations regarding Calculation of Incurred but Not Reported (IBNR) Claims Reserve" dated December 26, 2011 ("Circular No.2011/23"), insurance companies can calculate a win rate per sub-segments over the amounts of the legal cases filed against the company based on the realizations within last five years (starting as of December 31, 2011 and by considering the finalization dates of such legal cases) and perform deductions from the outstanding claims reserve amount accrued for legal cases still in litigation process according to this win rate. The Company has no win rate calculated per sub-segments and no deduction amounts from the accrued outstanding claims reserve as of December 31, 2020 (December 31, 2019: None). Additionally, all legal case files in litigation process are considered without any deductions in all calculations made for assessment of the IBNR claims amount (Note 17).

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2. Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Equalization Reserve

According to the Technical Provisions Regulation, insurance companies are required to provide equalization reserve in their financial statements for earthquake and credit coverage in order to balance the fluctuations in the claim ratios and to meet the catastrophic risks in the subsequent periods. Equalization provision is calculated as 12% of net premiums written in credit insurance and earthquake segments. In calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

It is possible to deduct the outstanding claims reserve from equalization reserve or update the equalization reserve amount allocated for earthquake compensations based on evidence such as compensation payments made due to realized earthquakes or documents obtained from competent authorities during natural disaster conditions, provided that this deduction shall not be made from the equalization reserve allocated for the current year.

In this regard, the Company deducted 17,678,887 TRY claims amount as of December 31, 2020 from equalization reserve amount for claim files for which a compensation amount has been paid for earthquake losses realized or for which an outstanding claims reserve amount has been allocated previously (December 31, 2019: 1,173,628 TRY). The Company allocated 255,711,269 TRY of equalization reserve as of December 31, 2020 (December 31, 2019: 217,091,888 TRY) and recognized this amount in "Other Technical Reserves" account in the attached financial statements (Notes 17 & 47.1).

2.25 Share Based Payments

Share certificates are generally provided to employees as part of their salary packages in addition to the salary and other employee benefit amounts. An entity providing shares and share options to its employees is considered to pay an additional amount to gain additional benefits. Such company would measure the fair value of such working service received by taking the fair value of equity based financial instruments as reference, due to the difficulty in measurement of fair values of services received.

Regarding transaction measured with reference to the fair values of equity based financial instruments, fair values of equity based financial instruments are measured over their market values (if available) as of the measurement date, also by taking the terms, conditions and principles of such financial instruments into account.

The Company provides own shares to its employees, provided that the recipient employees' performance levels meet the performance criteria and conditions specified by the Company's ultimate main partner Axa SA. The Company allocates a provision amount in its Balance Sheet in return for these shares for cost reflections made by Axa SA under TFRS 2 "Share Based Payments", while Axa SA recognizes the changes in share prices in Shareholders' Equity account and the costs incurred for provision of shares to qualified employees in Income Statement (Note 23).

2.26 Legal Regulations regarding Covid-19 (Coronavirus)

Pursuant to the Announcement issued by the Ministry of Treasury and Finance Department of Insurance on April 29, 2020 and based on the provision set out in Article 4.6 "Principles for Assessment of Insurance Premiums" of "Regulation on Tariff Implementation Principles regarding Compulsory Financial Liability Insurance for Land Motor Vehicles" stating as "The Undersecretariat may introduce special rules for sharing of premium and loss claim amounts between insurers with regard to high risk insurance policyholders. Premium amounts to be charged to such policyholders shall be determined by the Undersecretariat.", validity periods of insurance policies included in High Risk Policies Pool with an expiration date between April 30, 2020 and May 31, 2020 are decided to be extended for an additional month, without requesting any additional premium amount.

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2. Summary of Significant Accounting Policies (continued)

2.26 Legal Regulations regarding Covid-19 (Corona virus) (continued)

With the amendment in Turkish commercial Code pursuant to the "Act No.7244 on Mitigation of the Impacts of New Coronavirus (Covid-19) Pandemic on Economic and Social Life and on Amendment of Various Acts" promulgated in the Official Journal on April 17, 2020, it is stipulated that corporations shall be allowed to distribute maximum 25% of the net profit amount recorded for 2019 until December 31, 2019; in case a decision is made in the Ordinary Shareholders' Assembly for dividend distribution for year 2019 but such dividend payment has not yet been made or has been partially made to shareholders, payments for the portion exceeding 25% of year 2019 net profit amount may be postponed until the end of the specified period.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies

Preparation of financial statements requires calculation of asset and liability amounts reported on Balance Sheet date, disclosure of contingent assets and liabilities and making judgments and using estimates and assumptions which might affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Accounting assessments, estimates and underlying assumptions are reviewed on an ongoing basis, considering past experiences and other relevant factors in addition to current condition and reasonable expectations for future events. Actual results may differ from these estimates although the estimates rely on the best knowledge of management regarding existing events and transactions.

One of the most important accounting estimates for the entity is the forecast of final net liabilities related with the expenses arising from effective insurance policies. Forecast of insurance liabilities include assessment of many contingencies by nature. Estimates and assumption regarding such liabilities are explained in Notes 2.24 and 17.

Estimates and assumptions comprising the basis thereof are continuously reviewed. The updates of accounting estimates are recorded within the period where such updates are made and also in subsequent periods affected by such updates.

In particular, information regarding uncertainties in significant estimates having the highest impact on the amounts presented in the financial statements and the interpretations thereof are provided in the Notes listed below.

Note 4 - Insurance and Financial Risk Management

Notes 6, 7, 8 - Tangible & Intangible Assets and Investment Property

Note 10 - Reinsurance Assets / (Liabilities)

Note 11- Financial Assets

Note 12 - Loans and Receivables:

Note 21- Deferred Taxes

Note 22 - Employee Benefits

Note 23- Reserves (Provisions)

Note 42- Risks

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
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4. Insurance and Financial Risk Management

Management of Insurance Risk

Risk regarding insurance contracts is related with the possibility of realization for the insured event and uncertainty of the potential loss and damage amounts resulting from such realization. By nature of insurance contracts, such risk is random and therefore it is not possible to make a precise estimate.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and reserving, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities.

The Company determines its strategy when issuing policies according to the type of insurance risks taken and the claims occurred.

The Company manages the risks mentioned above by its strategy formed for policy issuance and the reinsurance agreements to which the Company is a party in all branches.

The concentration of insurance risk (maximum insured loss) under each branch is summarized below:

	December 31, 2020	December 31, 2019
Land Vehicles Liability	2,758,620,489,512	2,874,196,086,386
Fire and Natural Disasters	585,861,154,664	468,799,759,903
General Damage	336,429,231,613	273,913,774,670
Freight/Transportation	36,907,021,366	176,730,132,451
General Liability	90,464,024,474	39,447,210,563
Land Vehicles	109,191,183,606	63,712,996,839
Accident	15,454,566,027	19,940,122,211
Financial Losses	31,901,009,674	22,336,201,339
Legal Protection	7,331,920,491	5,912,649,611
Watercraft	3,671,792,273	3,559,771,808
Aircraft	978,008,400	345,914,100
Travel Health (Personal Accident)	174,305,636	167,696,510
Aircraft Liability	1,533,552	1,975,516
Loan	78,696,215	-
Surety	786,723,296	-
Total (*)	3,977,851,660,799	3,949,064,291,907

(*) The Company bears no coverage risk for DASK, Tarsim and SSI, therefore such coverage amounts are not included in the table.

Management of Financial Risk

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of the financial risk are market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk and credit risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge certain risk exposures. Risk management is performed by Company management under policies approved by the Board of Directors.

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4. Insurance and Financial Risk Management (continued)

Management of Financial Risk (continued)

(a) Credit Risk

Credit risk is most simply defined as the potential that a bank borrower or counter party will partially or totally fail to meet its obligations on time and in accordance with agreed terms and the resulting situations the Company shall have to face with.

The Company limits the credit risk of its financial assets classified as credit and receivables and the receivable amounts from insurance operations (including receivables from reinsurers) with the guarantees received and the procedures applied for selection of counter parties. Other information about these receivables is explained in Note 12.

The Company's financial assets, except for Loans and Receivables, which are subject to credit risk generally consist of domestic government bonds, time and demand deposits kept in banks and other financial institutions established in Turkey, commercial bills and corporate bonds and such receivables are not deemed to have high credit risk.

Credit risk exposures per type of financial instruments as of December 31, 2020 and December 31, 2019 are provided below. Banks and bank guaranteed short term (<3 months) credit card receivables are also included in credit risk.

December 31, 2020	Loans and Receivables						Available for Sale Investments (*)	Cash and Cash Equivalents
	Due from Insurance Operations		Other Receivables					
	Relevant	Other	Relevant	Other				
Maximum Credit Risk Exposure as at Reporting Date (A+B+C)	56,651,057	1,176,479,394	606,261	26,590,631	6,441,428,867	1,116,275,147		
- Portion of Maximum Risk Secured with Guarantees, Provisions, etc.	-	92,133,721	-	-	-	-		
A. Net Book Value of Financial Assets Undue or Not Impaired	56,651,057	971,475,133	606,261	26,590,631	6,441,428,867	1,116,275,147		
B. Net Book Value of Financial Assets Overdue but Not Impaired	-	121,520,546	-	-	-	-		
C. Net Book Value of Impaired Assets	-	83,484,465	-	-	-	-		
-Gross Book Value	-	1,037,091,504	-	-	2,000,000	-		
-Impairment	-	(953,607,789)	-	-	(2,000,000)	-		
-Portion of Net Value Secured with Guarantees, Provisions, etc.	-	83,484,365	-	-	-	-		

(*) Investment Securities included.

December 31, 2019	Loans and Receivables				Available for Sale Investments (*)	Cash and Cash Equivalents
	Due from Insurance Operations		Other Receivables			
	Relevant	Other	Relevant	Other		
Maximum Credit Risk Exposure as at Reporting Date (A+B+C)	49,632,066	895,703,352	257,238	24,416,690	5,351,760,322	1,253,920,451
- Portion of Maximum Risk Secured with Guarantees, Provisions, etc.	-	96,234,698	-	-	-	-
A. Net Book Value of Financial Assets Undue or Not Impaired	49,632,066	746,766,419	257,238	24,416,690	5,351,760,322	1,253,920,451
B. Net Book Value of Financial Assets Overdue but Not Impaired	-	88,084,935	-	-	-	-
C. Net Book Value of Impaired Assets	-	60,851,998	-	-	-	-
-Gross Book Value	-	843,941,307	-	-	2,000,000	-
-Impairment	-	(783,089,309)	-	-	(2,000,000)	-
-Portion of Net Value Secured with Guarantees, Provisions, etc.	-	60,851,998	-	-	-	-

(*) Investment Securities included.

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4. Insurance and Financial Risk Management (continued)*Management of Financial Risk (continued)**(b) Market Risk*

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments.

Interest Rate Risk

Changes in interest rates resulting in fluctuations in financial instrument prices require the Company to deal with the emerging interest rate risk. The Company's sensitivity to interest rate risk is related with the inconsistencies between the due dates of asset and liability accounts. This risk is managed by matching the assets affected by interest rate changes with the same type of liabilities.

The Company's interest bearing assets include financial instruments with both fixed and variable interest rates.

	December 31, 2020	December 31, 2019
Financial Instruments w/ Fixed Interest Rate		
Financial Assets (Available for Sale)	4,182,763,900	3,234,948,702
Time Deposits	522,345,953	673,396,992
Financial Instruments w/ Variable Interest Rate		
Financial Assets (Available for Sale)	2,209,257,321	2,090,264,595

Sensitivity to Interest Rate

The Company is exposed to interest rate risk arising from the changes in the interest rates applied to the financial assets and liabilities subject to variable interest rates. The increase and decrease effect in fair values of government bonds classified as available for sale assets and therefore in valuation of financial assets account kept among the Company's equity items as a result of the changes in interest rates is explained below. Other variables, particularly the foreign exchange rates are assumed to be constant during this analysis.

	December 31, 2020 Impact on Equity	December 31, 2019 Impact on Equity
1% Increase in Interest Rates	(15,001,189)	(60,108,219)
1% Decrease in Interest Rates	15,387,552	61,853,283

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4. Insurance and Financial Risk Management (continued)*Management of Financial Risk (continued)**Exchange Rate Risk*

The Company is exposed to foreign exchange rate risk due to transactions, payables and receivables in foreign currencies. These risks are monitored and limited through analysis of foreign exchange rates. Foreign exchange position of the Company as at Balance Sheet date is provided below.

Foreign Exchange Position Table December 31, 2020

	Total TRY Equivalent	US Dollar (TRY Equivalent)	EUR (TRY Equivalent)	GBP (TRY Equivalent)	Other
Available for Sale Investments	1,527,845,739	887,265,695	640,580,044	-	-
Cash and Cash Equivalents	272,624,773	168,600,874	103,997,384	22,292	4,223
Due from Insurance Operations	386,624,204	128,539,512	257,942,169	74,010	68,513
Total Assets	2,187,094,716	1,184,406,081	1,002,519,597	96,302	72,736
Outstanding Claims Reserve	385,685,752	296,637,703	88,878,088	169,961	-
Due to Reinsurance Firms	162,317,733	40,049,850	121,137,845	1,092,142	37,896
Other Payables	24,328,692	16,157,371	8,171,321	-	-
Total Liabilities	572,332,177	352,844,924	218,187,254	1,262,103	37,896
Net Foreign Currency Asset Position	1,614,762,539	831,561,157	784,332,343	(1,165,801)	34,840

Foreign Exchange Position Table December 31, 2019

	Total TRY Equivalent	US Dollar (TRY Equivalent)	EUR (TRY Equivalent)	GBP (TRY Equivalent)	Other
Available for Sale Investments	1,145,410,875	944,429,577	200,981,298	-	-
Cash and Cash Equivalents	435,258,052	370,580,168	64,595,364	79,531	2,989
Due from Insurance Operations	316,990,411	109,835,320	207,142,196	-	12,895
Total Assets	1,897,659,338	1,424,845,065	472,718,858	79,531	15,884
Outstanding Claims Reserve	291,600,110	207,123,904	84,412,918	63,288	-
Due to Reinsurance Firms	128,991,457	9,970,853	118,867,459	120,199	32,946
Other Payables	6,489,417	4,938,789	1,550,628	-	-
Total Liabilities	427,080,984	222,033,546	204,831,005	183,487	32,946
Net Foreign Currency Asset Position	1,470,578,354	1,202,811,519	267,887,853	(103,956)	(17,062)

Foreign Exchange Rate Sensitivity

The table below shows the increases and decreases in equity and income statement items (excluding tax effect) within periods ended on December 31, 2020 and 2019 due to valuation or devaluation of TRY by 20 percent against following foreign currencies. This analysis is prepared with assumption that all other variables stay constant.

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4. Insurance and Financial Risk Management (continued)

Management of Financial Risk (continued)

Foreign Exchange Rate Sensitivity (continued)

FX Rate Sensitivity Analysis Table - December 31, 2020

	Profit/Loss		Shareholders' Equity (*)	
	Increase in Foreign Currency Value	Decrease in Foreign Currency Value	Increase in Foreign Currency Value	Decrease in Foreign Currency Value
In case of 20% change in USD against TRY:				
1- Net Asset / Liabilities in USD	166,312,231	(166,312,231)	166,312,231	(166,312,231)
2- Portion Protected from USD Risk	-	-	-	-
3- USD Net Effect	166,312,231	-166,312,231	166,312,231	(166,312,231)
In case of 20% change in EUR against TRY:				
1- Net Asset / Liabilities in EUR	156,866,469	(156,866,469)	156,866,469	(156,866,469)
2- Portion Protected from EUR Risk	-	-	-	-
3- EUR Net Effect	156,866,469	(156,866,469)	156,866,469	(156,866,469)
In case of 20% change in GBP against TRY:				
1- Net Asset / Liabilities in GBP	(233,160)	233,160	(233,160)	233,160
2- Portion Protected from GBP Risk	-	-	-	-
3- GBP Net Effect	(233,160)	233,160	(233,160)	233,160
In case of 20% change in other foreign currencies against TRY:				
1- Net Asset / Liabilities in Other Currencies	6,968	(6,968)	6,968	(6,968)
2- Portion Protected from Other Currency Risk	-	-	-	-
3- Other Currencies Net Effect	6,968	(6,968)	6,968	(6,968)
Total Foreign Currency Net Effect	322,952,508	(322,952,508)	322,952,508	(322,952,508)

(*) Equity effect includes P/L effect.

FX Rate Sensitivity Analysis Table - December 31, 2019

	Profit/Loss		Shareholders' Equity (*)	
	Increase in Foreign Currency Value	Decrease in Foreign Currency Value	Increase in Foreign Currency Value	Decrease in Foreign Currency Value
In case of 20% change in USD against TRY:				
1- Net Asset / Liabilities in USD	240,562,304	(240,562,304)	240,562,304	(240,562,304)
2- Portion Protected from USD Risk	-	-	-	-
3- USD Net Effect	240,562,304	(240,562,304)	240,562,304	(240,562,304)
In case of 20% change in EUR against TRY:				
1- Net Asset / Liabilities in EUR	53,577,571	(53,577,571)	53,577,571	(53,577,571)
2- Portion Protected from EUR Risk	-	-	-	-
3- EUR Net Effect	53,577,571	(53,577,571)	53,577,571	(53,577,571)
In case of 20% change in GBP against TRY:				
1- Net Asset / Liabilities in GBP	(20,791)	20,791	(20,791)	20,791
2- Portion Protected from GBP Risk	-	-	-	-
3- GBP Net Effect	(20,791)	20,791	(20,791)	20,791
In case of 20% change in other foreign currencies against TRY:				
1- Net Asset / Liabilities in Other Currencies	(3,412)	3,412	(3,412)	3,412
2- Portion Protected from Other Currency Risk	-	-	-	-
3- Other Currencies Net Effect	(3,412)	3,412	(3,412)	3,412
Total Foreign Currency Net Effect	294,115,672	(294,115,672)	294,115,672	(294,115,672)

(*) Equity effect includes P/L effect.

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4. Insurance and Financial Risk Management (continued)

Management of Financial Risk (continued)

(c) Liquidity Risk

The Company uses its available cash resources to pay claims arising from insurance contracts. Liquidity risk is the risk of cash unavailability to pay obligations on due dates at a reasonable cost. Management sets limits on the minimum portion of funds available to meet such claims.

Due to the Coronavirus (Covid-19) pandemic conditions experienced throughout the world, the Company develops and follows strategies, policies and procedures enabling effective management of liquidity risk in harmony with its liquidity risk appetite and ensuring continuous possession of adequate liquidity at hand.

The table below analyses distribution of the Company's financial and insurance liabilities into relevant maturity groups based on the expected remaining period at the balance sheet or contractual maturity date. Amounts in the table are undiscounted cash flows.

December 31, 2020	Cash Flow from Insurance Contracts				Total
	< 3 Months	3 Months - 1 Year	1 - 5 Years	> 5 Years	
Due to Insurers and Reinsurers (Notes 10 & 19)	262,008,177	16,020,880	7,170,830	-	285,199,887
Due to Related Parties (Note 45)	2,568	-	-	-	2,568
Payables to SSI regarding Medical Expenses	24,334,302	-	-	-	24,334,302
Payables to DASK	17,410,244	-	-	-	17,410,244
Leasing Liabilities	-	1,826,192	11,454,673	-	13,280,865
Other Payables	132,329,979	-	-	-	132,329,979
Other Current Liabilities	5,609,991	-	-	-	5,609,991
Premium Deposits	-	-	-	-	-
Total	441,695,261	17,847,072	18,625,503	-	478,167,836

December 31, 2020	Expected Cash Flows				Total
	< 3 Months	3 Months - 1 Year	1 - 5 Years	> 5 Years	
Unearned Premiums Reserve - Net (*)	2,398,966	1,996,739,701	-	-	1,999,138,667
Outstanding Claims Reserve - Net (*)	179,615,471	1,181,428,501	2,779,653,752	-	4,140,697,724
Equalization Reserve - Net	-	-	-	255,711,269	255,711,269
Unexpired Risks Reserve - Net (*)	24,975	20,787,024	-	-	20,811,999
Mathematical Reserves - Net (*)	-	-	-	63	63
Other Technical Reserves - Net	-	85,082,054	-	-	85,082,054
Total	182,039,412	3,284,037,280	2,779,653,752	255,711,332	6,501,441,776

(*) Outstanding Claims Reserve is subject to due date distribution in consideration of estimated payment dates. Entire Outstanding claims reserve amounts are shown in current liabilities section of the enclosed financial statements.

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4. Insurance and Financial Risk Management (continued)

Management of Financial Risk (continued)

(c) Liquidity Risk

December 31, 2019	Cash Flow from Insurance Contracts				Total
	< 3 Months	3 Months - 1 Year	1 - 5 Years	> 5 Years	
Due to Insurers and Reinsurers (Notes 10 & 19)	222,249,390	20,038,496	-	-	242,287,886
Due to Related Parties (Note 45)	2,568	-	-	-	2,568
Payables to SSI regarding Medical Expenses	36,103,858	-	-	-	36,103,858
Leasing Liabilities	-	3,166,309	6,140,852	-	9,307,161
Payables to DASK	14,463,442	-	-	-	14,463,442
Other Payables	83,699,139	-	-	-	83,699,139
Other Current Liabilities	3,338,352	-	-	-	3,338,352
Total	359,856,749	23,204,805	6,140,852	-	389,202,406

December 31, 2019	Expected Cash Flows				Total
	< 3 Months	3 Months - 1 Year	1 - 5 Years	> 5 Years	
Unearned Premiums Reserve - Net	1,259,109	1,764,952,246	-	-	1,766,211,355
Outstanding Claims Reserve - Net (*)	110,653,910	1,221,995,755	2,267,428,015	-	3,600,077,680
Equalization Reserve - Net	-	-	-	217,091,888	217,091,888
Unexpired Risks Reserve - Net	16,834	23,597,129	-	-	23,613,963
Mathematical Reserves - Net	-	-	-	1,171	1,171
Other Technical Reserves - Net	-	50,812,643	-	-	50,812,643
Total	111,929,853	3,061,357,773	2,267,428,015	217,093,059	5,657,808,700

(*) Outstanding Claims Reserve is subject to due date distribution in consideration of estimated payment dates. Entire Outstanding claims reserve amounts are shown in current liabilities section of the enclosed financial statements.

The Company foresees to fulfill the liabilities explained above by its financial assets and cash or cash equivalents included in the assets.

Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, analysis of market information needs interpretation and judgment.

The following methods and assumptions were used to estimate the fair value of the financial instruments if such value can be determined.

- 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).

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4. Insurance and Financial Risk Management (continued)

Management of Financial Risk (continued)

(c) Liquidity Risk

Classification requires the utilization of observable market data, if available.

In this regard, fair value classification of financial assets and liabilities measured at fair value is as follows:

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
<i>Financial Assets:</i>				
Available for Sale Investments	6,442,169,816	-	-	6,442,169,816
Total Financial Assets	6,442,169,816	-	-	6,442,169,816
	December 31, 2019			Total
	Level 1	Level 2	Level 3	
<i>Financial Assets:</i>				
Available for Sale Investments	5,352,616,703	-	-	5,352,616,703
Total Financial Assets	5,352,616,703	-	-	5,352,616,703

Cash and cash equivalents are considered to approximate their carrying values since their fair values are short term. Carrying value of Receivables from Operations is estimated to reflect fair values after deduction of relevant doubtful receivable provision amount.

Costs and values net of impairment (if any) of Unlisted Available for Sale Investments are considered as fair values. Carrying values of Payables from Operations and Other Financial Payables are considered to approximate their fair values.

Capital Management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements determined by the Turkish Ministry of Treasury and Finance;
- To ensure the continuity of the Company's activities within the framework of the Company's continuity principle.

Based on the regulation on evaluation and assessment of capital adequacy, the minimum required shareholders' equity amount is calculated as 1,430,055,315 TRY as of December 31, 2020 (December 31, 2019: 1,212,571,018 TRY). Company capital calculated on December 31, 2020 in accordance with the Regulation on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Private Pension Companies is 1,071,573,624 TRY in excess of the minimum required Shareholders' Equity amount (December 31, 2019: 778,811,828 TRY in excess).

5. Segment Information

Disclosed in Note 2.3.

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6. Tangible Assets

6.1 Total depreciation and depletion expenses for the period:

25,847,578 TRY (January 1 - December 31, 2019: 17.992.055 TRY)

6.1.1 Depreciation Expenses 11,330,516 TRY (January 1 - December 31, 2019: 9,660,220 TRY)

6.1.2 Depletion Expenses: 14,517,062 TRY (January 1 - December 31, 2019: 8.331.835 TRY)

6.2 Calculation Methods for Depreciation and Increases (+) or Decreases (-) in Depreciation Expenses through Changes in These Methods: None (January 1 - December 31, 2019: None).

Tangible Asset Movements in Current Period:

6.3.1 Cost of purchased, produced or constructed tangible assets (including Investment Property): 19,281,327 TRY (January 1 - December 31, 2019: 8.075.287 TRY)

6.3.2 Cost of sold or scrapped tangible assets (including Investment Property): 4,807,615 TRY (January 1 - December 31, 2019: 2,222,438 TRY).

6.3.3 Revaluation increases in current period:

6.3.3.1 In asset costs (+): 1,891,000 (January 1 - December 31, 2019: 2,647,576).

6.3.3.2 In Accumulated Depreciation (-): None (January 1 - December 31, 2019: None).

6.3.4 Nature, amount, beginning and ending dates of construction-in-progress: 44,060 TRY (December 31, 2019: 44,060 TRY).

Tangible Asset Movements Table:

	January 1 2020	Additions	Disposals	December 31, 2020
<u>Cost:</u>				
Property for Operational Usage	44,571,034	360,792	-	44,931,826
Furniture and Fixtures	55,369,953	16,983,114	(1,187,311)	71,165,756
Leasehold improvements (*)	1,392,536	1,217,421	(18,945)	2,591,012
Advances Given for Tangible Assets	44,060	-	-	44,060
Motor Vehicles	-	720,000	-	720,000
Total Cost	101,377,583	19,281,327	(1,206,256)	119,452,654
<u>Accumulated Depreciation:</u>				
Property for Operational Usage	(10,676,968)	(1,076,037)	-	(11,753,005)
Furniture and Fixtures	(44,893,103)	(5,461,771)	924,353	(49,430,521)
Leasehold improvements (*)	(1,211,247)	(350,823)	18,943	(1,543,127)
Motor Vehicles	-	(24,000)	-	(24,000)
Total Accumulated Depreciation	(56,781,318)	(6,912,631)	943,296	(62,750,653)
Net Book Value	44,596,265			56,702,001

(*) Included in Other Tangible Assets account in Balance Sheet.

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6. Tangible Assets (continued)

6.3 Tangible Asset Movements in Current Period (continued)

	January 1 2019	Additions	Disposals	December 31, 2019
Cost:				
Property for Operational Usage	45,426,799	137,578	(993,343)	44,571,034
Furniture and Fixtures	49,191,857	7,407,191	(1,229,095)	55,369,953
Leasehold improvements (*)	1,164,442	228,094	-	1,392,536
Advances Given for Tangible Assets	44,060	-	-	44,060
Total Cost	95,827,158	7,772,863	(2,222,438)	101,377,583
Accumulated Depreciation:				
Property for Operational Usage	(10,306,484)	(1,061,403)	690,919	(10,676,968)
Furniture and Fixtures	(40,677,734)	(5,044,550)	829,181	(44,893,103)
Leasehold improvements (*)	(1,081,464)	(129,783)	-	(1,211,247)
Total Accumulated Depreciation	(52,065,682)	(6,235,736)	1,520,100	(56,781,318)
Net Book Value	43,761,476			44,596,265

(*) Included in Other Tangible Assets account in Balance Sheet.

There is no mortgage or pledge on Investment Properties (December 31, 2019: None).

Following table presents the movements of asset usage rights included in Company records as of January 1 - December 31, 2020 and 2019 pursuant to TFRS 2019.

Right of Use Assets	January 01, 2020	Additions	Disposals	December 31, 2020
Property	5,909,842	1,499,152	(466,116)	6,942,878
Motor Vehicles	6,286,626	12,321,960	(4,932,917)	13,675,669
Total	12,196,468	13,821,112	(5,399,033)	20,618,547
Accumulated Depreciation (-)	January 01, 2020	Period Expense	Disposals	December 31, 2020
Property	(1,347,665)	(1,588,188)	446,695	(2,489,158)
Motor Vehicles	(2,076,819)	(2,829,697)	3,181,830	(1,724,686)
Total	(3,424,484)	(4,417,885)	3,628,525	(4,213,844)
Net Book Value	8,771,984			16,404,703
Right of Use Assets	January 01, 2019	Additions	Disposals	December 31, 2019
Property	5,909,842	-	-	5,909,842
Motor Vehicles	6,286,626	-	-	6,286,626
Total	12,196,468	-	-	12,196,468
Accumulated Depreciation (-)	January 01, 2019	Period Expense	Disposals	December 31, 2019
Property	-	(1,347,665)	-	(1,347,665)
Motor Vehicles	-	(2,076,819)	-	(2,076,819)
Total	-	(3,424,484)	-	(3,424,484)
Net Book Value	12,196,468			8,771,984

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7. Investment Properties

	January 01, 2020	Fair Value Assessment Difference	Additions	Disposals	December 31, 2020
Land and Buildings	41,542,440	1,891,000	-	(3,601,359)	39,832,081
Total	41,542,440	1,891,000	-	(3,601,359)	39,832,081

	January 01, 2019	Fair Value Assessment Difference	Additions	Disposals	December 31, 2019
Land and Buildings	38,592,440	2,647,576	302,424	-	41,542,440
Total	38,592,440	2,647,576	302,424	-	41,542,440

The fair values of the Company's investment properties are determined according to the expertise reports prepared by licensed real estate valuation companies. Increases and decreases in property values arising from assessment of investment properties are recognized in Income Statement. Fair value level of investment properties is Level 3.

Accumulated value increase on Company's Investment Properties as of December 31, 2020 is 34,288,580 TRY (December 31, 2019: 35,296,656 TRY).

Fair values of the Company's land and property are assessed by a real estate assessment company licensed by CMB with an assessment report prepared between November 23 - December 2, 2020; according to this report, the Company obtained 2,830,882 TRY rent income from Investment Properties within the current period (January 1 - December 31, 2019: 2,633,030 TRY).

There is no mortgage or pledge on Investment Properties (December 31, 2019: None).

8. Intangible Assets

	January 1 2020	Additions	Disposals	December 31, 2020
Cost:				
Exclusive Bankassurance Agreement (*)	56,251,383	-	-	56,251,383
Rights	56,470,159	44,269,073	-	100,739,232
Value of Received Portfolio (**)	2,801,468	-	-	2,801,468
Total Cost	115,523,010	44,269,073	-	159,792,083
Accumulated Amortization:				
Exclusive Bankassurance Agreement (*)	(31,254,393)	(3,750,280)	-	(35,004,673)
Rights	(36,617,179)	(10,766,782)	-	(47,383,961)
Value of Received Portfolio (**)	(2,801,468)	-	-	(2,801,468)
Total Accumulated Amortization	(70,673,040)	(14,517,062)	-	(85,190,102)
Net Book Value	44,849,970			74,601,981

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8. Intangible Assets (continued)

	January 1 2019	Additions	Disposals	December 31, 2019
<u>Cost:</u>				
Exclusive Bankassurance Agreement (*)	56,251,383	-	-	56,251,383
Rights	49,397,286	7,275,792	(202,919)	56,470,159
Value of Received Portfolio (**)	2,801,468	-	-	2,801,468
Total Cost	108,450,137	7,275,792	(202,919)	115,523,010
<u>Accumulated Amortization:</u>				
Exclusive Bankassurance Agreement (*)	(27,504,114)	(3,750,279)	-	(31,254,393)
Rights	(32,037,643)	(4,581,556)	2,020	(36,617,179)
Value of Received Portfolio (**)	(2,801,468)	-	-	(2,801,468)
Total Accumulated Amortization	(62,343,225)	(8,331,835)	2,020	(70,673,040)
Net Book Value	46,106,912			44,849,970

(*) The Company appointed Denizbank A.Ş. ("Denizbank") as its exclusive agent in accordance with the "Agency Agreement for Non-Life Insurance Business" executed with Denizbank and its subsidiary Deniz Finansal Kiralama A.Ş. on July 7, 2011. 56,251,383 TRY is paid on September 23, 2011 for this agreement including taxes and this amount is classified in "Rights" account under "Intangible Assets". The Company has amortized the distribution channel rights exclusively purchased through this agreement during the agreement validity period of 15 years starting from September 26, 2011, by using standard amortization method.

(**) Classified under Other Intangible Assets in the Balance Sheet.

9. Investments in Affiliates

The Company has no affiliates as of December 31, 2020 and 2019 reflected to Company accounts according to equity accounting method.

10. Reinsurance Assets / (Liabilities)

	December 31, 2020	December 31, 2019
Reinsurer's Share in Outstanding Claims Reserve (Note 17)	642,163,382	460,523,040
Reinsurer's Share in Unearned Premiums Reserve (Note 17)	436,381,030	375,357,041
Cash Deposited with Insurance and Reinsurance Companies (Note 12.1)	77,763,241	78,077,009
Due from Insurers and Reinsurers (Note 12.1)	98,864,839	79,916,079
Reinsurer's Share in Unexpired Risks Reserve (Note 17)	11,003,312	7,028,034
Deferred Reinsurance Commissions Income (Note 19)	(89,667,506)	(73,382,124)
Due to Insurers and Reinsurers (Note 19)	(285,199,887)	(242,287,886)

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10. Reinsurance Assets / (Liabilities) (continued)

	January 1 - December 31, 2020	January 1 - December 31, 2019
Reinsurer's Share in Paid Claims	191,998,595	259,982,782
Earned Reinsurance Commissions Income (Note 32)	166,210,686	124,229,832
Reinsurer's Share in Change in Unearned Premiums Reserve	70,258,043	64,942,804
Reinsurer's Share in Change in Outstanding Claims Reserve	181,640,344	135,735,173
SSI Share in Change in Unearned Premiums Reserve	(9,234,054)	15,221,533
Reinsurer's Share in Change in Unexpired Risks Reserve (Note 17)	3,975,278	2,781,534
Premiums Ceded to SSI (Notes 2.14 & 24)	(94,659,356)	(101,578,427)
Ceded Premiums (Note 24)	(981,795,989)	(812,815,700)

Detailed information about reinsurance treaties is provided in Note 2.14.

11. Financial Assets

11.1 Sub-classification of Presented Items According to Company Operations:

	December 31, 2020		
	Earmarked	Free	Total
Financial Assets			
Available for Sale Investments (*)			
Government Bonds	312,210,799	4,505,743,772	4,817,954,571
Eurobonds	172,090,041	1,234,313,987	1,406,404,028
Private Sector Bonds (**)	-	167,662,621	167,662,621
Investment Fund Participation Certificates	-	50,148,596	50,148,596
Total	484,300,840	5,957,868,976	6,442,169,816

	December 31, 2019		
	Earmarked	Free	Total
Financial Assets			
Available for Sale Investments (*)			
Government Bonds	287,190,291	4,190,217,399	4,477,407,690
Eurobonds	128,802,472	442,716,851	571,519,323
Private Sector Bonds (**)	-	276,286,284	276,286,284
Investment Fund Participation Certificates	-	27,403,406	27,403,406
Total	415,992,763	4,936,623,940	5,352,616,703

(*) Average interest rates of following items included in Available for Sale Investments vary between following ranges: Government Bonds 9.86% - 22.05% (December 31, 2019: 9.41% - 22.05%), Eurobonds 2.09% - 6.39% (December 31 2019: 3.29% - 6.39%), Private Sector Bonds in TRY 4.75% - 11.96% (December 31, 2019: 13.36% - 39.35%), Private Sector Bonds in USD 4.64% - 5.81% (December 31, 2018: 4.64% - 6.40%). Interest rate of Private Sector Bonds in EUR is 2.01% (December 31, 2019: 2.01%).

(**) The Company allocated Provision for Impairment of Financial Assets for all private sector bonds followed up in market value of 2,000,000 TRY under Available for Sale Investments account as of December 31, 2020 (December 31, 2019: 2,000,000 TRY).

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11. Financial Assets (continued)

11.1 Sub-classification of Presented Items According to Company Operations (continued):

<i>Loans and Receivables</i>	December 31, 2020	December 31, 2019
Loans and Receivables (Note 12)	1,233,130,451	945,335,418
Total	1,233,130,451	945,335,418

11.2 Securities Issued within the Year Except Shares: None (December 31, 2019: None).

11.3 Debt Securities Settled during the Year: None (December 31, 2019: None).

11.4 Market value of marketable securities and financial assets carried at cost and carrying values and cost and carrying values of marketable securities and financial assets shown at market value in the Balance Sheet:

<i>Financial Assets</i>	December 31, 2020		December 31, 2019	
	Cost Value	Book Value (Fair Value)	Cost Value	Book Value (Fair Value)
Government Bonds	3,721,760,078	4,817,954,571	3,532,530,277	4,477,407,690
Eurobonds	1,354,988,806	1,406,404,028	591,488,757	571,519,323
Private Sector Bonds (*)	151,816,701	167,662,621	260,675,351	276,286,284
Investment Funds	36,747,653	50,148,596	19,282,388	27,403,406
Total	5,265,313,238	6,442,169,816	4,403,976,773	5,352,616,703

(*) The Company allocated Provision for Impairment of Financial Assets for all private sector bonds followed up in market value of 2,000,000 TRY under Available for Sale Investments account as of December 31, 2020 (December 31, 2019: 2,000,000 TRY).

11.5 Amounts of marketable securities included in Marketable Securities and Investment Securities and issued by the Company's shareholders, affiliates and subsidiaries and entities issuing the foregoing: None (December 31, 2019: None).

11.6 Revaluation of financial assets in the last three years: Disclosed in Note 17.

11.7 - 11.9 Other information regarding Financial Assets:

Interest, FX rate difference and sales revenues from Available for Sale Investments within the current year is 1,441,472,660 TRY (January 1 - December 31, 2019: 865,246,667 TRY) and FX rate difference and sales expenses is 467,568,048 TRY (January 1 - December 31, 2019: 204,001,990 TR) and net revenue amount is 973,904,612 TRY (January 1 - December 31, 2019: 661,244,677 TRY). The relevant amounts are recognized under Investment Income and Investment Expense items in Income Statement. Unrealized fair value increase is 36,410,035 TRY (January 1- December 31, 2019: 519,201,867 TRY) before deferred tax and this amount is included in the respective item under Shareholders' Equity (Note 15).

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11. Financial Assets (continued)

11.7 -11.9 Other information regarding Financial Assets (continued):

Maturity analysis of Financial Assets is as follows:

	December 31, 2020						Total
	No Term	0 - 3 Months	3 - 6 Months	6 Months - 1 Year	1 - 3 Years	> 3 Years	
Government Bonds	-	80,914,990	-	376,550,647	1,531,199,419	2,829,289,515	4,817,954,571
Eurobonds	-	180,243,127	-	46,904,995	307,975,694	871,280,212	1,406,404,028
Private Sector Bonds (*)	-	-	25,395,279	34,047,077	24,473,210	83,747,055	167,662,621
Investment Funds	-	-	-	-	14,654,290	35,494,306	50,148,596
Total	-	261,158,117	25,395,279	457,502,719	1,878,302,613	3,819,811,088	6,442,169,816

	December 31, 2019						Total
	No Term	0 - 3 Months	3 - 6 Months	6 Months - 1 Year	1 - 3 Years	> 3 Years	
Government Bonds	-	50,688,800	143,985,449	74,357,519	1,080,281,892	3,128,094,030	4,477,407,690
Eurobonds	-	71,661,683	-	-	37,254,204	462,603,436	571,519,323
Private Sector Bonds (*)	-	46,935,165	53,330,033	34,713,108	67,574,428	73,733,550	276,286,284
Investment Funds	27,403,406	-	-	-	-	-	27,403,406
Total	27,403,406	169,285,648	197,315,482	109,070,627	1,185,110,524	3,664,431,016	5,352,616,703

(*) The Company allocated Provision for Impairment of Financial Assets for all private sector bonds followed up in market value of 2,000,000 TRY under Available for Sale Investments account as of December 31, 2020 (December 31, 2019: 2,000,000 TRY).

Distribution of Financial Assets denominated in foreign currencies is as follows:

Financial Assets (excluding Loans and Receivables)

Currency	December 31, 2020		
	Foreign Currency Amount	FX Rate	Amount in TRY
USD	120,872,651	7.3405	887,265,695
EUR	71,113,139	9.0079	640,580,044
Total			1,527,845,739

Currency	December 31, 2019		
	Foreign Currency Amount	FX Rate	Amount in TRY
USD	158,989,525	5.9402	944,429,577
EUR	30,220,025	6.6506	200,981,298
Total			1,145,410,875

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12. Loans and Receivables

12.1 Classification receivables as "receivables from main customers", "receivables from related parties", "receivables for advance payments" (short-term and long-term prepayments) and "other receivables":

	December 31, 2020	December 31, 2019
Receivables from Intermediaries	604,711,624	484,674,516
Bank Guaranteed Credit Card Receivables	328,554,386	215,042,230
Recovery and Salvage Receivables	237,743,978	223,249,969
Due from Policyholders	42,240,625	29,261,564
Due from Insurers and Reinsurers	98,864,839	79,916,079
Other Receivables	4,504,891	4,504,891
Due from Insurance Operations	1,316,620,343	1,036,649,249
Doubtful Receivables from Operations	792,354,656	613,802,370
Cash Deposited with Insurance and Reinsurance Companies	77,763,241	78,077,009
Receivables from Operations	2,186,738,240	1,728,528,628
Provision for Net Doubtful Recovery Receivables under Administrative and Legal Proceeding (*)	(720,129,480)	(610,632,015)
Provision for Recovery and Salvage Receivables (**)	(154,260,264)	(162,397,971)
Provision for Due from Reinsurance Operations	(69,158,722)	(103,901)
Provision for Doubtful Receivables from Policyholders and Intermediaries (*)	(3,066,454)	(3,066,454)
Provision for Due from Insurance Operations (**)	(2,487,978)	(2,487,978)
Provision for Other Receivables (**)	(4,504,891)	(4,504,891)
Doubtful Receivable Amounts for Due and Undue Receivables	(953,607,789)	(783,193,210)
Receivables from Operations - Net	1,233,130,451	945,335,418

(*) Shown under Provision for Doubtful Receivables from Main Operations in Balance Sheet.

(**) Shown under Due from Insurance Operations in Balance Sheet.

Detail of Recovery and Salvage Receivables is as follows:

	December 31, 2020	December 31, 2019
Recovery Receivables under Administrative and Legal Proceeding - Gross	770,266,188	654,295,479
Recovery and Salvage Receivables - Gross	253,173,059	230,457,488
Total Recovery and Salvage Receivables - Gross	1,023,439,247	884,752,967
Recovery and Salvage Receivables - Reinsurer's Share	(65,565,789)	(50,870,983)
Recovery and Salvage Receivables - Net	957,873,458	833,881,984
Provision for Net Recovery Receivables under Administrative and Legal Proceeding	(874,389,093)	(773,029,986)
Total	83,484,365	60,851,998

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12. Loans and Receivables (continued)

12.2 Debit-Credit Relation of the Company with Shareholders, Affiliates and Subsidiaries:

Balances and transactions with the related parties are disclosed in Note 45 in detail.

12.3 Total amount of mortgages and other guarantees obtained for receivables:

Details of deposits, guarantees and collaterals received in foreign currencies are provided below:

Deposits and Guarantees Received

	December 31, 2020			Total
	USD (TRY Equivalent)	EUR (TRY Equivalent)	TRY	
Mortgage Bonds	-	-	102,630,040	102,630,040
Guarantee Letters	29,362	116,832	57,079,105	57,225,299
Cash	8,440,653	2,134,739	1,061,699	11,637,091
Guaranty Checks	-	-	145,000	145,000
Government Bonds	-	-	54,700	54,700
Surety Bonds	-	-	47,500	47,500
Other Guarantees and Sureties	667,032	84,521	2,540,276	3,291,830
Total	9,137,047	2,336,092	163,558,320	175,031,459

	December 31, 2019			Total
	USD (TRY Equivalent)	EUR (TRY Equivalent)	TRY	
Mortgage Bonds	-	-	103,369,040	103,369,040
Guarantee Letters	89,103	-	68,700,766	68,789,869
Cash	4,938,492	1,550,627	1,180,485	7,669,604
Guaranty Checks	-	-	145,000	145,000
Government Bonds	-	-	55,700	55,700
Surety Bonds	-	-	22,500	22,500
Other Guarantees and Sureties	539,787	62,403	2,676,731	3,278,921
Total	5,567,382	1,613,030	176,150,222	183,330,634

12.4 Receivables and payables denominated in foreign currencies without foreign exchange rate guarantees and assets in foreign currencies and conversion rates:

Currency	Foreign Currency Amount	FX Rate	Amount in TRY
EUR	28,635,106	9.0079	257,942,169
USD	17,511,002	7.3405	128,539,512
GBP	7,443	9.9438	74,010
JPY	123,742	0.0709	8,774
CHF	6,066	8.2841	50,251
AUD	225	5.6076	1,262
DKK	154	1.209	186
NZD	0	5.287	0
SAR	3,407	1.9563	6,665
NOK	1,540	0.8539	1,315
CNY	54	1.1182	60
Total	46,288,739		386,624,204

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12. Loans and Receivables (continued)**12.4 Receivables and payables denominated in foreign currencies without foreign exchange rate guarantees and assets in foreign currencies and conversion rates (continued):**

Currency	December 31, 2019		
	Foreign Currency Amount	FX Rate	Amount in TRY
USD	18,490,172	5.9402	109,835,320
EUR	31,146,392	6.6506	207,142,195
SWC	3,003	0.6443	1,935
JPY	201,892	0.8455	10,961
Total			316,990,411

12.5 Other Information regarding Loans and Receivables:

Aging of receivables from insurance operations is provided below:

	December 31, 2020	December 31, 2019
Overdue	121,520,546	88,084,935
< 3 Months	319,270,095	253,900,863
3-6 Months	398,764,647	310,995,089
6 Months-1 Year	130,391,813	76,585,420
> 1 Year	10,064,425	3,916,894
Total	980,011,526	733,483,201
Recovery and Salvage Receivables	237,743,978	223,249,969
Due from Insurers and Reinsurers	98,864,839	79,916,079
Due from Insurance Operations	1,316,620,343	1,036,649,249

Aging of overdue but not impaired receivables from policyholders and agencies is as follows:

	December 31, 2020	December 31, 2019
< 3 Months	59,795,117	67,346,541
3-6 Months	17,490,577	7,313,667
6 Months-1 Year	30,000,119	7,951,960
> 1 Year	14,234,733	5,472,767
Total	121,520,546	88,084,935

Table of movements in Provision for Due from Insurance Operations is as follows:

	2020	2019
Period Beginning - January 1	2,487,978	2,487,978
Change within Period - Net	-	-
Period End - December 31	2,487,978	2,487,978

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12. Loans and Receivables (continued)

12.5 Other Information regarding Loans and Receivables:

Table of movements in Provision for Recovery and Salvage Receivables is as follows:

	2020	2019
Period Beginning - January 1	162,397,971	141,182,846
Change within Period - Net	(8,137,707)	21,215,125
Period End - December 31	154,260,264	162,397,971

Table of movements in Provision for Doubtful Recovery Receivables under Administrative and Legal Proceeding is as follows:

	2020	2019
Period Beginning - January 1	610,632,015	530,359,214
Change within Period - Net	109,497,465	80,272,801
Period End - December 31	720,129,480	610,632,015

Table of movements in Provision for Reinsurance is as follows:

	2020	2019
Period Beginning - January 1	103,901	-
Change within Period - Net	69,054,821	103,901
Period End - December 31	69,158,722	103,901

Table of movements in Provision for Doubtful Receivables from Policyholders and Intermediaries is as follows:

	2020	2019
Period Beginning - January 1	3,066,454	3,763,627
Change within Period - Net	-	(697,173)
Period End - December 31	3,066,454	3,066,454

Total amount of Guarantees received for the above mentioned receivables is as follows:

	December 31, 2020	December 31, 2019
Mortgage Bonds	102,630,040	103,369,040
Guarantee Letters	57,225,299	68,789,869
Cash	11,637,090	7,669,604
Guaranty Checks	145,000	145,000
Government Bonds	54,700	55,700
Surety Bonds	47,500	22,500
Other Guarantees and Sureties	3,291,830	3,278,921
Total	175,031,459	183,330,634

13. Derivative Financial Instruments

None (December 31, 2019: None).

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14. Cash and Cash Equivalents

Cash and cash equivalents that are included the Statements of Cash Flows for the periods ended on December 31, 2020 and December 31, 2019 are explained in Note 2.12 and the details of bank deposits and other cash equivalents of the Company are as follows:

	December 31, 2020	December 31, 2019
Banks	568,016,703	685,574,031
Bank Guarantees and Three Months Short Term Credit Card Receivables	548,258,444	562,751,420
Other Cash and Cash Equivalents	-	5,595,000
Total	1,116,275,147	1,253,920,451
Bank Deposits in Foreign Currencies		
- Demand Deposits	2,307,771	2,107,994
- Time Deposits	270,317,004	433,150,058
	272,624,775	435,258,052
Deposits in TRY		
- Demand Deposits	43,362,979	10,069,045
- Time Deposits	252,028,949	240,246,934
	295,391,928	250,315,979
Total	568,016,703	685,574,031

The Company has 6,457,578 TRY in time deposit accounts, including interest accruals earmarked in favor of public institutions, and 8,919,900 TRY in demand deposit accounts as of December 31, 2020 (December 31, 2019: 4,530,387 TRY in time deposit and 8,050,886 TRY in demand deposit accounts).

Weighted average interest rate of time deposit accounts:

	December 31, 2020 (%)	December 31, 2019 (%)
TRY	16.25	11.65
USD	0.32	1.65
EUR	1.14	0.02

Demand and Time Deposit Accounts in Foreign Currencies:

	December 31, 2020			
	Foreign Currency		TRY Equivalent	
	Time Deposit	Demand Deposit	Time Deposit	Demand Deposit
USD	22,885,546	83,036	167,991,350	609,526
EUR	11,359,546	185,585	102,325,654	1,671,731
GBP	-	2,242	-	22,292
CHF	-	510	-	4,222
Total			270,317,004	2,307,771

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14. Cash and Cash Equivalents (continued)

	December 31, 2019			
	Foreign Currency		TRY Equivalent	
	Time Deposit	Demand Deposit	Time Deposit	Demand Deposit
USD	62,225,171	159,962	369,629,961	950,207
EUR	9,551,033	161,680	63,520,097	1,075,267
GBP	-	10,227	-	79,531
CHF	-	491	-	2,989
Total			433,150,058	2,107,994

15. Capital

The Company has 122,573,918,691 shares fully paid-in (December 31, 2019:122,573,918,691). Each Company share has a nominal value of 1 Kr (Kuruş), total nominal value of Company shares is 1,225,739,187 TRY (December 31, 2019: 1,225,739,187 TRY).

Movements in shares between period beginning and period end are as follows:

	January 01, 2020		New Issue		Redemption		December 31, 2020	
	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY
Paid	122,573,918,691	1,225,739,187	-	-	-	-	122,573,918,691	1,225,739,187
Total	122,573,918,691	1,225,739,187	-	-	-	-	122,573,918,691	1,225,739,187

	January 01, 2019		New Issue		Redemption		December 31, 2019	
	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY
Paid	122,573,918,691	1,225,739,187	-	-	-	-	122,573,918,691	1,225,739,187
Total	122,573,918,691	1,225,739,187	-	-	-	-	122,573,918,691	1,225,739,187

Legal Reserves:

Accumulated profit amounts in legal books can be distributed, excluding the provision regarding legal reserves stated below. According to Turkish Commercial Code ("TCC"), legal reserves are divided into Primary and Secondary Legal Reserves. Pursuant to TCC, primary reserves are allocated as 5% of legal net profit until the amount reaches up to 20% of the Company's paid-in/issued capital. Secondary reserves constitute 10% of distributed profit exceeding 5% of the Company's paid-in/issued capital. In accordance with TCC, legal reserves can be used only for offsetting the loss as long as the amount of legal reserves does not exceed 50% of paid-in/issued capital. Any other use is not legally permitted.

Movements of legal reserves within the period are shown below:

	2020	2019
Period Beginning - January 1	51,203,816	51,203,816
Increases within Period	23,977,578	-
Period End - December 31	75,181,394	51,203,816

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15. Capital (continued)

Valuation of Financial Assets:

Unrealized profit and loss amounts arising from the changes in fair values of Available for Sale Investments are recognized under "Valuation of Financial Assets" in Shareholders' Equity.

Movements of valuation of financial assets within the period are shown below:

	2020	2019
Period Beginning - January 1 (net of tax effects)	54,076,734	(326,010,922)
Increase/decrease in fair value (Note 11)		
- Available for Sale Investments	36,410,035	519,201,867
- Investment Securities	-	(26,338,413)
Outflows from Sold or Amortized Financial Assets	6,932,914	-
Tax effect of increase/decrease in fair value (Note 21).	(7,282,007)	(112,775,798)
Net change within period	36,060,942	380,087,656
Period End - December 31	90,137,676	54,076,734

16. Other Reserves and Capital Component of Discretionary Participation

Movements of other profit reserves within the period are shown below:

	2020	2019
Period Beginning - January 1	(91,229)	3,792,417
Actuarial (loss)/gain, provision for employment termination benefits (Note 22)	(1,221,554)	(2,711,396)
Exchange rate and price differences in provision for share based performance amount (Note 23)	2,786,872	(2,267,637)
Effect of deferred taxes recognized in Shareholders' Equity (Note 21)	(319,601)	1,095,387
Gain from sales of property subject to tax exemption	14,602,871	-
Period End - December 31	15,757,359	(91,229)

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17. Insurance Liabilities and Reinsurance Assets

17.1 Guarantee amounts required for Life and Non-Life segments and Guarantee amounts established for assets per Life and Non-Life segments:

	December 31, 2020	December 31, 2019
Guarantee amount required for Non-Life segments (*) (**)	477,485,105	404,190,339
Guarantee amount required for Non-Life segments (Note 43) (*) (**)	466,646,860	404,512,281

(*) Guarantee amount provided as of December 31, 2020 is calculated as 466,646,860 TRY (December 31, 2019: 404,512,281 TRY) through revaluation of financial assets regarding the required guarantee amount in accordance with the capital adequacy calculation by using Turkish Central Bank prices applicable on December 31, 2020. In accordance with Article 4 of Regulation on Financial Structure of Insurance, Reinsurance and Private Pension Companies", published in Turkish Official Journal No.26606 on August 7, 2007 pursuant to the Insurance Law, the insurance companies and private pension companies operating in personal accident and life insurance branches should provide guarantee amounts equal to one third of the required capital amount in each capital adequacy calculation period.

(**) The established guarantee amount was raised up to 506,331,670 TRY on February 28, 2021 to complete the guarantee deficiency.

17.2 Current number of life policies, number of life policies entering and exiting within the period and current number and mathematical reserve amount for life policyholders: None (January 1 - December 31, 2019: None).

17.3 Guarantee amount provided for Non-Life segment: Disclosed in Note 4.

17.4 Unit prices of pension investment funds founded by the Company: None (January 1 - December 31, 2019: None).

17.5 Number and amount of participation certificates within the portfolio and in circulation: None (January 1 - December 31, 2019: None).

17.6 Portfolio amounts per number of private pension and group pension participants entered, exited, canceled and existing during the period: None (January 1 - December 31, 2019: None).

17.7 Valuation methods used for calculation of profit share in profit share life insurances: None (January 1 - December 31, 2019: None).

17.8 Number and individual/group allocation of gross/net contribution amounts of private pension participants newly joined the portfolio within the period: None (January 1 - December 31, 2019: None).

17.9 Number and individual/group allocation of gross/net contribution amounts of the private pension participants transferred from another insurer: None (January 1 - December 31, 2019: None).

17.10 Number and individual/group allocation of gross/net contribution amounts of private pension participants transferred from the Company's life portfolio to private pension portfolio within the period: None (January 1 - December 31, 2019: None).

17.11 Number and individual/group allocation of gross/net contribution amounts of private pension participants exited Company's portfolio and transferred and/or not transferred to another insurer within the period: None (January 1 - December 31, 2019: None).

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.12 Number and individual/group allocation of gross/net premiums of life policyholders who joined the portfolio during the period: None (January 1 - December 31, 2019: None).

17.13 Number and individual/group allocation of gross/net premiums and mathematical reserve amounts of life policyholders who left the portfolio during the period: None (January 1 - December 31, 2019: None).

17.14 Profit distribution percentage to life policyholders within the period: None (January 1 - December 31, 2019: None).

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts:

Outstanding Claims Reserve:

	December 31, 2020		
	Gross	Reinsurer's Share	Net
Claims Made -			
Period Beginning January 1	2,972,548,595	(444,154,530)	2,528,394,065
Claims Paid (*)	(695,029,283)	82,582,628	(612,446,655)
Change	1,015,202,378	(231,713,913)	783,488,465
- Current Period Outstanding Claims	950,403,120	(201,092,073)	749,311,047
- Previous Periods' Outstanding Claims	64,799,258	(30,621,840)	34,177,418
Claims Made - Period End December 31			
.	3,292,721,690	(593,285,815)	2,699,435,875
Incurring But Not Reported Claims Reserve	2,255,021,349	(120,157,006)	2,134,864,343
Discount on Net Cash Flows from Outstanding Claims Reserve	(764,881,933)	71,279,439	(693,602,494)
Total	4,782,861,106	(642,163,382)	4,140,697,724
	December 31, 2019		
	Gross	Reinsurer's Share	Net
Claims Made - Period Beginning January 1	2,819,333,805	(515,780,418)	2,303,553,387
Claims Paid (*)	(849,384,209)	189,496,072	(659,888,137)
Change	1,002,598,999	(117,870,184)	884,728,815
- Current Period Outstanding Claims	876,797,513	(126,810,004)	749,987,509
- Previous Periods' Outstanding Claims	125,801,486	8,939,820	134,741,306
Claims Made - Period End December 31			
.	2,972,548,595	(444,154,530)	2,528,394,065
Incurring But Not Reported Claims Reserve	1,761,446,417	(71,644,538)	1,689,801,879
Discount on Net Cash Flows from Outstanding Claims Reserve	(673,394,292)	55,276,028	(618,118,264)
Total	4,060,600,720	(460,523,040)	3,600,077,680

(*) Paid claim amounts included in Outstanding Claims Reserve tables consist of claim payments made for files included in Outstanding Claims Reserve at previous period end.

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts (Continued):

Unearned Premiums Reserve:

	2020		
	Gross	Reinsurer's Share (*)	Net
Period Beginning - January 1	2,141,568,396	(375,357,041)	1,766,211,355
Change in Unearned Premiums Reserve	293,951,301	(61,023,989)	232,927,312
Period End - December 31	2,435,519,697	(436,381,030)	1,999,138,667

	2019		
	Gross	Reinsurer's Share (*)	Net
Period Beginning - January 1	1,772,534,519	(295,217,499)	1,477,317,020
Change in Unearned Premiums Reserve	369,033,877	(80,164,337)	288,869,540
Other	-	24,795	24,795
Period End - December 31	2,141,568,396	(375,357,041)	1,766,211,355

(*) As already explained in Note 2.14, the amount of Reinsurer's Share in Unearned Premiums Reserve include 49,031,741 TRY Reinsurer's Share in Unearned Premiums Reserve calculated over Premiums Ceded to SSI as of December 31 (December 31, 2019: 58,265,796 TRY) (Note 2.14).

Deferred Commission Expenses and Income amounts as of December 31, 2020 are 369,767,453 TRY (December 31, 2019: 315,606,518 TRY) and 89,667,506 TRY (December 31, 2019: 73,382,124 TRY) respectively and these are included under Deferred Acquisition Expenses and Commission account items within the Balance Sheet.

Unexpired Risks Reserve:

	2020		
	Gross	Reinsurer's Share	Net
Period Beginning - January 1	30,641,997	(7,028,034)	23,613,963
Net Change	1,173,314	(3,975,278)	(2,801,964)
Period End - December 31	31,815,311	(11,003,312)	20,811,999

Unexpired Risks Reserve:

	2019		
	Gross	Reinsurer's Share	Net
Period Beginning - January 1	15,924,260	(4,246,500)	11,677,760
Net Change	14,717,737	(2,781,534)	11,936,203
Period End - December 31	30,641,997	(7,028,034)	23,613,963

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts (Continued):

Unexpired Risks Reserve (continued)

	December 31, 2020			December 31, 2019		
	Gross Loss Ratio	Gross Reserve	Net Reserve	Gross Loss Ratio	Gross Reserve	Net Reserve
Land Vehicles Liability						
- High Risk Policies Pool	115%	17,024,678	12,938,755	119%	22,395,638	17,020,685
General Liability	372%	13,704,265	6,812,700	92%	5,354,629	4,011,838
Watercraft (*)	103%	438,124	412,300	153%	2,891,730	2,581,440
Surety	128%	648,244	648,244	-	-	-
Total		31,815,311	20,811,999		30,641,997	23,613,963

(*) These reserve amounts are calculated according to the fiscal year principle, as explained in Note 2.24 above.

*Equalization Reserve (**):*

	2020		
	Gross	Reinsurer's Share	Net
Period Beginning - January 1	217,091,888	-	217,091,888
Increase within Period	38,619,381	-	38,619,381
Period End - December 31	255,711,269	-	255,711,269

*Equalization Reserve (**):*

	2019		
	Gross	Reinsurer's Share	Net
Period Beginning - January 1	176,988,825	-	176,988,825
Increase within Period (***)	40,103,063	-	40,103,063
Period End - December 31	217,091,888	-	217,091,888

(**) These reserve amounts are calculated in net figures, as explained in Note 2.24 above.

(***) 200,132 TRY (revenue effect) out of 39,902,931 TRY under Change in Other Technical Reserves item in the Income Statement consists of the change in the provision amount for medical treatment expenses assumed by SSI but notified to the Company.

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts (Continued):

Net Outstanding Claims Reserve amounts for reported claims denominated in foreign currencies are provided below:

Currency	December 31, 2020		
	Foreign Currency Amount	FX Rate	Amount in TRY
USD	40,411,103	7.3405	296,637,702
EUR	9,866,682	9.0079	88,878,085
GBP	17,092	9.9438	169,959
Total			385,685,746

Currency	December 31, 2019		
	Foreign Currency Amount	FX Rate	Amount in TRY
USD	34,868,170	5.9402	207,123,904
EUR	12,692,527	6.6506	84,412,918
GBP	8,138	7.7765	63,288
Total			291,600,110

Recovery and Salvage Income:

Net Recovery and Salvage Income amounts collected within the periods ending on December 31, 2020 and 2019 regarding the compensation amounts paid by the Company are provided below per segment:

	January 1 - December 31, 2020			January 1 - December 31, 2019		
	Gross	Reinsurer's Share	Net	Gross	Reinsurer's Share	Net
Land Vehicles Liability	317,358,242	(9,377)	317,348,865	344,563,498	(3,892)	344,559,606
Land Vehicles Liability	12,657,475	(1,076,074)	11,581,401	13,038,541	(399,451)	12,639,091
Fire and Natural Disasters	7,618,639	(31,650)	7,586,989	7,095,166	(162,693)	6,932,473
Freight/Transportation	6,383,689	(2,111,078)	4,272,611	3,671,836	(783,206)	2,888,630
General Liability	255,744	(41,013)	214,731	355,789	(71,429)	284,360
General Damage	63,689	(38,547)	25,142	589,258	(19,822)	569,436
Watercraft	30,192	-	30,192	(2,175)	-	(2,175)
Surety	70,156	(1,735)	68,421	-	-	-
Accident	-	-	-	(30)	27	(3)
Financial Losses	-	-	-	(11,918)	-	(11,918)
Sickness/Health	-	-	-	(9)	-	(9)
Total	344,437,826	(3,309,474)	341,128,352	369,299,956	(1,440,466)	367,859,491

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts (Continued):

Net Recovery and Salvage Receivable amounts (free of provisions) accrued as of December 31, 2020 and 2019 regarding the compensation amounts paid by the Company are provided below per segment:

	December 31, 2020			December 31, 2019		
	Gross	Reinsurer's Share	Net	Gross	Reinsurer's Share	Net
Land Vehicles Liability	43,796,449	(632)	43,795,817	33,361,488	(632)	33,360,856
Land Vehicles Liability		(1,429,116)				
	19,268,067		17,838,951	14,401,480	(761,450)	13,640,030
Fire and Natural Disasters	14,607,524	(9,958)	14,597,566	10,172,335	(7,916)	10,164,419
Freight/Transportation	9,327,518	(2,855,030)	6,472,488	3,291,075	(1,136,611)	2,154,464
General Damage	633,252	(106,841)	526,411	1,280,238	(96,871)	1,183,367
General Liability	68,150	-	68,150	325,165	(32,774)	292,393
Watercraft	183,680	-	183,680	56,469	-	56,469
Accident	650	-	650	-	-	-
Total						
(Note 12.1).	87,885,290	(4,401,577)	83,483,713	62,888,250	(2,036,254)	60,851,998

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CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 PERIOD .

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts (Continued):

Claim development tables used in calculations made in accordance with Technical Provisions Regulation are explained below.

Gross Claim Development Table prepared according to incurred losses as of December 31, 2020:

Accident Year	January 01, 2014	January 01, 2015	January 01, 2016	January 01, 2017	January 01, 2018	January 01, 2019	January 01, 2020
	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Loss Incurred within Accident Period	1,483,485,148	1,813,614,623	1,658,053,848	1,413,477,444	1,724,538,704	1,635,062,443	1,844,769,990
1 Year Later	1,789,774,964	2,126,436,951	1,886,460,215	1,557,303,032	1,851,196,465	1,806,177,032	-
2 Years Later	1,937,623,692	2,271,644,766	1,989,371,348	1,652,496,900	1,908,162,576	-	-
3 Years Later	2,021,351,104	2,370,805,402	2,071,624,276	1,687,285,071	-	-	-
4 Years Later	2,094,291,883	2,461,603,759	2,107,303,753	-	-	-	-
5 Years Later	2,189,051,696	2,509,588,682	-	-	-	-	-
6 Years Later	2,224,723,006	-	-	-	-	-	-

Gross Claim Development Table prepared according to incurred losses as of December 31, 2019:

Accident Year	January 01, 2013 -	January 01, 2014 -	January 01, 2015 -	January 1, 2016 -	January 01, 2017 -	January 01, 2018 -	January 01, 2019 -
	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Loss Incurred within Accident Period	1,349,987,619	1,480,465,461	1,809,779,012	1,652,751,048	1,402,836,321	1,715,148,327	1,626,574,392
1 Year Later	524,164,452	589,620,570	662,640,594	608,706,255	397,031,990	693,931,307	-
2 Years Later	373,683,726	438,178,774	498,846,752	396,669,117	272,841,734	-	-
3 Years Later	351,282,576	404,054,856	477,885,931	399,555,353	-	-	-
4 Years Later	336,027,954	386,611,668	471,902,085	-	-	-	-
5 Years Later	333,261,806	386,961,787	-	-	-	-	-
6 Years Later	340,240,015	-	-	-	-	-	-

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts (Continued):

The Company determined the IBNR method to be used for each segment, as set forth in the mentioned Regulation, in light of Company actuary's opinion and according to the characteristics of the respective segment and the structure of Company portfolio structure. IBNR calculation method used per segment and gross and net additional provision amounts to be additionally allocated or to be deducted from relevant provisions (in case calculation results in negative numbers) as of December 31, 2020 and 2019 are provided below:

Segment	Method Used	Gross Additional Provision	Net Additional Provision
Motor Third Party Liability (*)	Other	1,967,188,905	1,793,897,354
Facultative Financial Liability (**)	Other	165,088,685	165,089,310
General Liability (**)	Other	127,667,887	183,360,389
Fire and Natural Disasters (**)	Other	50,608,353	50,596,602
Health (**)	Other	14,257,030	14,257,030
Land Vehicles (**)	Other	(76,676,338)	(76,628,102)
Accident (**)	Other	4,850,182	4,857,450
General Damage (**)	Other	1,711,723	734,000
Watercraft (**)	Other	1,220,691	1,214,868
Legal Protection (**)	Other	1,332,890	1,332,891
Freight/Transportation (**)	Other	(2,228,659)	(3,847,449)
Total December 31, 2020		2,255,021,349	2,134,864,343
Segment	Method Used	Gross Additional Provision	Net Additional Provision
Motor Third Party Liability (*)	Other	1,636,494,098	1,517,034,438
Facultative Financial Liability (**)	Other	124,304,532	124,252,163
General Liability (**)	Other	35,221,658	82,985,270
Fire and Natural Disasters (**)	Other	(332,775)	(1,072,821)
Health (**)	Other	4,511,063	4,511,063
Land Vehicles (**)	Other	(34,848,508)	(34,804,707)
Accident (**)	Other	3,090,913	3,036,265
General Damage (**)	Other	(169,436)	462,762
Watercraft (**)	Other	444,740	429,866
Legal Protection (**)	Other	139,757	139,757
Freight/Transportation (**)	Other	(7,409,625)	(7,172,177)
Total December 31, 2019		1,761,446,417	1,689,801,879

(*) The Company made IBNR calculations by using an actuarial method other than the Actuarial Chain Ladder Methods (Standard Chain, Loss Ratio, Cape Cod, Frequency/Severance, Munich Chain Method and Bornhuetter-Ferguson) in Motor Third Party Liability segment in accordance with Article 4 of "Circular No.2014/16 on Outstanding Claims Reserve" issued by the Treasury on December 5, 2014. This method covers MTPL segment on the basis of loss reason (material damages, death, disability, impairment, driver faults, caretaker expenses) in addition to coverage based distinction (material/bodily-physical) and of legal status of relevant files. Both average cost and loss frequency developments of loss triangles are evaluated during such distinctions. As of December 31, 2020, the Company calculated an additional net IBNR amount of 9,248,808 TRY (December 31, 2019: 9,248,808 TRY) for indirect losses arising from Green Card segment, by considering the realization of such losses within the last 8 years and reflected this amount to Company financial statements. Business acceptance year is taken as basis to create data for calculation of this provision amount. Development of incurred losses against the allocated Outstanding Claims Reserve amounts is analyzed for each business acceptance year. Development factor obtained by weighing the ratios of Incurred Losses / Outstanding Claims per business acceptance year is multiplied with the Outstanding Claims Reserve amount for the current period to calculate the IBNR amount. Additionally, an IBNR amount of 394,512,234 TRY calculated for High Risk Policies Pool with Final Loss Ratio method as of December 31, 2020 in line with the Company Actuary's opinions is also presented in the financial statements (December 31, 2019: 284,431,888 TRY).

(**) IBNR is calculated in connection with the average cost and loss frequency developments of loss triangles for the relevant segment per loss reason and also by taking the legal status thereof into account.

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts (Continued):

Pursuant to "Circular No.2017/7 on Amendment of Circular No.2016/22 on Discounting of Cash Flows from Outstanding Claims Reserves" issued by the Ministry on September 15, 2017, the Company calculated a discount amount of 693,602,494 TRY Net Outstanding Claims Reserve as of December 31, 2020 (December 31, 2019: 618,118,264 TRY).

The Company's Net Outstanding Claims Reserve amounts per segment before and after the discount on December 31, 2020 are provided below.

Reserve - after discount Net Outstanding Claims Reserve - before discount Segment	Amount	Net Outstanding Claims	
		Discount	
Land Vehicles Liability	3,478,890,054	549,277,705	2,929,612,349
General Liability	764,489,797	144,324,789	620,165,008
Total	4,243,379,851	693,602,494	3,549,777,357

The Company's Net Cash Flows estimated for each main segment on December 31, 2020 are as follows.

Segment	Method Used	2021	2022	2023	2024	2026	2026	2027	Total
Land Vehicles Liability	Industry Average	1,152,428,132	729,906,094	581,282,047	446,712,723	324,052,067	191,215,889	53,293,102	3,478,890,054
General Liability	Industry Average	176,175,747	150,669,210	140,904,893	126,011,907	97,438,691	58,434,664	14,854,685	764,489,797

The Company's Net Outstanding Claims Reserve amounts per segment before and after the discount on December 31, 2019 are provided below.

Reserve - after discount Net Outstanding Claims Reserve - before discount Segment	Amount	Net Outstanding Claims	
		Discount	
Land Vehicles Liability	3,205,776,744	506,254,039	2,699,522,705
General Liability	592,545,880	111,864,225	480,681,655
Total	3,798,322,624	618,118,264	3,180,204,360

The Company's Net Cash Flows estimated for each main segment on December 31, 2019 are as follows.

Segment	Method Used	2020	2021	2022	2023	2024	2025	2026	Total
Land Vehicles Liability	Industry Average	1,062,738,769	672,101,806	535,106,138	411,369,461	298,732,188	176,452,243	49,276,139	3,205,776,744
General Liability	Industry Average	136,551,479	116,781,702	109,213,510	97,670,154	75,523,434	45,291,932	11,513,669	592,545,880

IBNR compensation amount calculations by the Company are performed in gross amounts and net figures are determined depending on the applicable or relevant reinsurance treaties of the Company.

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18. Investment Agreement Liabilities

None (December 31, 2019: None).

19. Trade and Other Payables, Deferred Income

	December 31, 2020	December 31, 2019
Due to Insurers and Reinsurers (Note 10)	285,199,887	242,287,886
Other Payables from Operations (Note 47.1)	17,410,244	14,463,442
Payables from Operations	302,610,131	256,751,328
Due to Contractual Facilities	92,108,398	58,219,470
Due to Suppliers	40,078,825	25,234,685
Other	142,756	244,984
Other Payables (Note 47.1)	132,329,979	83,699,139
Deferred Loan Income (Notes 10 & 17)	89,667,506	73,382,124
Payables to SSI for Medical Expenses	24,334,302	36,103,858
Other Current Liabilities (Note 47.1).	5,609,991	3,338,352
Total Trade and Other Payables, Deferred Income	554,551,909	453,274,801

Payables to SSI for Medical Expenses:

	2020	2019
January 1	36,103,858	23,272,555
Premium Amount Ceded to SSI within the Period	94,659,356	101,578,427
Premium Payments to SSI within the Period (-)	(106,428,912)	(88,747,124)
.	24,334,302	36,103,858

Liabilities denominated in foreign currencies are provided below:

Due to Reinsurance Firms:

Currency	December 31, 2020		
	Foreign Currency Amount	FX Rate	Amount in TRY
EUR	13,447,956	9.0079	121,137,845
USD	5,456,011	7.3405	40,049,850
GBP	109,831	9.9438	1,092,142
JPY	498,260	0.0709	35,341
NOK	1,346	0.8539	1,149
SEK	4	0.8931	4
DKK	1	1.2090	2
CHF	169	8.2841	1,400
Total			162,317,733

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19. Trade and Other Payables, Deferred Income (continued)

Currency	December 31, 2019		
	Foreign Currency Amount	FX Rate	Amount in TRY
EUR	17,873,193	6.6506	118,867,459
USD	1,678,538	5.9402	9,970,853
GBP	15,457	7.7765	120,199
JPY	590,094	0.0543	32,037
NOK	1,346	0.6725	905
SEK	4	0.6343	3
DKK	1	0.8890	1
Total			128,991,457

Other Payables:

Currency	December 31, 2020		
	Foreign Currency Amount	FX Rate	Amount in TRY
USD	1,153,924	7.3405	8,470,379
EUR	236,985	9.0079	2,134,737
Total			10,605,116

Currency	December 31, 2019		
	Foreign Currency Amount	FX Rate	Amount in TRY
USD	831,418	5.9402	4,938,789
EUR	233,156	6.6506	1,550,628
Total			6,489,417

20. Financial Liabilities

Total lease liability of the Company recognized in accordance with TFRS 16 Leases standard and the movements table thereof are provided below.

	December 31, 2020	December 31, 2019
Short term lease liabilities	1,826,192	3,166,309
Long term lease liabilities	11,454,673	6,140,852
Total lease liabilities	13,280,865	9,307,161
	2020	2019
Total Lease Liability on January 1	9,307,161	-
New Contract Entries	13,821,112	
TRFS 16 transition effect	-	11,388,281
Changes in contract requirements	(5,537,638)	-
Lease payments	(6,363,683)	(4,222,726)
Interest expense	2,053,913	2,141,606
Total Lease Liability on December 31	13,280,865	9,307,161

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21. Deferred Income Tax

The Company calculates deferred income tax for the temporary differences in the balance sheet items arising from measurements in financial statements and measurements in accordance with Tax Procedural Law ("TPL").

Applicable corporate tax in Turkey as at December 31, 2020 is 22% (2019: 22%). Pursuant to Article 91 of "Act No.7061 on Amendment of Certain Tax Laws and Other Laws" promulgated in Turkish Official Journal No.30261 on December 5, 2017 and to Provisional Article 10 of Corporate Tax Law No.5520, corporate tax payable on entity income generated in 2018, 2019 and 2020 taxation periods shall be calculated over 22% and afterwards corporate tax calculation shall continue to be calculated over 20% for subsequent periods.

Breakdown lists of accumulated temporary differences and deferred tax assets and liabilities prepared by using applicable tax rates as of December 31, 2020 and December 31, 2019 are provided below:

	Accumulated Temporary Differences		Deferred Tax Assets / (Liabilities)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Deferred Tax Assets				
Equalization Reserve	217,091,888	176,988,825	43,418,378	38,937,542
Provision for Agency Incentives and Sliding Scale Commissions	81,256,109	46,881,522	16,251,222	10,313,935
Provision for Due from Reinsurance Operations	69,158,722	-	13,831,744	-
Provision for Employee Bonuses	28,996,137	25,698,061	5,799,227	5,653,574
Provision for Employment Termination Benefits	24,145,534	20,651,501	4,829,107	4,543,330
Provision for Performance Wages	23,660,540	15,582,269	4,732,108	3,428,099
Unexpired Risks Reserve	20,811,999	23,613,963	4,162,400	5,195,072
Provision for Unused Leaves	10,500,158	9,007,311	2,100,032	1,981,608
Provision for Employee Seniority Incentives and Loyalty	9,716,612	8,016,011	1,943,322	1,763,522
Provision for Legal Cases	9,161,791	8,091,009	1,832,358	1,780,022
Provision for Consultancy	8,083,203	-	1,616,641	-
Provision for Due from Insurance Operations	2,487,977	2,487,978	497,595	547,355
Provision for Employment Termination Notice Pay	949,306	848,325	189,861	186,632
Eurobond Valuation Difference	-	24,638,402	-	5,420,448
Other	72,833,916	-	14,566,785	-
Total Deferred Tax Assets	578,853,892	362,505,177	115,770,780	79,751,139
Deferred Tax Liabilities				
Eurobond Valuation Difference	(43,895,804)	-	(8,779,161)	-
Net Recovery and Salvage Income Accruals	(41,252,214)	-	(8,250,443)	-
Gain from Property Value Increases	(34,731,925)	(35,858,839)	(3,473,192)	(3,944,472)
Other	(82,440,489)	(45,104,531)	(16,488,098)	(9,922,997)
Total Deferred Tax Liabilities	(202,320,432)	(80,963,370)	(36,990,894)	(13,867,469)
Net Deferred Tax Assets (Note 35)			78,779,886	65,883,670

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21. Deferred Income Tax (continued)

Movements of Deferred Tax Assets within the year are as follows:

	2020	2019
Period Beginning - January 1	65,883,670	58,310,738
Deferred Tax Income	20,497,824	119,253,343
Other Deferred Tax Income/(Expense) Recognized in Shareholders' Equity (Note 16)	(319,601)	1,095,387
Deferred Tax Expense Recognized in Shareholders' Equity Due to Value Differences in Investment Securities (Note 15)	-	1,448,613
Deferred Tax (Expense) / Income Recognized in Shareholders' Equity Due to Value Increases/(Decreases) in Available for Sale Investments (Note 15)	(7,282,007)	(114,224,411)
Period End - December 31	78,779,886	65,883,670

22. Pension Social Aid Liabilities

	December 31, 2020	December 31, 2019
Provision for Employment Termination Benefits	24,145,534	20,651,501
Total	24,145,534	20,651,501

Pursuant to Turkish Labor Law, The Company is liable to pay severance pay for employees who has completed at least one year of employment at the Company and whose employment is terminated or who is retired or who completes required service period (25 years for men and 20 for women) and become entitled for retirement (at the age of 60 for men and 58 for women), who are summoned for military service or who is deceased. Certain provisions are introduced for the transition period regarding the employment service time after the amendment of relevant legislation on May 23, 2002.

Severance pay equals to one month's salary per each employment year and this amount is limited to 7,638.96 TRY, effective as of December 31, 2020. (December 31, 2019: 6,379.86 TRY)

Severance pay liability is not legally subject to any kind of funding and there are no funding requirements.

Provision for Employment Termination Benefits (i.e. severance pay) is calculated through estimating the present value of the potential liability amount which has to be paid in case of retirement of employees.

TAS 19 stipulates development of actuary valuation methods to estimate the provision amount to be allocated for employment termination. According to this, following actuarial predictions are used to calculate the total liability amount:

	December 31, 2020	December 31, 2019
Discount Rate (%)	1.02	2.90
Turnover Rate for Estimation of Retirement Possibility (%)	92	92

Fundamental assumption is that the ceiling provision amount determined for each year of employment shall be increased in proportion with the inflation rate. Thus, the discount rate applied shows the real rate free of expected inflation effects. Severance pay ceiling is revised semi-annually and the ceiling amount of 7,638.96 TRY applicable as of January 1, 2021 is taken into account for calculation of the Company's Provision for Employment Termination Benefits (January 1, 2020: 6,730.15 TRY).

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22. Pension Social Aid Liabilities (continued)

Movements of Provision for Employment Termination Benefits account within the period are shown below:

	2020	2019
Period Beginning - January 1	20,651,501	15,249,864
Service and Interest Cost	4,804,992	5,462,096
Paid within Period (-) (Note 33)	(2,532,513)	(2,771,855)
Actuarial Loss	1,221,554	2,711,396

Period End - December 31	24,145,534	20,651,501
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23. Provision for Other Liabilities and Expenses

Commitments not included in Liabilities are explained in Note 43 and Deposits and Guarantees Received is explained in Note 12.3.

Details of provisions classified under Provision for Expense Accruals account in Balance Sheet are provided below:

	December 31, 2020	December 31, 2019
Provision for Employee Bonuses	28,996,137	25,698,061
Provision for Performance Wages	23,660,539	15,582,269
Provision for Fire Insurance Tax	21,030,562	2,737,743
Provision for Unused Leaves	10,500,158	9,007,311
Provision for Employee Seniority Incentives and Loyalty	9,716,612	8,016,011
Provision for Legal Cases	9,161,791	8,091,009
Provision for Consultancy	8,083,203	6,031,389
Provision for Employment Termination Notice Pay	949,306	848,325
Provision for BITT (Banking and Insurance Transactions Tax)	881,862	1,059,084
Other	1,000,000	854,000
Total	113,980,170	77,925,202

Provision for Performance Wages (Share Based Payments)

As explained in Note 2.25, the Company grants certain financial rights to employees, with the condition to be used at the end of a certain period, through delivery of parent company Axa SA's shares on employee performance basis in accordance with predetermined Company criteria. Movements of shares and cash amounts subject to the calculation of Provision for Performance Wages included in Company financial statements regarding the costs charged by Axa SA to Company in this regard are provided in the table below.

December 31, 2020

	Average Price per Share (TRY)	Number of Shares	Total
Period Beginning - January 1	167.5	93,027	15,582,269
Entrance	177.11	87,699	15,532,662
Paid	150.87	(47,136)	(7,111,515)
Exchange Differences from Paid Shares			2,443,995
Exchange/Price Difference within Period	-	-	(2,786,872)
Period End - December 31	177.11	133,590	23,660,539

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23. Provision for Other Liabilities and Expenses (continued)

December 31, 2019

	Average Price per Share (TRY)	Number of Shares	Total
Period Beginning - January 1	113.02	90,938	10,277,390
Entrance	167.50	44,651	7,479,132
Paid	152.51	(42,562)	(6,491,086)
Exchange Differences from Paid Shares			2,049,196
Exchange/Price Difference within Period	-	-	2,267,637
Period End - December 31	167.50	93,027	15,582,269

24. Net Insurance Premium Income

Distribution or written premiums is provided below:

	January 1 - December 31, 2020			
	Gross	Reinsurer's Share	Ceded to SSI	Net
Land Vehicles Liability	1,280,148,169	(268,573,642)	(94,655,346)	916,919,181
Land Vehicles	1,099,175,165	(5,569,707)	-	1,093,605,458
Fire and Natural Disasters	990,167,423	(358,547,699)	-	631,619,724
Health	531,621,084	(1,895,421)	-	529,725,663
General Damage	288,481,574	(132,336,557)	-	156,145,017
General Liability	196,374,357	(89,802,051)	-	106,572,306
Freight/Transportation	92,180,417	(29,242,526)	-	62,937,891
Accident	98,850,003	(64,096,989)	(4,010)	34,749,004
Surety	3,463,007	(85)	-	3,462,922
Loan	2,636,281	(2,636,281)	-	-
Financial Losses	47,659,083	(25,475,071)	-	22,184,012
Legal Protection	12,533,925	-	-	12,533,925
Watercraft	13,716,231	(3,263,960)	-	10,452,271
Aircraft Liability	15,715	-	-	15,715
Aircraft	351,939	(356,000)	-	(4,061)
Total Premium Income	4,657,374,373	(981,795,989)	(94,659,356)	3,580,919,028

	January 1 - December 31, 2019			
	Gross	Reinsurer's Share	Ceded to SSI	Net
Land Vehicles Liability	1,337,603,011	(254,239,132)	(101,574,317)	981,789,562
Land Vehicles	964,078,789	(8,811,588)	-	955,267,201
Fire and Natural Disasters	825,459,903	(316,092,885)	-	509,367,018
Health	386,168,238	(4,115,859)	-	382,052,379
General Damage	238,861,669	(100,377,986)	-	138,483,683
General Liability	155,687,332	(52,234,484)	-	103,452,848
Freight/Transportation	63,505,048	(12,645,900)	-	50,859,148
Accident	78,858,637	(46,369,930)	(4,110)	32,484,597
Financial Losses	30,061,021	(15,427,154)	-	14,633,867
Legal Protection	12,364,924	-	-	12,364,924
Watercraft	10,775,897	(1,886,680)	-	8,889,217
Aircraft Liability	19,116	-	-	19,116
Aircraft	614,102	(614,102)	-	-
Total Premium Income	4,104,057,687	(812,815,700)	(101,578,427)	3,189,663,560

25. Subscription (Fee) Income

None (January 1 - December 31, 2019: None).

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26. Investment Income

Details of investment income are provided below:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Cash and Cash Equivalents		
Interest and Exchange Rate Difference Income	40,712,094	52,999,356
Available for Sale Investments		
Interest, Exchange Rate Difference and Sales Income	1,441,472,660	865,246,667
Share Dividend Income	39,309	1,503,617
Income from Other Investments	8,045,379	5,426,890
Investment Income	1,490,269,442	925,176,530
Available for Sale Investments		
Exchange Rate Difference and Sales Expenses	(467,568,048)	(204,001,990)
Investment Expenses	(467,568,048)	(204,001,990)
Total	1,022,701,394	721,174,540

27. Net Realized Gains on Financial Assets

Information about realized gain/loss on Available for Sale Investments is disclosed in Notes 11 and 15.

28. Assets with Fair Value Differences Reflected to Income Statement

The Company values investment properties at fair value and recognizes fair value differences in Income Statement. There is no fair value differences amount reflected to Income Statement within the current period. (January 1 - December 31, 2019: None).

29. Insurance Rights and Claims

Disclosed in Note 17.

30. Investment Agreement Rights

None (December 31, 2019: None).

31. Other Necessary Expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Operational Expenses Classified in Technical Section	911,432,665	795,023,765
Total (Note 32)	911,432,665	795,023,765

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32. Expense Types

	January 1 - December 31, 2020	January 1 - December 31, 2019
Production Commission Expenses	793,680,753	665,224,403
Employee Expenses (Note 33)	156,201,836	141,984,547
Litigation, Consultancy and Audit Expenses	25,352,494	29,767,932
Information Technologies Expenses	35,481,800	26,958,213
Advertising and Marketing Expenses	31,052,810	26,402,308
Taxes, Duties and Fees	14,029,706	7,997,985
Electricity and Cleaning Expenses	3,537,551	3,715,438
Contribution Fees	3,632,283	1,797,355
Rent Expenses	1,534,758	1,427,619
Communication Expenses	1,282,184	925,473
Earned Reinsurance Commissions Income (Note 10)	(166,210,686)	(124,229,832)
Other	11,857,176	13,052,324
Total (Note 31)	911,432,665	795,023,765

33. Employee Benefit Expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Salary Payments (*)	104,092,052	93,915,382
Insurance Premium Payments	23,800,119	21,663,151
Meal and Transportation Expenses	8,757,711	8,682,022
Premium Payments	9,810,280	8,351,348
Severance Pay (Note 22)	2,532,513	2,771,855
Rent and Child Allowances	308,863	728,393
Leave Compensation	623,440	656,701
Employment Termination Notice Pay	109,732	133,674
Other	6,167,126	5,082,021
Total (Note 32)	156,201,836	141,984,547

(*) Vested rights paid to employees within the period in the form of shares is also included in Salary Payments item.

Total amount of remunerations and other benefits provided to senior management such as chairman, members of BoD, general manager, general coordinator, assistant general managers etc. is disclosed in Note 1.6.

Details regarding share based payments are provided in Note 23. .

34. Financial Costs

34.1 Total Financial Expenses for Current Period:

34.1.1 Charged to Production Costs: None (January 1 - December 31, 2018: None).

34.1.2 Charged to Fixed Asset Costs: None (January 1 - December 31, 2018: None).

34.1.3 Charged Directly to Period Expenses: 2,893,362 TRY (January 1 - December 31, 2019: : 2,531,646 TRY).

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD .**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

34. Financial Costs (continued)

34.2 Portion related with shareholders, affiliates and subsidiaries in total financial expenses (expenses with shares in total amount exceeding 20% shall be disclosed separately): None (January 1 - December 31, 2019: None).

34.3 Sales to and purchases from shareholders, affiliates and subsidiaries (those with shares in total amount exceeding 20% shall be disclosed separately): Balances and transactions with the related parties are disclosed in Note 45 in detail.

34.4 Interest amounts, rent amounts etc. received from or paid to shareholders, affiliates and subsidiaries (those with shares in total amount exceeding 20% shall be disclosed separately): Balances and transactions with the related parties are disclosed in Note 45 in detail.

35. Income Taxes

Tax assets and liabilities and tax income and expenses included in financial statements drawn up as of December 31, 2020 and 2019 are summarized below:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Current Period Corporate Tax Expense (-)	(169,647,343)	(209,842,169)
Deferred Tax Income (Note 21)	20,497,824	119,253,343
Total Tax Expense (-)	(149,149,519)	(90,588,826)
	December 31, 2020	December 31, 2019
Provision for Corporate Tax (-)	(187,194,797)	(209,842,169)
Provisional Taxes Paid	185,899,123	127,991,277
Prepaid Taxes and Funds	1,883,066	2,565,185
Provision for Corporate Tax, Net	587,392	(79,285,707)
Deferred Tax Assets	115,770,780	79,751,139
Deferred Tax Liabilities (-)	(36,990,894)	(13,867,469)
Deferred Tax Assets, Net (Note 21)	78,779,886	65,883,670

Realized Tax Income / Expense reconciliation is as follows:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Profit Before Tax	661,732,573	406,966,316
Tax Rate	22%	22%
Calculated Tax Expense	(145,581,166)	(89,532,590)
Effect of Non-Deductible and Tax Free Expenses (-)	(3,568,353)	(1,056,236)
Corporate Tax and Deferred Tax Income (Expense)(-) for the Period	(149,149,519)	(90,588,826)

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD .**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

36. Net Income from Exchange Rate Changes

	January 1 - December 31, 2020	January 1 - December 31, 2019
Foreign Exchange Gains	758,761,063	291,999,524
Foreign Exchange Losses	(429,005,625)	(147,315,494)
Total	329,755,438	144,684,030

37. Earnings per Share

Earnings per share is calculated by dividing net profit for the period into weighted average unit share of the Company.

	January 1 - December 31, 2020	January 1 - December 31, 2019
Net Profit/(Loss) for the Period	512,583,054	316,377,490
Weighted Average Number of Shares with 0.01 TL Nominal Value per Share		
.		
.	122,573,918,691	122,573,918,691
Profit/(Loss) per 100 Shares	0.418	0.258

38. Profit per Share

77,313,631 TRY dividend payment was made to Company shareholders within January 1 - December 31, 2020 period, with a "profit per share" amount of 0.001 TRY (2019: None).

39. Cash Generated from Operations

Disclosed in Statement of Cash Flows.

40. Convertible Bonds

None (December 31, 2019: None).

41. Redeemable Preference Shares

None (December 31, 2019: None).

42. Risks

	December 31, 2020	December 31, 2019
Outstanding Claims Litigations against the Company - Gross (*)	2,264,159,908	2,229,232,047
Other Litigations against the Company	6,017,845	6,255,964
Other Business Cases Filed against the Company	3,143,946	1,835,045

(*) This amount is classified in Outstanding Claims, movement table of which is disclosed in Note 17. Net amount of these provisions is 1,914,162,563 TRY (December 31 2018: 1,941,771,748 TRY).

AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 PERIOD .

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

43. Commitments

	December 31, 2020			
	USD (TRY Equivalent)	EUR (TRY Equivalent)	TRY	Total
Domestic Bank Letters of Guarantee Given	2,624,229	-	514,186,702	516,810,931
Total	2,624,229	-	514,186,702	516,810,931

	December 31, 2019			
	USD (TRY Equivalent)	EUR (TRY Equivalent)	TRY	Total
Domestic Bank Letters of Guarantee Given	2,123,622	-	449,851,926	451,975,548
Total	2,123,622	-	449,851,926	451,975,548

Total Amount of Mortgages or Restrictions on Assets:

	December 31, 2020	December 31, 2019
Financial Assets (*)	466,646,860	404,512,281
Total (Note 17.1)	466,646,860	404,512,281
Time-Deposit Accounts (**)	6,457,578	4,530,387
Demand Deposit Accounts	8,919,900	8,050,886
Total	482,024,338	417,093,554

(*) (*) These assets are earmarked over principal amounts valued at Central Bank prices applicable on December 31, 2020 and their exchange market value including coupon is 484,300,840 TRY (December 31, 2019: 415,992,763 TRY) (Note 11.1).

(**) Time deposit accounts has interest accruals of 32,577 TRY on December 31, 2020. (December 31, 2019: 1.387 TRY)

44. Business Combinations

None (December 31, 2019: None).

45. Related Party Transactions

Axa Group companies and shareholders, affiliates and senior management of the Company are considered as related parties in Company financial statements.

a) Due from Insurance Operations:

	December 31, 2020	December 31, 2019
Axa Pool	51,491,559	39,202,084
Milli Reasürans T.A.Ş.	4,321,064	7,607,361
Groupama Sigorta A.Ş.	369,438	2,398,877
Other Axa Group Companies	468,996	423,744
Total	56,651,057	49,632,066

AXA SİGORTA A.Ş.

CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 PERIOD .

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

45. Related Party Transactions (continued)

b) Due to Insurers and Reinsurers:

	December 31, 2020	December 31, 2019
AXA Global P&C	30,576,142	75,801,651
AXA France Corporate Solutions	35,517,429	36,727,485
Axa Germany Corporate Solutions	11,819,770	12,965,730
Axa Partners Turkey	1,237,851	391,145
Groupama Sigorta A.Ş.	700,727	6,412
Milli Reasürans T.A.Ş.	6,050	536
Other Axa Group Companies	96,532,628	33,550,419
Total	176,390,597	159,443,378

c) Other Liabilities:

Due to Shareholders	2,568	2,568
Total	2,568	2,568

d) Cash Deposited with Insurance and Reinsurance Companies:

Axa Pool	77,763,243	78,077,009
Total	77,763,243	78,077,009

e) Other Receivables from related Parties

Axa Hayat ve Emeklilik A.Ş.	599,725	257,238
Axa Holding A.Ş.	6,536	-
Total	606,261	257,238

f) Ceded Premiums

	January 1 - December 31, 2020	January 1 - December 31, 2019
AXA Global P&C	151,352,371	176,414,609
Axa France Corporate Solutions	18,207,562	29,311,874
Axa Germany Corporate Solutions	10,647,262	15,308,178
Milli Reasürans T.A.Ş.	517,705	(5,794,214)
Axa Partners Turkey	2,074,020	4,312,793
Groupama Sigorta A.Ş.	3,708,074	2,388,114
Other Axa Group Companies	137,778,862	39,077,931
Total	324,285,856	261,019,285

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD .**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

45. Related Party Transactions (continued)

g) Commissions Received

	January 1 - December 31, 2020	January 1 - December 31, 2019
AXA Global P&C	11,625,690	6,788,313
Axa France Corporate Solutions	2,087,732	3,369,071
Axa Germany Corporate Solutions	1,789,540	2,759,609
Groupama Sigorta A.Ş.	786,352	465,028
Axa Partners Turkey	69,738	48,699
Other Axa Group Companies	16,192,794	7,242,992
Total	32,551,846	20,673,712

h) Reinsurer's Share in Paid Claims

	January 1 - December 31, 2020	January 1 - December 31, 2019
Axa France Corporate Solutions	14,695,950	47,295,932
AXA Global P&C	5,922,181	9,201,372
Milli Reasürans T.A.Ş.	3,563,701	4,826,126
Axa Germany Corporate Solutions	1,910,563	2,131,419
Groupama Sigorta A.Ş.	461,472	371,540
Other Axa Group Companies	8,407,573	2,164,937
Total	34,961,440	65,991,326

i) Rent Income

Axa Hayat ve Emeklilik A.Ş.	1,059,474	953,245
Axa Holding A.Ş.	13,800	12,000
Total	1,073,274	965,245

i) Dividends Paid

77,313,631 TRY dividend payment was made to Company shareholders within January 1 - December 31, 2020 period. (2019: None).

j) IT and Consultancy Expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Axa Regional Services S.A.U	13,251,317	14,510,889
Axa GIE	4,009,028	4,393,408
Axa Group Solutions SAS	9,894,993	2,432,152
Axa Services SAS	398,862	1,662,704
Axa Business Services Pvt. Ltd.	138,897	486,969
Axa Shared Services Spain S.A.	-	-
Axa Group Solutions SAS	-	1,110
Axa SA	287,710	351,094
Other	674,425	338,579
Total	28,655,232	24,176,905

45.1 Receivables from Shareholders, Affiliates and Subsidiaries and Provisions for Doubtful Receivables Allocated for Such Receivables: None (December 31, 2019: None).

CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 PERIOD .

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

45. Related Party Transactions (continued)

45.2 Breakdown of affiliates and subsidiaries having an indirect shareholding and management relationship with the Company, names, shares and share amounts of shareholders/partnerships included in affiliates and subsidiaries, period profit/loss of such shareholders/partnerships in latest financial statements and the periods of such financial statements, whether such financial standards are prepared in compliance with the Board's standards and whether audited by an independent auditor and type of independent audit report prepared (positive opinion, negative opinion or contingent):

Investment Securities

December 31, 2020								
	Participat ion Share (%)	Book Value	Ind. Aud. Opinion	Financial Statement Period	Total Assets	Total Liabilities	Gross Sales	Net Profit/(Loss)
Investment Securities								
Milli Reasürans T.A.Ş. (*)	0.09	574,279	-	12/31/2020	15,770,695,567	12,124,487,668	9,603,727,059	343,416,328
Tarsim (*)	4.55	684,772	-	12/31/2020	32,719,444	11,572,683	47,950,675	5,288,557
1,259,051								
December 31, 2019								
	Participat ion Share (%)	Book Value	Ind. Aud. Opinion	Financial Statement Period	Total Assets	Total Liabilities	Gross Sales	Net Profit/(Loss)
Investment Securities								
Milli Reasürans T.A.Ş. (*)	0.09	574,279	-	30.09.2019	12,071,373,945	9,405,475,389	5,245,325,639	242,452,436
Tarsim (*)	4.17	569,340	-	31.12.2019	28,243,974	12,431,336	39,470,846	1,406,873
1,143,619								

(*) These financial assets are recorded in indexed cost values since they are not traded in structured markets and their fair values cannot be reliably measured.

45.3 Amount of bonus shares received from affiliates and subsidiaries due to capital increases generated from internal resources: None (December 31, 2019: None).

45.4 Real Rights on Immovables and Their Values: None (December 31, 2019: None).

45.5 Amount of obligations such as guarantees, commitments, advances, endorsements etc. granted in favor of shareholders, affiliates and subsidiaries: None (December 31, 2019: None).

46. Events after Balance Sheet Date

None.

AXA SİGORTA A.Ş.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD .**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

47. Other

47.1 Details of “Other” items in Balance Sheet which exceed 20% of its respective account group or 5% of total assets:

a) Other Receivables:

	December 31, 2020	December 31, 2019
Receivables from High Risk Policyholders Pool	9,755,129	17,010,259
Agency Receivables due to Special Insurances (Compulsory Earthquake Insurance)	3,561,365	2,941,056
Other	13,056,076	4,313,064
Total	26,372,570	24,264,379

b) Other Deferred Expenses:

Deferred Assistance Expenses	53,216,107	36,160,452
Repair and Maintenance Expenses	11,788,144	5,984,064
Prepaid Rent Expenses	1,026,150	683,102
Life Insurance Expenses	396,111	232,797
Subscription (Fee) Expenses	88,511	126,956
Other	3,624,171	380,291
Total	70,139,194	43,567,662

c) Other Current Liabilities:

Agencies Suspense Account	3,501,630	1,495,859
Other	2,108,361	1,842,493
Total	5,609,991	3,338,352

d) Other Payables:

Due to Contractual Facilities	92,108,398	58,219,470
Due to Suppliers	40,078,825	25,234,685
Other	142,756	244,984
Total	132,329,979	83,699,139

e) Other Payables:

Company's Share in Guarantee Account	9,506,908	10,276,057
Total	9,506,908	10,276,057

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD .**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

47. Other (continued)

47.1 Details of "Other" items in Balance Sheet which exceed 20% of its respective account group or 5% of total assets (continued):

f) Other Technical Reserves (Short Term):

	December 31, 2020	December 31, 2019
Provision for Agency Incentives and Sliding Scale Commissions	81,256,109	46,881,522
Renewal Premium Reserve	3,825,945	3,931,121
Total	85,082,054	50,812,643

g) Payables from Other Operations:

Payables to DASK	17,410,244	14,463,442
Total	17,410,244	14,463,442

h) Other Technical Reserves (Long Term):

Equalization Reserve - Net	255,711,269	217,091,888
Total	255,711,269	217,091,888

i) Other Technical Expenses:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Assistance Expenses	81,978,393	63,025,389
Guarantee Fund Expense	9,506,908	10,276,057
Other	24,503,884	15,023,329
Total	115,989,185	88,324,775

j) Other Income:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Promotion Income	853,730	797,143
Proxy Fee Income	307,991	406,252
Income from Doubtful Receivables	24,000	140,000
Agency Income	35,222	125,571
Other	530,349	1,162,905
Total	1,751,292	2,631,871

k) Other Expenses and Losses:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Non-Deductible Expenses	273,075	305,633
Other	181,349	-
Total	454,424	305,633

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD .**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

47. Other (continued)

47.2 Total amounts (separately) of Due from Personnel and Due to Personnel items included in "Other Current or Non-Current Liabilities" and "Other Receivables accounts exceeding 1% of total assets amount in Balance Sheet: None (December 31, 2019: None).

47.3 Amounts related to recovery receivables followed up in off-balance sheet items: 58,527,389 TRY (December 31, 2019: 26,576,202 TRY).

47.4 Explanatory note related to amounts and sources of income & expenses and expenses & losses for previous period: None (January 1 - December 31, 2019: None).

47.5 Information classified as "required to be presented" by Turkish Ministry of Treasury and Finance

Provision Income / (Expenses) for the Period:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Provision for Doubtful Receivables from Main Operations	(182,144,473)	(80,272,801)
Provision for Employee bonuses, Performance Wages, Seniority Incentives and Loyalty	(35,995,388)	(27,074,498)
Other	(21,691,091)	(5,206,954)
Total	(239,830,952)	(112,554,253)

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AXA HAYAT VE EMEKLİLİK A.Ş.

**CONVENIENCE TRANSLATION of FINANCIAL STATEMENTS AND
INDEPENDENT AUDIT REPORT for JANUARY 1 - DECEMBER 31,
2020 PERIOD**

AXA HAYAT VE EMEKLİLİK A.Ş.

**CONVENIENCE TRANSLATION of FINANCIAL STATEMENTS for JANUARY 1 -
DECEMBER 31, 2020 PERIOD**

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AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

I- Current Assets	Note	Audited December 31, 2020	Audited December 31, 2019
	2.12 and		
A- Cash and Cash Equivalents	14	24,694,324	30,636,728
1- Cash		-	-
2- Checks Received		-	-
3- Banks	2.12 and 14	15,445,681	24,179,366
4- Checks and Payment Orders Issued (-)		-	-
5- Bank Guarantees and Three Months Short Term Credit Card Receivables	2.12 and 14	9,248,643	6,457,362
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments at Policyholders' Risk	11	98,191,340	99,221,132
1- Available for Sale Investments	11.1	52,916,859	38,626,058
2- Held to Maturity Investments		-	-
3- Trading Investments		-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Assets at Policyholder's Risk	11.1	45,274,481	60,595,074
7- Company Shares		-	-
8- Provision for Impairment of Financial Assets (-)		-	-
C- Receivables from Operations	11 and 12	3,514,361	2,321,358
1- Due from Insurance Operations	12	1,397,293	504,374
2- Provision for Due from Insurance Operations (-)	12	(3,592)	(3,592)
3- Due from Reinsurance Operations		-	-
4- Provision for Due from Reinsurance Operations (-)		-	-
5- Cash Deposited with Insurance and Reinsurance Companies	12 and 45	580,674	510,526
6- Loans to Policyholders	12	177,470	181,445
7- Provision for Loans to Policyholders (-)		-	-
8- Due from Private Pension Operations	12	1,362,516	1,128,605
9- Doubtful Receivables from Main Operations	12	93,484	156,543
10- Provision for Doubtful Receivables from Main Operations (-)	12	(93,484)	(156,543)
D- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Due from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables		321,622	190,450
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		4,365	4,365
4- Other Receivables		317,257	186,085
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
F- Deferred Expenses and Income Accruals		750,195	145,551
1- Deferred Production Expenses	17	572,932	127,361
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Deferred Expenses	47	177,263	18,190
G- Other Current Assets		527,631	347,366
1- Prepaid Office Supplies		-	-
2- Prepaid Taxes and Funds	35	527,631	347,366
3- Deferred Tax Assets		-	-
4- Cash Advances		-	-
5- Advances to Personnel		-	-
6- Count Shortages		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		127,999,473	132,862,585

Following notes constitute a complementary part of Financial Statements.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

II - Non-Current Assets	Note	Audited December 31, 2020	Audited December 31, 2019
A- Receivables from Operations	2.14 and 17	910,166,139	674,750,457
1- Due from Insurance Operations		-	-
2- Provision for Due from Insurance Operations (-)		-	-
3- Due from Reinsurance Operations		-	-
4- Provision for Due from Reinsurance Operations (-)		-	-
5- Cash Deposited with Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Due from Private Pension Operations	2.14 and 17	910,166,139	674,750,457
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint- Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Due from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables		-	-
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
D- Financial Assets		427,810	427,810
1- Investment Securities	45.2	427,810	427,810
2- Affiliates		-	-
3- Affiliates Capital Commitments (-)		-	-
4- Subsidiaries		-	-
5- Subsidiaries Capital Commitments (-)		-	-
6- Joint Ventures		-	-
7- Joint Ventures Capital Commitments (-)		-	-
8- Financial Assets and Financial Investments at Policyholders' Risk		-	-
9- Other Financial Assets		-	-
10- Provision for Impairment of Financial Assets (-)		-	-
E- Tangible Assets	6	1,054,128	1,591,221
1- Investment Property		-	-
2- Provision for Diminution in Value of Investment Property (-)		-	-
3- Property for Operational Usage		-	-
4- Machinery and Equipment		-	-
5- Furniture and Fixtures	6	573,243	580,179
6- Motor Vehicles		-	-
7- Other Tangible Assets (including leasehold improvements)		-	-
8- Leased Assets	6	2,116,445	2,116,445
9- Accumulated Depreciation (-)	6	(1,635,560)	(1,105,403)
10- Advances Given for Tangible Assets (including construction in progress)		-	-
F- Intangible Assets	8	38,925	42,230
1- Rights	8	3,203,113	3,203,113
2- Goodwill		-	-
3- Start-up Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization (-)	8	(3,164,188)	(3,160,883)
7- Advances Given for Intangible Assets		-	-
G- Deferred Expenses and Income Accruals		-	-
1- Deferred Acquisition Expenses		-	-
2- Income Accruals		-	-
3- Other Deferred Expenses		-	-
H- Other Non-Current Assets	21 and 35	2,151,730	2,841,653
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Prepaid Office Supplies		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21 and 35	2,151,730	2,841,653
6- Other Non-Current Assets		-	-
7- Other Non-Current Assets Depreciation (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
II- Total Non-Current Assets		913,838,732	679,653,371
TOTAL ASSETS (I+II)		1,041,838,205	812,515,956

Following notes constitute a complementary part of Financial Statements.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

III- Current Liabilities	Note	Audited December 31, 2020	Audited December 31, 2019
A- Financial Liabilities	20	575,362	453,669
1- Due to Credit Institutions		-	-
2- Leasing Payables	20	575,362	453,669
3- Deferred Leasing Costs (-)		-	-
4- Short Term Installments 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		-	-
B- Payables from Operations	19	12,711,376	8,433,328
1- Payables from Insurance Operations	4, 10 and 19	2,027,462	1,151,692
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables from Private Pension Operations	4 and 19	10,683,914	7,281,636
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)		-	-
C- Due to Related Parties		599,725	256,837
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties	45 and 47.1	599,725	256,837
D- Other Payables		2,405,858	2,237,064
1- Deposits and Guarantees Received	12.3	1,795,486	1,520,050
2- Payables to SSI for Medical Expenses		-	-
3- Other Payables	19 and 47.1	610,372	717,014
4- Rediscount on Other Payables (-)		-	-
E- Insurance Technical Provisions		13,033,573	12,107,131
1- Unearned Premium Reserve - Net	2.24, 4 and 17	1,325,141	868,841
2- Unexpired Risks Reserve-Net		-	-
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	2.24, 4 and 17	8,725,522	8,403,586
5- Bonus Provision-Net		-	-
6- Other Technical Reserves - Net	2.24, 4 and 17	2,982,910	2,834,704
F- Taxes and Other Fiscal Liabilities		501,215	1,306,523
1- Taxes and Funds Payable		706,453	501,101
2- Social Security Withholdings Payable		162,903	147,372
3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
4- Other Taxes and Fiscal Liabilities		-	-
5- Corporate Tax Provision and Other Fiscal Liabilities	35	113,333	4,897,160
6- Prepaid Taxes and Other Similar Liabilities for Profit (-)	35	(481,474)	(4,239,110)
7- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks	23	5,967,325	5,140,956
1- Provision for Employment Termination Benefits		-	-
2- Provision for Social Aid Fund Asset Shortage		-	-
3- Provision for Expense Accruals	23	5,967,325	5,140,956
H- Deferred Income and Expense Accruals	19	1,598,864	958,571
1- Deferred Commissions Income	17 and 19	962,586	595,150
2- Expense Accruals		-	-
3- Other Deferred Income	19 and 47.1	636,278	363,421
I- Other Current Liabilities		485,815	320,391
1- Deferred Tax Liabilities		-	-
2- Count Overages		-	-
3- Other Current Liabilities	4, 19 and 47.1	485,815	320,391
III - Total Current Liabilities		37,879,113	31,214,470

Following notes constitute a complementary part of Financial Statements.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

IV – Non-Current Liabilities	Note	Audited December 31, 2020	Audited December 31, 2019
A- Financial Liabilities	20	729,699	1,305,061
1- Due to Credit Institutions		-	-
2- Leasing Payables	20	729,699	1,305,061
3- Deferred Leasing Costs (-)		-	-
4- Issued Debt Securities		-	-
5- Other Issued Debt Securities		-	-
6- Value Differences of Other Issued Debt Securities (-)		-	-
7- Other Financial Payables		-	-
	2.14, 4, 17 and 19	910,166,139	674,750,457
B- Payables from Operations			
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables from Private Pension Operations	2.14, 4, 17 and 19	910,166,139	674,750,457
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)		-	-
C- Due to Related Parties			
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables			
1- Deposits and Guarantees Received		-	-
2- Payables to SSI for Medical Expenses		-	-
3- Other Payables		-	-
4- Rediscount on Other Payables		-	-
E- Insurance Technical Provisions		51,542,934	65,488,507
1- Unearned Premium Reserve - Net		-	-
2- Unexpired Risks Reserve - Net		-	-
3- Mathematical Reserves - Net	2.24, 4 and 17	47,536,556	59,431,467
4- Outstanding Claims Reserve - Net		-	-
5- Bonus Provision-Net		-	-
6- Other Technical Reserves - Net	4 and 17	4,006,378	6,057,040
F- Other Liabilities and Related Provisions			
1- Other Payables		-	-
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
3- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks		1,334,079	1,287,200
1- Provision for Employment Termination Benefits	22	1,334,079	1,287,200
2- Provision for Social Aid Fund Asset Shortage		-	-
H- Deferred Income and Expense Accruals			
1- Deferred Commissions Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long Term Liabilities			
1- Deferred Tax Liabilities		-	-
2- Other Non-Current Liabilities		-	-
IV- Total Non-Current Liabilities		963,772,851	742,831,225

Following notes constitute a complementary part of Financial Statements.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of DETAILED BALANCE SHEETS as at DECEMBER 31, 2020 and 2019

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

V- Shareholders' Equity	Note	Audited December 31, 2020	Audited December 31, 2019
A- Share Capital	2.13 and 15	20,000,000	20,000,000
1- (Nominal) Capital	2.13 and 15	20,000,000	20,000,000
2- Unpaid Capital (-)		-	-
3- Adjustments to Share Capital		-	-
4- Adjustments to Share Capital (-)		-	-
5- Capital of Expected Registration		-	-
B- Capital Reserves		-	-
1- Share Premium		-	-
2- Share Premiums of Canceled Shares		-	-
3- Sales Profit Addition to the Capital		-	-
4- Foreign Currency Translation Differences		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		19,563,523	11,423,716
1- Legal Reserves	15	10,000,000	10,000,000
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	7,046,545	-
4- Special Reserves		-	-
5- Valuation of Financial Assets	2.8 and 15	2,521,659	1,528,336
6- Other Profit Reserves	15	(4,681)	(104,620)
D- Retained Earnings		-	-
1- Retained Earnings		-	-
E- Accumulated Loss (-)		-	-
1- Previous Years' Losses (-)		-	-
F- Net Profit for the Period		622,718	7,046,545
1- Net Profit for the Period	37	622,718	7,046,545
2- Net Loss for the Period (-)		-	-
3- Profit Not Subject to Distribution		-	-
Total Shareholders' Equity		40,186,241	38,470,261
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III+IV+V)		1,041,838,205	812,515,956

Following notes constitute a complementary part of Financial Statements.

CONVENIENCE TRANSLATION of DETAILED INCOME STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

		Audited December 31, 2020 January 1 - December 31, 2020	Audited December 31, 2020 January 1 - December 31, 2019
I- TECHNICAL SECTION	Note		
A- Non-Life Technical Revenues		82,004	71,113
1- Earned Premiums (Net of Reinsurer's Share)		81,912	69,527
1.1- Written Premiums (Net of Reinsurer's Share) (+)	24	54,861	82,553
1.1.1- Gross Written Premiums (+)	24	73,217	105,249
1.1.2- Ceded Premiums (-)	10 and 24	(18,356)	(22,696)
1.1.3- Premiums Ceded to SSI (-)		-	-
1.2 Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	17	27,051	(13,026)
1.2.1- Unearned Premium Reserve (+/-)	17	26,326	(17,292)
1.2.2- Reinsurer's Share in Unearned Premium Reserve (-)	10 and 17	725	4,266
1.2.3- SSI Share in Unearned Premium Reserve (+)		-	-
1.3- Change in Unexpired Risks Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurer's Share in Unexpired Risks Reserve (+/-)		-	-
2- Investment Income Transferred from Non-Technical Section		92	1,586
3- Other Technical Income (Net of Reinsurer's Share)		92	1,586
3.1- Gross Other Technical Income (+/-)		-	-
3.2- Reinsurer's Share in Gross Other Technical Income (-)		-	-
4- Recovery and Salvage Income Accruals		-	-
B- Non-Life Technical Expenses (-)		(27,275)	(4,588)
1- Incurred Losses (Net of Reinsurer's Share)		(16,129)	1,602
1.1- Paid Claims (Net of Reinsurer's Share) (-)		(8,877)	(28,295)
1.1.1- Gross Paid Claims (-)		(8,877)	(30,815)
1.1.2- Reinsurer's Share in Paid Claims (+)	10	-	2,520
1.2- Change in Outstanding Claims Reserve (Net of Reinsurer's share and Reserves Carried Forward) (+/-)		(7,252)	29,897
1.2.1- Outstanding Claims Reserve (+/-)		(23,735)	26,522
1.2.2- Reinsurer's Share in Outstanding Claims Reserve (-)	10	16,483	3,375
2- Change in Bonus and Rebate Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Rebate Reserve		-	-
2.2- Reinsurer's Share in Bonus and Rebate Reserve		-	-
3- Change in Other Technical Reserves (Net of Reinsurer's Share and Reserves Carried Forward)		664	785
4- Operating Expenses	31 and 32	(15,373)	(17,797)
5- Change in Mathematical Reserves (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		3,563	10,822
5.1- Mathematical Reserves (-)		3,563	10,822
5.2- Reinsurer's Share in Mathematical Reserves (+)		-	-
6- Other Technical Expenses		-	-
6.1- Gross Other Technical Expenses (-)		-	-
6.2- Reinsurer's Share in Gross Technical Expenses (+)		-	-
C- Net Technical Income - Non-Life		54,729	66,525
D- Life Technical Revenues		32,613,908	29,587,718
1- Earned Premiums (Net of Reinsurer's Share)		11,818,402	9,409,474
1.1- Written Premiums (Net of Reinsurer's Share)	24	12,301,753	9,383,044
1.1.1- Gross Written Premiums	24	16,073,132	11,294,716
1.1.2- Ceded Premiums	10 and 24	(3,771,379)	(1,911,672)
1.2 Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+)	17	(483,351)	26,430
1.2.1- Unearned Premiums Reserve (+)	17	(1,374,115)	(167,914)
1.2.2- Reinsurer's Share in Unearned Premium Reserve (-)	10 and 17	890,764	194,344
1.3- Change in Unexpired Risks Reserve (Net of Reinsurer's Share and Reserves Carried Forward)		-	-
1.3.1- Unexpired Risks Reserve		-	-
1.3.2- Reinsurer's Share in Unexpired Risks Reserve		-	-
2- Life Segment Investment Revenues	26	20,283,808	20,133,919
3- Unrealized Profits in Investments		-	-
4- Other Technical Income (Net of Reinsurer's Share)		511,698	44,325
4.1- Gross Other Technical Income (+/-)		511,698	44,325
4.2- Reinsurer's Share in Gross Other Technical Income (+/-)		-	-
5- Recovery Income Accruals (+)		-	-
E- Life Technical Expenses		(30,145,269)	(26,597,689)
1- Incurred Losses (Net of Reinsurer's Share)		(31,770,198)	(25,787,454)
1.1- Paid Claims (Net of Reinsurer's Share) (-)		(31,455,514)	(26,033,708)
1.1.1- Gross Paid Claims (-)		(32,943,074)	(26,574,689)
1.1.2- Reinsurer's Share in Paid Claims	10	1,487,560	540,981
1.2- Change in Outstanding Claims Reserve (Net of Reinsurer's share and Reserves Carried Forward)		(314,684)	246,254
1.2.1- Outstanding Claims Reserve (-)		(256,184)	606,884
1.2.2- Reinsurer's Share in Outstanding Claims Reserve (+)	10	(58,500)	(360,630)
2- Change in Bonus and Rebate Reserve (Net of Reinsurers' Share and Reserves Carried Forward)		-	-
2.1- Bonus and Rebate Reserve		-	-
2.2- Reinsurer's Share in Bonus and Rebate Reserve		-	-
3- Change in Mathematical Reserves (Net of Reinsurer's share and Reserves Carried Forward)		11,891,348	11,020,091
3.1- Mathematical Reserves (-)		11,891,348	11,020,091
3.1.1- Actuarial Mathematical Reserves (-)		6,591,734	7,039,475
3.1.2- Profit Share Reserve (Reserves for Policies with Investment Risk Borne by Policyholders)		5,299,614	3,980,616
3.2- Reinsurer's Share in Mathematical Reserves		-	-
3.2.1- Reinsurer's Share in Actuarial Mathematical Reserves		-	-
3.2.2- Reinsurer's Share in Profit Share Reserve (Reserves for Policies with Investment Risk Borne by Policyholders)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer's Share and Reserves Carried Forward)		(161,094)	(93,355)
5- Operating Expenses	31 and 32	(3,400,543)	(3,108,976)
6- Investment Expenses	26	(6,704,782)	(8,627,995)
7- Unrealized Losses in Investments (-)		-	-
8- Investment Income Transferred to Non-Life Technical Section (-)		-	-
F- Net Technical Income - Life		2,468,639	2,990,029
G- Private Pension Technical Income		14,588,989	11,650,842
1- Fund Management Income		10,167,821	7,568,189
2- Management Cost Charge		2,177,589	1,668,503
3- Entrance Fee Income	2.14 and 25	1,335,770	1,930,243
4- Management Cost Charge in case of Suspension		907,764	483,866
5- Special Service Expense Charge		-	-
6- Capital Allowance Value Increase Income		-	-
7- Other Technical Income		45	41
H- Private Pension Technical Expense		(22,066,378)	(16,033,424)
1- Fund Management Expenses		(749,022)	(572,847)
2- Capital Allowance Value Decrease Expenses		-	-
3- Operating Expenses	31 and 32	(17,255,998)	(13,406,740)
4- Other Technical Expenses		(2,488,758)	(2,053,837)
5- Penal Payments (-)		(1,572,600)	-
I- Net Technical Income - Pension		(7,477,389)	(4,382,582)

Following notes constitute a complementary part of Financial Statements.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of DETAILED INCOME STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

II- NON-TECHNICAL SECTION	Note	Audited December 31, 2020 January 1 - December 31, 2020	Audited December 31, 2020 January 1 - December 31, 2019
C- Net Technical Income - Non-Life		54,729	66,525
F- Net Technical Income - Life		2,468,639	2,990,029
I- Net Technical Income - Pension		(7,477,389)	(4,382,582)
J- Overall Technical Income (C+F+I)		(4,954,021)	(1,326,028)
K- Investment Income		13,958,757	34,105,573
1- Income from Financial Investments	26	5,794,780	16,646,976
2- Income from Liquidation of Financial Investments	26	-	10,784,125
3- Valuation of Financial Investments	26	195,532	417,053
4- Foreign Exchange Gains	26 and 36	7,968,262	6,257,419
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivatives		-	-
9- Other Investments	26	183	-
10- Investment Income Transferred from Life Technical Section		-	-
L- Investment Expenses (-)		(4,975,673)	(21,368,829)
1- Investment Management Expenses - Interest Included (-)	26	(150,834)	(301,316)
2- Diminution in Value of Investments (-)	26	(468,992)	(11,864,193)
3- Loss from Realization of Financial Investments (-)	26	-	(4,845,588)
4- Investment Income Transferred to Non-Life Technical Section (-)		-	-
5- Loss from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	26 and 36	(3,435,799)	(3,348,476)
7- Operating Expenses (-)	6	(545,718)	(538,971)
8- Other Investment Expenses (-)		(374,330)	(470,285)
M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)		(3,293,012)	532,989
1- Provisions (+/-)	47.5	(2,419,822)	(1,410,510)
2- Rediscounts (+/-)		-	-
3- Special Insurances (+/-)		-	-
4- Inflation Adjustments (+/-)		-	-
5- Deferred Tax Assets (+/-)	21 and 35	-	2,246,497
6- Deferred Tax Liabilities Expenses (-)	21 and 35	(416,607)	-
7- Other Income		70,542	42,016
8- Other Expenses and Losses (-)	47	(527,125)	(345,014)
9- Revenues and Profits from Previous Year		-	-
10- Expenses and Losses from Previous Year (-)		-	-
N- Net Profit (or Loss) for the Period		622,718	7,046,545
1- Profit/Loss(-) for the Period		736,051	11,943,705
2- Provision for Corporate Tax and Other Fiscal Liabilities (-)	35	(113,333)	(4,897,160)
3- Net Profit/Loss(-) for the Period		622,718	7,046,545
4- Inflation Adjustment		-	-

Following notes constitute a complementary part of Financial Statements.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of STATEMENTS of CASH FLOWS for JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

	Note	Audited December 31, 2020 January 1 - December 31, 2020	Audited January 1 - December 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
1. Cash Inflow from Insurance Operations		16,387,111	12,228,128
2. Cash Inflow from Reinsurance Operations		-	-
3. Cash Inflow from Private Pension Operations		17,991,267	212,166,624
4. Cash Outflow from Insurance Operations (-)		(49,692,037)	(32,198,682)
5. Cash Outflow from Reinsurance Operations (-)		-	-
6. Cash Outflow from Private Pension Operations (-)		(22,300,289)	(218,124,479)
7. Net Cash from Operating Activities (A1+A2+A3-A4-A5-A6)		(37,613,948)	(25,928,409)
8. Interest Payment (-)		-	-
9. Income Tax Payment (-)		(1,319,789)	(4,620,005)
10. Other Cash Inflows		2,643,350	3,240,262
11. Other Cash Outflows (-)		(241,553)	(4,643,057)
12. Net Cash Inflow from Operating Activities		(36,531,940)	(31,951,209)
B. CASH FLOW FROM INVESTMENT OPERATIONS			
1. Sale of Tangible Assets	6	12,256	-
2. Tangible Asset Acquisitions (-)	6	(5,320)	(1,925)
3. Financial Asset Acquisitions (-)		(22,058,556)	(16,200,000)
4. Sale of Financial Assets		32,851,974	68,526,592
5. Interest Received		7,283,145	46,620,013
6. Dividends Received		-	-
7. Other Cash Inflows		20,817,453	21,377,072
8. Other Cash Outflows (-)		(11,524,576)	(20,108,466)
9. Net Cash Inflow from Investment Activities		27,376,376	100,213,286
C. CASH FLOW FROM FINANCING OPERATIONS			
1. Issue of Shares		-	-
2. Cash Inflows from Borrowings		-	-
3. Leasing Payments (-)	20	(828,000)	(828,000)
4. Dividends Paid (-)	38	-	(13,638,817)
5. Other Cash Inflows		-	-
6. Other Cash Outflows (-)	15	-	(52,031,222)
7. Net Cash Inflow from Financing Operations		(828,000)	(66,498,039)
D. EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		4,532,463	910,167
E. Net Increase/(Decrease) in Cash and Cash Equivalents (A12+B9+C7+D)		(5,451,101)	2,674,205
F. Cash and Cash Equivalents at the Beginning of the Period		27,050,153	24,375,948
G. Cash and Cash Equivalents at the End of the Period (E+F)	2.12	21,599,052	27,050,153

Following notes constitute a complementary part of Financial Statements.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of STATEMENTS of CHANGES in SHAREHOLDERS' EQUITY for JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

	Capital	Own Shares (-)	Increase in Asset Values	Inflation Adjustment on Share Capital	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Net Profit/(Loss) for the Period	Retained Earnings / (Accumulated Loss)	Total
Previous Period											
I - Balance at the End of Previous Period (31/12/2018)	62,975,000	-	(2,809,865)	-	-	17,216,193	-	2,090,212	13,489,319	-	92,960,859
A- Capital Increase (A1 + A2) (Note 15)	9,056,222	-	-	-	-	(9,056,222)	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From Internal Sources	9,056,222	-	-	-	-	(9,056,222)	-	-	-	-	-
B- Own Shares	-	-	-	-	-	-	-	-	-	-	-
C- Gains and Losses Not Included in Income Statement (Note 15)	-	-	-	-	-	-	-	(205,305)	-	-	(205,305)
D- Increase/(Decrease) in Asset Values	-	-	4,338,201	-	-	-	-	-	-	-	4,338,201
E- Foreign Currency Translation Differences	-	-	-	-	-	-	-	-	-	-	-
F- Other Income and Losses (Note 15)	(52,031,222)	-	-	-	-	-	-	-	-	-	(52,031,222)
G- Inflation Adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	7,046,545	-	7,046,545
I- Dividends Paid (Note 38)	-	-	-	-	-	-	-	(1,989,527)	(11,649,290)	-	(13,638,817)
J- Transfer (Note 15)	-	-	-	-	-	1,840,029	-	-	(1,840,029)	-	-
IV - Balance at Period End (31/12/2019) (III+ A+B+C+D+E+F+G+H+I+J)	20,000,000	-	1,528,336	-	-	10,000,000	-	(104,620)	7,046,545	-	38,470,261
Current Period											
I - Balance at the End of Previous Period (31/12/2019)	20,000,000	-	1,528,336	-	-	10,000,000	-	(104,620)	7,046,545	-	38,470,261
A- Capital Increase (A1 + A2) (Note 15)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From Internal Sources	-	-	-	-	-	-	-	-	-	-	-
B- Own Shares	-	-	-	-	-	-	-	-	-	-	-
C- Gains and Losses Not Included in Income Statement (Note 15)	-	-	-	-	-	-	-	99,939	-	-	99,939
D- Increase/(Decrease) in Asset Values	-	-	993,323	-	-	-	-	-	-	-	993,323
E- Foreign Currency Translation Differences	-	-	-	-	-	-	-	-	-	-	-
F- Other Income and Losses (Note 15)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation Adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	622,718	-	622,718
I- Dividends Paid	-	-	-	-	-	-	-	-	-	-	-
J- Transfer (Note 15)	-	-	-	-	-	-	-	7,046,545	(7,046,545)	-	-
IV - Balance at Period End (31/12/2020) (III+ A+B+C+D+E+F+G+H+I+J)	20,000,000	-	2,521,659	-	-	10,000,000	-	7,041,864	622,718	-	40,186,241

Detailed information about Equity items is provided in Note 15.

Following notes constitute a complementary part of Financial Statements.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of STATEMENTS of PROFIT DISTRIBUTION for JANUARY 1 - DECEMBER 31, 2020 and 2019 PERIODS

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

	Current Period (*)	Previous Period
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
1.1. NET PROFIT/(LOSS) FOR THE PERIOD	736,051	11,943,705
1.2. TAXES AND FISCAL LIABILITIES	(113,333)	(4,897,160)
1.2.1. Corporate Tax (Income Tax)	(113,333)	(4,897,160)
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Taxes and Fiscal Liabilities	-	-
A. NET PROFIT FOR THE PERIOD (1.1 - 1.2)	622,718	7,046,545
1.3. PREVIOUS YEARS' LOSSES (-)	-	-
1.4. PRIMARY LEGAL RESERVES	-	-
1.5. LEGAL RESERVES RETAINED BY COMPANY (-)	-	-
B. PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]	-	7,046,545
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1. To Common Shareholders	-	-
1.6.2. To Preferred Shareholders	-	-
1.6.3 To Owners of Participating Redeemed Shares	-	-
1.6.4 To Owners of Profit-Sharing Securities	-	-
1.6.5 To Owners of Profit and Loss Sharing Securities	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO FOUNDERS (-)	-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.10.1. To Common Shareholders	-	-
1.10.2. To Preferred Shareholders	-	-
1.10.3. To Owners of Participating Redeemed Shares	-	-
1.10.4. To Owners of Profit-Sharing Securities	-	-
1.10.5. To Owners of Profit and Loss Sharing Securities	-	-
1.11. SECONDARY LEGAL RESERVES (-)	-	-
1.12. STATUTORY RESERVES (-)	-	-
1.13. EXTRAORDINARY RESERVES	-	7,046,545
1.14. OTHER RESERVES	-	-
1.15. SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECONDARY LEGAL RESERVES (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To Common Shareholders	-	-
2.3.2. To Preferred Shareholders	-	-
2.3.3 To Owners of Participating Redeemed Shares	-	-
2.3.4 To Owners of Profit-Sharing Securities	-	-
2.3.5 To Owners of Profit and Loss Sharing Securities	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. PROFIT PER SHARE	0.0003	0.0035
3.1. TO COMMON SHAREHOLDERS	0.0003	0.0035
3.2. TO COMMON SHAREHOLDERS (%)	0.03%	0.35%
3.3. TO PREFERRED SHAREHOLDERS (%)	-	-
3.4. TO PREFERRED SHAREHOLDERS (%)	-	-
IV. DIVIDENDS PER SHARE	-	-
4.1. TO COMMON SHAREHOLDERS	-	-
4.2. TO COMMON SHAREHOLDERS (%)	-	-
4.3. TO PREFERRED SHAREHOLDERS (%)	-	-
4.4. TO PREFERRED SHAREHOLDERS (%)	-	-

(*) Shareholders' Assembly is the authorized body of the Company regarding distribution of current period profit. The Company has not yet held the Ordinary Shareholders' Assembly meeting as of the financial statement dates.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 PERIOD

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

1. General Information

- 1.1 Name of Parent Company:** Axa Holding A.Ş. is the direct main partner and Axa SA is the ultimate main partner of Axa Hayat ve Emeklilik A.Ş. ("Company") as of December 31, 2020 and December 31, 2019.

Pursuant to the Share Purchasing Agreement executed on February 5, 2008 between Axa SA, a partner of Axa Hayat Sigorta A.Ş.'s main partner Axa Holding A.Ş. and OYAK, all shares of OYAK in Axa Oyak Holding A.Ş. is transferred to Axa Mediterranean Holding SA. Following the official approvals given by the Undersecretariat of Treasury affiliated to the Turkish Ministry of Treasury and Finance ("the Ministry") and Turkish Competition Authority validating the said share transfer, Company's former name Axa Oyak Hayat Sigorta A.Ş. is changed as Axa Hayat Sigorta A.Ş. with the resolution made in Company Shareholders' Assembly held on August 12, 2008 and the title change is officially registered on the same date. Business title of the Company's main partner Axa Oyak Holding A.Ş. is also changed and registered on the same date as Axa Holding A.Ş. .

Company Board of Directors ("BoD") decided to change the Company's status from life insurance to life insurance and pension company and initiate the required proceedings in this regard in accordance with Resolution No.28 made on October 16, 2008, and to initiate the activities required for transfer of the Company's health portfolio to Axa Sigorta A.Ş. in accordance with Resolution No.5 made on February 16, 2009. The Company subsequently presented the required documents regarding transfer of the health portfolio on June 15, 2009 to the Ministry. The Ministry approved this transfer with the official letter dated August 25, 2009 and the transfer is realized through recognition in Company financial statements drawn up on October 31, 2009 in accordance with the portfolio transfer agreement signed on September 10, 2009. Company's business title Axa Hayat Sigorta A.Ş. is changed as Axa Hayat ve Emeklilik A.Ş. pursuant to permission no.23749 of the Ministry dated May 12, 2010 and permission no.2709 of General Directorate of Domestic Trade affiliated to the Ministry of Industry and Trade dated May 14, 2010 and the title change is officially registered on June 29, 2010.

The Company filed an application to the Ministry on August 18, 2010 to operate in private pension segment and was subject to a license audit on February 1, 2011. The company obtained the license for private pension operations on May 5, 2011 which was officially registered on May 24, 2011. The Company has 19 Pension Investment Funds with the capacity of fund founder as of December 31, 2020 (December 31, 2019: 19 funds).

- 1.2 Company's Legal Residence Address, Legal Structure, Country of Incorporation and Address of Officially Registered Office:** The Company is established in May 1995 in Istanbul and started operations in July 1995. The Company is registered in Istanbul, Turkey and registered address is "Meclis-i Mebusan Cad. No: 15, 34433 Salıpaazarı/İstanbul".
- 1.3 Nature of Operations:** The company operates in line with Insurance Law No.5684 and also with Private Pension Saving and Investment System Act No. 4632. and the official circulars issued regarding these two acts. As disclosed in Note 1.1, the Company operates as an insurer in life and personal accident segments in insurance industry and started operating in private pension segment in 2011.
- 1.4 Explanation of Company Activities and Characteristics of Main Operations:** Disclosed in Notes 1.2 and 1.3.

AXA HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 PERIOD

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

1. General Information (continued)

1.5 Average Number of Employees During the Period by Category:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Senior and middle level managers	5	3
Other employees	35	39
Total	40	42

1.6 Total amount of remunerations and other benefits provided to senior management such as chairman, members of BoD, general manager, general coordinator, assistant general managers etc. : 1,559,625 TRY (January 1 - December 31, 2019: 1.544.095 TRY)

1.7 Criteria set for the allocation of investment income and operating expenses (personnel, management, research and development, marketing and sales, outsourcing services and other operating expenses) in financial statements: All investment income generated by investments backing life and non-life technical provisions is transferred from non-technical to technical section of the income statement. Other investment income is classified under non-technical section. The Company considered the weighted average of the number of policies produced within the current period, amount of gross written premiums and number of loss claim reports realized within last three years for distribution of operating income transferred to the technical section.

1.8 Information on financial statements as to whether financial statements include only one firm or a group of firms: Financial Statements are drawn up for only one company Axa Hayat ve Emeklilik A.Ş.).

1.9 Name and other identification information of the reporting firm and changes in this information from the previous balance sheet date: Company's name and other identification details and changes in the foregoing information from the previous balance sheet date are disclosed in Notes 1.1, 1.2, & 1.3.

1.10 Events after balance sheet date: The Company's financial statements are approved by Company Senior Management on March 12, 2021. Events after Balance Sheet date are disclosed in Note 46.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The Company prepares its financial statements in accordance with the provisions of Insurance Act No.5684 and the rules and principles regarding insurance and reinsurance companies set forth by the Insurance and Private Pension Regulation and Supervision Agency ("SEDDK") established upon the Presidential Decree published on October 18, 2019. Insurance regulations regarding the financial reporting before the establishment of and inception of regulatory activities on insurance sector by SEDDK has been issued by the Ministry of Treasury and Finance.

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the Communiqué issued by the Ministry regarding the Insurance Chart of Accounts and Prospects, published in Turkish Official journal (No:25686) dated December 30, 2004 (Insurance Accounting System Communiqué No.1) and also with the Industry Announcement No.2011/14 dated December 27, 2011 regarding Opening New Account Codes in the Insurance Chart of Accounts. Content and format of the financial statements and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Journal No.26851 dated April 18, 2008 and with the Industry Announcement No.2012/7 dated May 31, 2012 regarding Presentation of Financial Statements with New Account Codes.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

Since January 1, 2008, the Company has been booking its activities and operations in line with the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies", issued on July 14, 2007 and effective as of January 1, 2008, in addition to other regulations, announcements and communiques issued by the Ministry regarding the principles of accounting and financial reporting; and for issues not covered by the foregoing, in accordance with the "Insurance Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") as issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application pursuant to the notice No. 9 issued by the Ministry on February 18, 2008. In addition, the companies are obliged to comply with the "Communiqué on Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") dated December 31, 2008 which was published in the Official Journal No. 27097 and effective as of March 31, 2009. The Company does not have any subsidiaries required to be consolidated in the aforementioned scope.

Financial statements were prepared in TRY and on historical cost basis, being adjusted for inflation until December 31, 2004, excluding financial assets measured at fair value.

The Company calculated the insurance technical reserves amounts as of December 31, 2020 in accordance with the Regulation on Technical Reserves of Insurance, Reinsurance And Pension Companies, and Assets in which such Provisions are to be Invested" ("Technical Provisions Regulation") issued under Insurance Law No.5684 as amended through the amendments promulgated in Turkish Official Journal No.27655 on July 28, 2010 and No.28356 on July 17, 2012, as well as with other relevant regulations and then reflected these figures to its financial statements (see Note 2.24).

Accounting policies and measurement and assessment principles used in preparation of financial statements are explained in the notes from 2.4 to 2.24 below.

Comparative data is reclassified where required to ensure compliance with the presentation of current period's financial statements.

Changes in Turkish Financial Reporting Standards:

a) New standards effective as of December 31, 2020 and modifications to and interpretations of previously existing standards:

- **Amendments to TAS 1 and TAS 8 on the definition of material;** effective from Annual periods beginning on or after January 1, 2020. These amendments to TAS 1 "Presentation of Financial Statements", and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and consequential amendments to other TFRSs are as follows:
 - Use a consistent definition of materiality throughout TFRS and the Conceptual Framework for Financial Reporting;
 - Clarify the explanation of the definition of material; and
 - Incorporate some of the guidance in TAS 1 about immaterial information.

The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

a) *New standards effective as of December 31, 2020 and modifications to and interpretations of previously existing standards (continued):*

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

The Standard shall not have a significant impact on the financial position or performance of the Company.

- **Amendments to TFRS 9, TAS 39 and TFRS 7 – Interest rate Benchmark Reform;** effective from Annual periods beginning on or after January 1, 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
- **Amendments to TAS 16 "Rent - COVID 19 Rent Related Concessions";** effective from Annual periods beginning on or after June 1, 2020. Various concessions are granted to lessees for rental payments due to COVID-19 pandemic. Such privileges may be in different forms, including suspension or deferral of rental payments. On May 28, 2020, IASB issued an amendment on IFRS 16 to provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification. This relief would often allow the lease concession to be booked as a variable rental payment within periods where an incident or condition triggering such decrease in rental payments occurs.

b) *Standards and amendments issued but not put into effect as of December 31, 2020:*

- Modifications in "**TFRS 17 - Insurance Contracts**" shall be applicable for the reporting periods starting with January 01, 2023 and afterwards. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

b) *Standards and amendments issued but not put into effect as of December 31, 2020 (continued):*

- **Amendments to TAS 1 "Presentation of Financial Statements";** effective from Annual periods beginning on or after January 1,2022. The amendments issued to TAS 1 "Presentation of Financial Statements" clarify the criteria for the classification of a liability as either current or non-current, depending on the rights available at the end of the relevant reporting period. Classification shall not be affected by the events occurring after the reporting date or the entity's expectations (e.g. obtaining royalty rights or breach of an agreement). This modification also clarifies what "payment" of a liability means as specified in TAS 1.
- **Narrow-scoped amendments to TFRS 3, TAS 16, TAS 17 and various annual improvements in TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from Annual periods beginning on or after January 1,2022.
 - **Amendments to TFRS 3 "Business Combinations";** these modifications do not change the accounting requirements for business mergers; however, update a reference made to Conceptual Framework made in TFRS 3 for Financial Reporting.
 - **Amendments to TAS 16 "Tangible Assets";** prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity shall recognize the proceeds from selling such items, and costs of producing those items, in profit or loss.
 - **Amendments to TAS 37 "Provisions, Contingent Liabilities and Contingent Assets";** specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach".

Annual improvements introduce minor modifications to the explanatory examples in TFRS 1 "First-time Adoption of International Financial Reporting Standards", TFRS 9 "Financial Instruments", TAS 41 "Agricultural Activities" and TFRS 16.

- **Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 – Interest rate Benchmark Reform Phase 2;** effective from Annual periods beginning on or after January 01, 2021. This Phase 2 change addresses the issues arising from implementation of the reforms, including replacement of an interest rate benchmark with an alternative.
- **Amendments to TFRS 17 and TFRS 4 "Insurance Contracts", Postponing implementation of TFRS 9;** effective from Annual periods beginning on or after January 01, 2021. These amendments postpone the implementation date of TFRS 17 for two years until January 1, 2023 and regarding the implementation date of TFRS 9 "Financial Instruments, the fixed date of temporary exemption in TFRS 4 is postponed to January 1, 2023 as well.

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.2 Consolidation

The Company does not have any affiliates or subsidiaries required to be consolidated.

2.3 Segment Reporting

The Company conducted activities in only three reportable segments in Turkey (underwriting in life and personal accident segments and private pension segment) during January 1 - December 31, 2020 and 2019 periods and does not make segment reporting since its is not a listed company.

2.4 Foreign Currency Translation

The functional currency of the Company is TRY. Foreign currency transactions are translated to functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in Income Statement.

Changes in the fair value of monetary securities denominated in foreign currency and classified as available for sale are analyzed between translation differences resulting from changes in the discounted cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in discounted cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Foreign exchange translation differences from non-monetary financial assets and liabilities are considered as part of fair value changes and these differences are classified under the accounts where fair values changes are booked.

2.5 Tangible Assets

All property and equipment are carried at cost less accumulated depreciation. Depreciation on property and equipment is calculated using the straight-line depreciation methods. Residual values of property and equipment estimated over their expected useful lives are as follows:

Leasehold improvements	3-5 years
Furniture and fixtures	3-10 years

If there are indicators of impairment on tangible assets except for land and buildings, a review is made in order to determine possible impairment and as a result of this review, if an asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down immediately to its recoverable amount by accounting for an impairment provision. Gains and losses on disposals of property and equipment are included in other operational income and expenses accounts (see Note 6).

Depreciation periods of tangible assets are within 4-7 year range.

2.6 Investment Property

None (December 31, 2019: None).

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.7 Intangible Assets

Intangible assets consist of the acquired information systems, royalty rights and computer software. Intangible assets are carried at acquisition cost and amortized by the straight-line method over their estimated useful lives after their acquisition date.

If impairment exists, carrying amount of intangible assets is written down immediately to its recoverable amount (Note 8).

The amortization periods of intangible assets are within 3-15 year range.

2.8 Financial Assets

The Company classifies and books financial assets as "Available for Sale Investments" and "Loans and Receivables (Receivables from Operations)". Receivables from Operations are those arising from insurance agreements and these are classified as financial assets in financial statements.

The classification of financial assets is determined by the Company management at acquisition date by considering the purpose for which the financial assets are acquired.

Loans and Receivables and Policy Loans (Receivables from Operations):

Loans and Receivables are financial assets created through provision of cash or service to the debtor. These receivables are recognized at acquisition value. Fees paid and other similar expenses incurred for assets received as a guarantee of such receivables are not considered as transaction costs and these are reflected to respective expense accounts.

The Company allocates provisions where Company management deems as required for the receivables based on the assessments and estimations made. Such provision is presented under "Provision for Due from Insurance Operations" item in the Balance Sheet. The Company considers the general structure of existing receivables portfolio, financial structures of policyholders and intermediaries, non-financial data and the economic conjuncture in line with the risk policies and precautionary principle while making its forecasts.

In addition to "Provision for Due from Insurance Operations", the Company also allocates a provision amount for receivables under administrative and legal proceedings for doubtful receivables not included in Provision for Due from Insurance Operations in accordance with Article 323 of Tax Procedural Law. This provision is classified under "Provision for Doubtful Receivables from Main Operations" item in the Balance Sheet.

Provisions for doubtful receivables are deducted from the income of the current year. In case a doubtful receivable for which a provision has been allocated previously is collected, the collected amount is deducted from the relevant provision account and reflected in "Provision Expenses" account. Bad receivables are removed from respective accounts after all legal transactions are completed.

Policy loans are the loan amounts provided to policyholders who have paid premiums during the period specified in the technical principles of the Company regarding the approved life insurance price list (time interval for policy loan is minimum three years in accordance with Life Insurance General Conditions unless another agreements exists otherwise) at a certain percentage of the amounts included in the surrender table in return for policyholders' surrender of the respective life insurance policies. Policy loans are initially recognized at fair value in the Balance Sheet accounted and followed over their values determined by applying effective interest method, by considering impairment provision, if any. Interest income from policy loans and the foreign currency gains and losses are also taken into account under Investment Income/Expenses items within Life Segment Technical Income and Expenses main account group in Income Statement (Note 12).

**CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for
JANUARY 1 - DECEMBER 31, 2020 PERIOD**

(Denominated in Turkish Lira ("TRY"), unless stated as otherwise)

2. Summary of Significant Accounting Policies (continued)

2.8 Financial Assets (continued)

Available for Sale Investments

Various debt securities held by the Company are classified as Available for Sale Investments (financial assets) and these are valued at fair value within the periods after initial recognition. It is considered that the fair value cannot be reliably measured if the price that provides a basis for fair value is not set in active market conditions and discounted value calculated with the effective interest method is used as fair value.

Interest income and expenses of Available for Sale financial assets included in Financial Investments at Policyholders' Risk portfolio calculated with effective interest method are recorded in "Life Segment Investment Income" account.

"Unrealized profits and losses" arising from changes in fair values of Available for Sale financial assets are not reflected in the Income Statement for the relevant period until either collection of the amount corresponding to or sale/disposal of or impairment of such asset is realized and followed under "Valuation of Financial Assets" account in Shareholders' Equity. 622,855 TRY (December 31, 2019: 2,596,613 TRY) out of the unrealized gains and losses arising from the changes in fair values of these assets corresponding to the valuation differences regarding Financial Assets at Policyholder's Risk not belonging to the Company is recognized in "Other Technical Provisions" account item under long term insurance technical provisions (Note 17). Accumulated fair value differences booked under Shareholders' Equity are reflected to the Income Statement upon disposal of such assets.

The Company evaluates on each Balance Sheet date whether objective evidence exists regarding impairment in financial assets. The Company does not allocate any impairment provisions for short-term market fluctuations, provided that a collection risk has not been born for financial assets classified under available for sale financial assets and representing borrowings (Note 11).

2.9 Impairment of Assets

The details about impairment of assets are explained in the notes where accounting policies of relevant assets are explained.

Mortgages or guarantees on assets are explained in Note 43, provisions for overdue receivables and provisions for receivables which are not overdue are explained in Note 12.1, and provision and rediscount expenses for the period are explained in Note 47.5.

2.10 Derivative Financial Instruments

None (December 31, 2019: None).

2.11 Offsetting of Financial Instruments

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or when acquisition of the asset and settlement of the liability take place consecutively.

AXA HAYAT VE EMEKLİLİK A.Ş.

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2. Summary of Significant Accounting Policies (continued)

2.12 Cash and Cash Equivalents

Cash and cash equivalents include demand deposits held at banks and bank guaranteed short term credit card receivables with a term less than three months.

Cash and cash equivalents included in the statements of cash flows are as follows:

	December 31, 2020	December 31, 2019
Banks (Note 14)	15,445,681	24,179,366
Credit Card Receivables (Note 14)	9,248,643	6,457,362
Minus – Accrued Interest	(88,581)	(583,623)
Minus – Earmarked Bank Accounts (-) (Note 14)		
(Note 14)	(3,006,691)	(3,002,952)
Total	21,599,052	27,050,153

The Company has 3,000,000 TRY in time deposit account earmarked in favor of public institutions and net of interest accruals as of December 31, 2020 (December 31, 2019: 3,000,000 TRY).

2.13 Capital

The composition of the Company's share capital at December 31, 2020 and December 31, 2019 is as follows:

Name of Shareholder	December 31, 2020		December 31, 2019	
	Share (%)	Share Amount	Share (%)	Share Amount
Axa Holding A.Ş.	99.99	19,999,283	99.99	19,999,283
Other	0.01	717	0.01	717
Total	100.00	20,000,000	100.00	20,000,000

The Company held a Shareholders' Assembly Meeting on March 29, 2019 and according to the resulting Assembly Resolutions, following decisions are made: Decrease Company capital by 52,031,222 TRY from 62,975,000 TRY paid-in capital down to 10,943,778 TRY; subsequently increase capital by 9,056,222 TRY to reach a total paid-in capital amount of 20,000,000 TRY to be withdrawn from Secondary Legal Reserves; pay the amount obtained from capital decrease at the end of aforementioned transactions to shareholders in proportion with their share percentages, in accordance with the provisions of Turkish Commercial Code No.6102, Trade Registry Regulation and other relevant regulations.

As of December 31, 2020 and December 31, 2019, no privileges are granted to the preference shares representing the share capital.

The Company is not subject to the registered share capital system as of December 31, 2020 and December 31, 2019.

Other information about the Company's share capital is explained in Note 15.

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2. Summary of Significant Accounting Policies (continued)

2.14 Insurance and Investment Contracts – Classification

Insurance contracts are those contracts that transfer insurance risk. Insurance contracts provide protection to policyholders against adverse economic consequences of an event of loss as covered under the terms and conditions stipulated in the insurance policy. Main contracts issued by the Company are insurance contracts prepared in personal accident and life segments, as also explained below.

Non-Life Insurance Contracts (Personal Accident)

Personal accident insurance contracts provide guarantee against risks which may arise due to an accident. Riders such as disability due to accident, unemployment or temporary disability and accident medical treatment expenses are also provided in addition to accidental death coverage.

Life Insurance Contracts

Life insurance contracts are divided into two groups: cumulative and risk (non-cumulative). With this insurance, the Company may insure the probability of death of a person within a certain period or in accordance with the conditions and situations specified in the insurance contract or the probability of that person to live longer than a specified period of time, or both. Information regarding the cumulative and risk insurances written under Life segment is provided below:

i) Insurance for Savings:

Cumulative Life Insurance

Cumulative life insurance products are products with investment purposes with a major portion for ensuring savings and with a minimum period of 10 years. Savings accumulating at the end of minimum 10 years are paid to policyholders. In case of an unexpected death, death coverage provides security. Paid cumulative policies provide surrender and loan rights unless the policy period is not shortened with a counter agreement. Furthermore, accidental death and permanent disability riders can also be included in insurance scope with the deductions to be made from the premiums paid. Policyholders can receive profit shares in case the income generated exceeds the technical interest guaranteed in cumulative policies. The Company classifies and recognizes all cumulative life insurance contracts and insurance contracts in accordance with the applicable insurance regulations.

ii) Insurance for Protection:

Annual Life

Annual life insurance provides security for a period of 1 year against the risks the policyholder can face. This insurance provides accidental death, permanent and temporary disability and dread disease riders in addition to death main coverage and covers the risks to which the policyholder may be exposed during policy period. Annual life insurance policies are risk weighted, do not include savings and do not provide surrender and loan rights. Policies can be issued for individuals or groups.

Long Term Life

Long term life insurance, provides accidental death and permanent disability riders in addition to death main coverage and ensures long term material security against the risks to which the policyholder may be exposed during policy period. Insurance period can be between 1 - 30 years. Long term life insurance policies are protective and risk weighted and do not include savings. These policies are issued for individuals only. Age limit is 18-65 and premium amounts vary according to age, gender and coverage amount (monthly diminishing, yearly diminishing, fixed throughout the period).

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2. Summary of Significant Accounting Policies (continued)

2.14 Insurance and Investment Contracts – Classification (continued)

Credit Life

Credit life insurance provides coverage for potential risks indicated on the policy such as death or disability etc. which the policyholder may encounter with during reimbursement period. In case of risk realization within insurance period, loan debt is covered by the credit life insurance. Policies usually provide only death coverage. These are risk products not including savings. Premium amounts vary according to age, gender and coverage amount (monthly diminishing, yearly diminishing, fixed throughout the period).

Calculation principles for income and liabilities arising from insurance contracts are provided in Notes 2.21 and 2.24.

Private Pension Contracts

The Company has 19 Pension Investment Funds with the capacity of fund founder as of December 31, 2020 (December 31, 2019: 19 funds).

Private pension system receivables consist of capital advances in pension investment funds, fund management amounts deducted from funds, receivables from participants and receivables from the custodian. The Company follows the receivable amounts from fund management charges arising from management of funds and not collected within the same day under receivables from fund management charge account. Advances allocated to pension investment funds founded by the Company are followed under capital advances in pension investment funds account.

Receivables from custodian on fund basis on behalf of participants are classified under due from custodian account. This amount is at the same time shown as due to participants for funds sold under under private pension system payables account. These amounts at December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020
Due from Custodian	910,166,139
Due to Participants	910,166,139
	December 31, 2019
Due from Custodian	674,750,457
Due to Participants	674,750,457

Private pension system payables consist of accruals calculated for pension investment fund management expenses, participants suspense account and payables to private pension intermediaries in addition to due to participants account explained in the previous paragraph. Accruals calculated for pension investment fund management expenses include the accrual entries for the amount to be paid by the Company to the portfolio management firm for pension investment funds the Company has founded. Participants suspense account is the account item where amounts not yet invested in the name of participants and amounts to be paid to participants in case they leave the system or the amounts to be transferred in case participants want to transfer their savings to another company, after the sales of fund shares belonging to participants and deduction of similar items.

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2. Summary of Significant Accounting Policies (continued)

2.14 Insurance and Investment Contracts – Classification (continued)

Private Pension Contracts (continued):

Fund management expense charge for fund management and representation services and equipment, labor and accounting services allocated to funds is recognized as income in Company accounts and shared by the Company and portfolio management firm in line with mutually agreed rates and fixed expense shares. All such expenses are included in fund management expense charge account in Company technical income and the portion belonging to the fund manager is reflected to Company technical expenses as the amount paid for fund management.

Reinsurance Treaties

Reinsurance treaties are agreements executed by and between ceding company and reinsurer(s) which may include one or more segments and coverages and prescribes the technical and financial conditions to be complied with by contractual parties.

Reinsurance policy and treaties of the Company applicable within 2020 and 2019 are summarized below:

The Company ensured protection during 2020 and 2019 periods with surplus reinsurance treaties in life and personal accident segments and with excess of loss reinsurance treaties protecting the retention in these segments.

In surplus reinsurance treaties, premium amounts are ceded to reinsurer(s) on premium basis specified in the treaty for rates found by application of the retention and treaty limits to the relevant risk and the loss amount is collected over the same rates. In excess of loss treaties, excess of loss premiums predetermined and mutually agreed at year beginning are paid to the reinsurer(s) within the year in two equal installments.

2.15 Insurance Contracts and Investment Contracts with Discretionary Participation Feature

None (December 31, 2019: None).

2.16 Investment Contracts without Discretionary Participation Feature

None (December 31, 2019: None).

2.17 Loans

None (December 31, 2019: None).

2.18 Taxes

Corporate Tax

Applicable corporate tax for 2020 is 22% in 2019 (2018: 22%). According to the Provisional Article 10 added to the Corporate Tax Law, corporate tax shall be applied at 22% for corporate earnings realized within the taxation period of 2020 (earnings for the fiscal periods starting in the related year for the institutions assigned with special accounting periods).

Withholding tax is not applied to dividends paid to limited taxpayer entities earning income within Turkey through an office or a permanent representative and to entities residing in Turkey. Dividend payments made to other persons and entities except the foregoing shall be subject to 15% withholding tax. Appropriation of retained earnings to capital is not considered as profit distribution, therefore no withholding tax is applied.

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2. Summary of Significant Accounting Policies (continued)

2.18 Taxes (continued)

Corporate Tax (continued)

Entities calculate the provisional tax amount equal to 22% of their quarterly financial profits, submit their provisional tax return statements until the 14th day and pay the tax amount until the end of 17th day of the second month following the quarterly period subject to provisional tax. Provisional tax amounts paid within the year belong to that specific year and these amounts are rebated against the corporate tax amount to be calculated over the corporate tax return statement to be submitted within the subsequent year. In case a surplus paid amount provisional tax exists even after such rebate, such surplus amount can be recollected or set off against other fiscal payables due to the government.

75% of the profit obtained from sales of affiliate shares held for minimum 2 years and 50% of the profit obtained from sale of physical properties are considered as tax exemptions, provided that such amounts are added onto capital as pre-stated in Corporate Tax Law or kept in equity for 5 years.

According to Turkish tax legislation, financial losses on tax return statements can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits.

There is no practice of reconciliation of payable taxes with the tax authority within Turkey. Corporate tax returns are submitted to the relevant tax office by the 25th day of the 4th month following the month when the accounting period ends.

For tax reviews, authorized bodies are entitled to review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

Income or corporate taxpayers calculating their revenues on Balance Sheet basis are required to apply inflation adjustment to their financial statements starting as of January 1, 2004 in accordance with the "Law on Amendment of Tax Procedural No.5024, Income Tax Law and Corporate Tax Law" ("Law No.5024") promulgated in Turkish Official Journal on December 30, 2003. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (TÜİK TÜFE (Consumer Price Index) increase rate). Since the conditions in question were not fulfilled in 2019 and 2020, no inflation adjustments were performed (Note 35).

Deferred Taxes

Deferred taxes are calculated over temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements by using liability method. Deferred tax assets and liabilities are calculated according to the tax rates expected to be applicable within the period where the tax asset shall be realized or the liability shall be fulfilled and in consideration of the tax rates and tax laws already in effect or which shall go in effect as of the Balance Sheet Date.

Deferred tax assets are calculated with the constraint that use of provisional differences through gaining profits subject to tax is highly probable in the future (Note 21).

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2. Summary of Significant Accounting Policies (continued)

2.19 Employee Benefits

The Company accounts for its liability related to employment termination, vacation benefits and other benefits provided to employees according to “Turkish Accounting Standards Regarding Employee Benefits”(“TAS 19”) and classifies these in the Balance Sheet under “Provision for Employment Termination Benefits” and “Provision for Expense Accruals” accounts.

According to the Turkish Labor Law, the Company is required to pay termination benefits to each employee whose job is terminated except for the reasons such as resignation, retirement and attitudes determined in Labor Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labor Law by considering certain actuarial estimates (Note 22).

2.20 Provisions

In case a liability arising from past events exists and fulfillment of such liability is likely and the amount of such liability is reliably predictable, provisions are allocated in financial statements. Provision amount is calculated in consideration of the risks and uncertainties regarding such liability, through estimating the expense expected to be incurred in the most reliable way on the Balance Sheet date. In case the provision is measured by using the expected cash flows required to fulfill such liability, the book value of such provision equals to the present value of the relevant cash flows.

In cases where the economic benefit required for payment of such liability is expected to be totally or partially borne by third parties, the amount to be collected is recognized as an asset if the collection of such amount is almost certain and can reliably be measured.

Liabilities arising from past events and whose existence would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are classified as contingent liabilities and not included in the financial statements (Note 23).

2.21 Recognition of Revenues

Written Premiums

Written premiums represent premiums on policies written during the year, net of cancellations and taxes. As disclosed in Note 2.24, premium income is recognized in the financial statements on accrual basis by allocating the unearned premium reserve over written risk premiums. Amount of written premiums for life insurance policies longer than 1 year consists of income with payment due dates accrued within that year. Amount of written premiums for life insurance policies shorter than 1 year covers all the premium amount for the relevant period.

Reinsurance Commissions

Commission income for premiums ceded to reinsurance companies are recorded on an accrual basis over the period, and classified in the technical section of the Income Statement under operating expenses. As disclosed in Note 2.24, reinsurance commission income is recognized in the financial statements on accrual basis by allocating unearned commissions reserve over charged commissions.

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2. Summary of Significant Accounting Policies (continued)

2.21 Recognition of Revenues (continued)

Life Segment Investment Income

Fund income in life segment is calculated in line with the efficiency rate of the income obtained from the investments made within the period and reflected in life segment investment income account.

Interest Income

Interest income is recorded periodically by applying effective interest rate method.

Dividend Income

Dividend income is recorded in financial statements when deserved.

2.22 Leases

Leasing contracts are recognized in accordance with TFRS 16.

2.23 Dividend Distribution

Dividend payables are reflected to financial statements as a profit distribution item among the liabilities of the declaration period.

2.24 Technical Reserves

Life Mathematical Reserves

Life segment's mathematical reserve include actuarial mathematical reserves (with minimum income guarantee equal to the technical interest rate determined with approved lists by the Ministry and including risk coverage for longer than one year) and profit share reserves and show the Company's liabilities towards policyholders in life insurance segment.

Mathematical reserves represent the total of actuarial mathematical reserves, calculated separately for each contract in effect according to the technical principles in the specifications, and profit share reserves. The Company's Life Mathematical Reserves consist of actuarial mathematical reserves calculated for cumulative and risk (non-cumulative) life insurances longer than ... years. Actuarial mathematical reserves is the difference between the risk premium amount the Company collects for the risks assumed and the advance values of liabilities to policy owners and beneficiaries. Profit share reserve is allocated for income amounts obtained from investment of these reserve amounts (Note 17).

Unearned Premiums Reserve

Unearned premiums reserve is calculated as the portion of premium amounts accrued for all policies in effect as of Balance Sheet date corresponding to the subsequent year found with the calculation made on days basis. Policies are assumed to begin at 12:00 and expire at 12:00 in general for calculation of the portion carried to the subsequent period on daily basis. In accordance with the Technical Provisions Regulation, unearned premium reserves allocated for policies issued and the reinsurer's share of these reserves are calculated and reflected to the respective accounts as the portion exceeding to the subsequent period(s) on daily basis of the premium amounts accrued for the valid insurance contracts and premiums ceded to reinsurers net of commissions and other similar deductions (Note 17).

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2. Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Deferred Production Expense and Commission Income

Pursuant to Circular No.2007/25 issued by the Ministry on December 28, 2007, the portion of the commissions paid to intermediaries and commission amounts received from reinsurers for ceded premiums corresponding to subsequent period(s) are recognized under "Deferred Acquisition Expenses" and "Deferred Commissions Income", respectively in Balance Sheet and under "Operational Expenses" account in Income Statement (Note 17).

Unexpired Risks Reserve

Pursuant to Technical Provisions Regulation, insurance companies are required to allocate provision amounts for ongoing risks by considering the expected loss ratio for the possibility of potential compensation payments which may be incurred due to valid insurance contracts to exceed the unearned premiums reserve amount allocated for the mentioned contracts. The expected loss ratio is calculated through dividing the realized loss amount by earned premium amount. In case the expected loss ratio calculated on segment basis exceeds 95%, the amount found by multiplying the percentage in excess of 95% with net unearned premiums reserve is calculated as the net unexpired risks reserve and the amount found by multiplying the percentage in excess of 95% with gross unearned premiums reserve is calculated as the gross unexpired risks reserve. The difference between gross and net amounts is considered as the Reinsurer's share.

The Company has no unexpired risk reserve amount based on the calculation made as of December 31, 2020 (December 31, 2019: None) (Notes 4 & 17).

Outstanding Claims Reserve

The Company allocates provisions for loss claim and compensation amounts accrued and assessed through calculations but not actually paid in previous periods or in the current period or for estimated amounts if such calculation has not been made and for loss claim and compensation amounts which are realized but not reported. Outstanding claims reserve amount is determined according to actuary reports or to actuary and policyholder assessments from which no recovery, salvage or similar income items are deducted.

The difference between the accrued and calculated Outstanding Claims Reserve amount and the amount found by using Actuarial Chain Ladder Methods, content and implementation principles of which are prescribed in Technical Reserves Regulation and "Circular No.2014/16 on Outstanding Claims Reserve" dated December 5, 2014 and effective as of January 1, 2015 and also with other relevant regulations, are recognized as Incurred but Not Reported (IBNR) Compensation Amount as of December 31, 2020.

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2. Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Outstanding Claims Reserve (continued)

"Circular No.2014/16 on Outstanding Claims Reserve" issued by the Ministry on December 5, 2014 and effective as of January 1, 2015 annuls the "Circular No.2010/12 on Actuarial Chain Ladder Method" effective until December 31, 2014 (excluding Articles 9 & 10) and stipulates that the IBNR Reserves amount shall be calculated with the best forecast methods determined in line with the Company Actuary's opinions. According to the aforementioned Circular, selection of the data to be used in calculation of IBNR compensation amounts, adjustments, selection of most suitable method and development factors and interventions thereto shall be performed by the Company actuary. The relevant Circular indicates that the Standard Chain, Loss Ratio, Cape Cod, Frequency/Severance, Munich Chain Method and Bornhuetter-Ferguson Actuarial Chain Ladder Methods ("ACLM") shall be used for calculation of IBNR Reserves amount and the insurers are free to prefer any one of the foregoing methods.

IBNR Reserves amount calculations by the Company are performed in gross amounts and net figures are determined depending on the applicable or relevant reinsurance treaties of the Company.

The Company took the last five years' reported loss and realized loss data into account for calculation of IBNR Reserves amount and calculated 2,062,686 TRY gross, 1,925,766 TRY net IBNR Reserves amount as of December 31, 2020 (December 31, 2019: 1,380,886 TRY gross, 1,318,567 TRY net) (Note 17).

The Company has considered the most suitable method regarding its portfolio structure among available ACLM methods for Personal Accident segment and selected "Standard Chain" method and calculated 8,665 TRY gross, 3,037 TRY net IBNR Reserves amount as of December 31, 2020 (December 31, 2019: 528 TRY gross, 186 TRY net) (Note 17).

Renewal Premium Reserve

The Company recognized 2,697,248 TRY in total as renewal premium reserve in its financial statements prepared as of December 31, 2020, comprising of 2,694,854 TRY for life segment and 2,394 TR for personal accident segment, calculated in line with profit share technical principles (December 31, 2019: 2,459,913 TRY in total, with 2,456,837 TRY for life and 3,076 TRY for personal accident segments) (Note 17).

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2. Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Equalization Reserve

According to the Technical Provisions Regulation, insurance companies are required to provide equalization reserve in their financial statements for earthquake and credit coverage in order to balance the fluctuations in the claim ratios and to meet the catastrophic risks in the subsequent periods. Pursuant to the Industry Announcement No.2009/9 on "Implementation Technical Reserves Regulation", starting from January 1, 2009, the life and pension companies are required to allocate an equalization reserve amount for insurance contracts arranged in life and accident segments including an earthquake rider for death and disability incidents which may occur due to an earthquake. Equalization provision is calculated as 12% of net premiums written in credit insurance and earthquake segments.

In calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. The Company allocated an equalization reserve amount of 3,383,523 TRY in total, comprising of 3,383,390 TRY for Life and 133 TRY for Personal Accident segments as of December 31, 2020 (December 31, 2019: 3,460,427 TRY in total, comprising of 3,460,313 TRY for Life and 114 TRY for Personal Accident segments) (Note 17).

2.25 Share Based Payments

Share certificates are generally provided to employees as part of their salary packages in addition to the salary and other employee benefit amounts. An entity providing shares and share options to its employees is considered to pay an additional amount to gain additional benefits. Such company would measure the fair value of such working service received by taking the fair value of equity based financial instruments as reference, due to the difficulty in measurement of fair values of services received.

Regarding transaction measured with reference to the fair values of equity based financial instruments, fair values of equity based financial instruments are measured over their market values (if available) as of the measurement date, also by taking the terms, conditions and principles of such financial instruments into account.

The Company provides own shares to its employees, provided that the recipient employees' performance levels meet the performance criteria and conditions specified by the Company's ultimate main partner Axa SA. The Company allocates a provision amount in its Balance Sheet in return for these shares for cost reflections made by Axa SA under TFRS 2 "Share Based Payments", while Axa SA recognizes the changes in share prices in Shareholders' Equity account and the costs incurred for provision of shares to qualified employees in Income Statement (Note 23).

2.26 COVID - 19

Legal Regulations

With the amendment in Turkish commercial Code pursuant to the "Act No.7244 on Mitigation of the Impacts of New Coronavirus (Covid-19) Pandemic on Economic and Social Life and on Amendment of Various Acts" promulgated in the Official Journal on April 17, 2020, it is stipulated that corporations shall be allowed to distribute maximum 25% of the net profit amount recorded for 2019 until December 31, 2019; in case a decision is made in the Ordinary Shareholders' Assembly for dividend distribution for year 2019 but such dividend payment has not yet been made or has been partially made to shareholders, payments for the portion exceeding 25% of year 2019 net profit amount may be postponed until the end of the specified period.

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3. Critical Accounting Estimates and Judgments in Applying Accounting Policies

Preparation of financial statements requires calculation of asset and liability amounts reported on Balance Sheet date, disclosure of contingent assets and liabilities and making judgments and using estimates and assumptions which might affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Accounting assessments, estimates and underlying assumptions are reviewed on an ongoing basis, considering past experiences and other relevant factors in addition to current condition and reasonable expectations for future events. Actual results may differ from these estimates although the estimates rely on the best knowledge of management regarding existing events and transactions.

One of the most important accounting estimates for the entity is the forecast of final net liabilities related with the expenses arising from effective insurance policies. Forecast of insurance liabilities include assessment of many contingencies by nature.

In particular, information regarding uncertainties in significant estimates having the highest impact on the amounts presented in the financial statements and the interpretations thereof are provided in the Notes listed below.

Note 4 - Insurance and Financial Risk Management

Note 11- Financial Assets

Note 21- Deferred Taxes

Note 22 - Employee Benefits

Note 23- Reserves (Provisions)

4. Insurance and Financial Risk Management

Insurance Risk

Risk regarding insurance contracts is related with the possibility of realization for the insured event and uncertainty of the potential loss and damage amounts resulting from such realization. By nature of insurance contracts, such risk is random and therefore it is not possible to make a precise estimate.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and reserving, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Company determines its strategy when issuing policies according to the type of insurance risks taken and the claims occurred.

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4. Insurance and Financial Risk Management (continued)***Insurance Risk (continued)***

Company pricing is made according to statistical analysis, historical data and mortality tables appropriate for the relevant product.

The Company manages the risks mentioned above by its strategy formed for policy issuance and the reinsurance agreements to which the Company is a party in all branches.

Following items are considered in Life and Personal Accident segments in line with the Company's risk acceptance policy:

- For personal policies; medical reports and policyholder's statement regarding their health condition, in consideration of policyholder's age and the insurance amount;
- For group policies; medical reports and individual statements regarding policyholders' health conditions, depending on the number of people included in the group and whether the insurance is compulsory or facultative;
- For pricing; information about application of extra premium amounts, introduction of additional conditions or reduction in coverage amount or rejection, depending on the policyholder's health condition;
- For high coverage amounts; documents containing information about policyholder's financial situation in addition to medical documents.

The concentration of insurance risk (maximum insured loss) under each branch is summarized below:

	December 31, 2020	December 31, 2019
Life	8,998,718,648	3,037,604,448
Personal Accident	251,797,772	212,762,599
Total	9,250,516,420	3,250,367,047

Risk exposure of the Company depending on pricing policies are indicated below:

Mortality Risk

It is the risk of incurred death claims exceeding the mortality probabilities listed in mortality tables used in pricing of mortality risk. The Company uses mortality tables appropriate for the respective product. Additionally, required changes are made on price lists according to the loss ratios per product. The Company uses CSO 53-58, CSO 80, TRSH or CSO 2001 mortality tables for pricing of life insurance contracts.

Technical Interest Risk:

Interest equal to "technical interest rate" at minimum is guaranteed to policyholders of cumulative life insurance products. The Company would be exposed to technical interest risk in case market interest rates are lower than this guaranteed risk rate. However, in consideration of the entire life insurance portfolio, the Company predicts that the potential future profit amounts to be obtained from this portfolio shall be higher than the potential loss amount which may be incurred as a result of a decrease in market interest rates.

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4. Insurance and Financial Risk Management (continued)

Technical Interest Risk (continued):

Interest rates guaranteed by the Company for cumulative products and relevant mathematical reserve amounts allocated are provided below:

Product Currency	December 31, 2020		December 31, 2019	
	Guaranteed Interest Rate (%)	Mathematical Reserves (TRY)	Guaranteed Interest Rate (%)	Mathematical Reserves (TRY)
USD (**)	2.50	24,784,744	2.50	33,682,513
TRY (*)	9.00	9,324,439	9.00	12,249,323
EUR (**)	2.50	4,430,959	2.50	4,114,667
TRY (*)	6.00	2,736,108	6.00	3,201,176
TRY (*)	3.00	1,896,508	3.00	2,562,447
USD (**)	1.00	280,230	1.00	367,413
EUR (**)	-	-	1.00	41,487
Total Mathematical Reserves Allocated for Cumulative Life Insurance Policies		43,452,988		56,219,026
Total Mathematical Reserves Allocated for Non-Cumulative Life and Non-Life Insurance Policies		4,083,568		3,212,441
Total (Note 17.19)		47,536,556		59,431,467

(*) The Company ceased the production of policies offering 9% technical interest guarantee since the end of 2003 and those with 6% technical interest guarantee since the end of 2009. Policies produced since the beginning of 2010 offer only 3% technical interest guarantee.

(**) The Company ceased the production of policies offering 2.5% technical interest guarantee since the end of 2009. Policies produced since the beginning of 2010 offer only 1% technical interest guarantee.

The Company's current financial asset income (including time deposit accounts) is provided below:

Product Currency	December 31, 2020		December 31, 2019	
	Weighted Average Annual Interest Rate (%)	Balance Sheet Value	Weighted Average Annual Interest Rate (%)	Balance Sheet Value
Eurobonds - USD	6.02	52,497,838	6.48	54,815,930
Government Bonds - TRY	13.64	37,088,734	14.31	36,215,704
Time Deposit Accounts - TRY	15.89	13,758,581	13.26	22,361,261
Eurobonds - EUR	3.93	8,604,768	3.98	7,678,859
Total		111,949,921		121,071,754

Financial Risks

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of the financial risk are market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk and credit risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge certain risk exposures. Risk management is performed by Company management under policies approved by the Board of Directors.

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4. Insurance and Financial Risk Management (continued)

Financial Risks (continued)

(a) Credit Risk

Credit risk is most simply defined as the potential that a bank borrower or counter party will partially or totally fail to meet its obligations on time and in accordance with agreed terms and the resulting situations the Company shall have to face with.

The Company limits the credit risk of its financial assets classified as credit and receivables and the receivable amounts from insurance operations (including receivables from reinsurers) with the guarantees received and the procedures applied for selection of counter parties. Other information about these receivables is explained in Note 12.

The Company's financial assets, except for Loans and Receivables, which are subject to credit risk generally consist of domestic government bonds and time and demand deposits kept in banks and other financial institutions established in Turkey, which are not deemed to have high credit risk.

Credit risk exposures per type of financial instruments as of December 31, 2020 and December 31, 2019 are provided below. Banks and bank guaranteed short term (<3 months) credit card receivables are also included in credit risk.

	Loans and Receivables				Available for Sale Investments (*)	Cash and Cash Equivalent s
	Due from Insurance and Private Pension Operations		Other Receivables			
December 31, 2020	Relevant	Other	Relevant	Other		
Maximum Credit Risk Exposure as at Reporting Date (A+B+C)	580,674	2,933,687	-	321,622	99,046,960	24,694,324
- Portion of Maximum Risk Secured with Guarantees, Provisions, etc.	-	49,444	-	-	-	-
A. Net Book Value of Financial Assets Undue or Not Impaired	580,674	2,158,557	-	321,622	99,046,960	24,694,324
B. Net Book Value of Financial Assets Overdue but Not Impaired	-	775,130	-	-	-	-
C. Net Book Value of Impaired Assets	-	-	-	-	-	-
Gross Book Value	-	97,076	-	-	-	-
Impairment	-	(97,076)	-	-	-	-

(*) Including financial investments at policyholders' risk and investment securities.

	Loans and Receivables				Available for Sale Investments (*)	Cash and Cash Equivalent s
	Due from Insurance and Private Pension Operations		Other Receivables			
December 31, 2019	Relevant	Other	Relevant	Other		
Maximum Credit Risk Exposure as at Reporting Date (A+B+C)	510,526	1,810,832	-	190,450	99,648,942	30,636,728
- Portion of Maximum Risk Secured with Guarantees, Provisions, etc.	-	63,741	-	-	-	-
A. Net Book Value of Financial Assets Undue or Not Impaired	510,526	1,743,891	-	190,450	99,648,942	30,636,728
B. Net Book Value of Financial Assets Overdue but Not Impaired	-	66,941	-	-	-	-
C. Net Book Value of Impaired Assets	-	-	-	-	-	-
Gross Book Value	-	160,135	-	-	-	-
Impairment	-	(160,135)	-	-	-	-

(*) Including financial investments at policyholders' risk and investment securities.

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4. Insurance and Financial Risk Management (continued)

Financial Risks (continued)

(b) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments.

Interest Rate Risk

Changes in interest rates resulting in fluctuations in financial instrument prices requires the Company to deal with the emerging interest rate risk. The Company's sensitivity to interest rate risk is related with the inconsistencies between the due dates of asset and liability accounts. This risk is managed by matching the assets affected by interest rate changes with the same type of liabilities.

The Company's interest bearing assets include financial instruments with both fixed and variable interest rates.

	December 31, 2020	December 31, 2019
<i>Financial Instruments w/ Fixed Interest Rate</i>		
Financial Assets (Available for Sale)	98,191,340	98,710,493
Financial Assets (Time Deposit Accounts)	13,758,581	22,361,261

The Company does not have any Financial Instruments w/ Variable Interest Rate available on hand as of December 31, 2020 and 2019.

Sensitivity to Interest Rate

The Company's sensitivity to interest rates arise from domestic government bonds and Eurobonds classified under available for sales assets and valued at fair value. The increase and decrease effect in fair values of government bonds classified as available for sale assets and therefore in valuation of financial assets account kept among the Company's equity items as a result of the changes in interest rates is explained below. Other variables, particularly the foreign exchange rates are assumed to be constant during this analysis.

	December 31, 2020	December 31, 2019
	Impact on Equity	Impact on Equity
1% Increase in Interest Rates	(230,208)	(999,947)
1% Decrease in Interest Rates	234,860	1,138,005

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4. Insurance and Financial Risk Management (continued)

Exchange Rate Risk

The Company is exposed to foreign exchange rate risk due to transactions, payables and receivables in foreign currencies. These risks are monitored and limited through analysis of foreign exchange rates. Foreign exchange position of the Company as at Balance Sheet date is provided below.

Foreign Exchange Position Table

	Total TRY Equivalent (Functional Currency)	USD (TRY Equivalent)	EUR (TRY Equivalent)	GBP (TRY Equivalent)	CHF (TRY Equivalent)
December 31, 2020					
Cash and Cash Equivalents	1,192,099	341,762	830,801	12,660	6,876
Due from Insurance Operations	766,257	423,745	300,927	41,585	-
Financial Assets and Financial Investments at Policyholder's Risk	61,102,606	52,497,838	8,604,768	-	-
Total Assets	63,060,962	53,263,345	9,736,496	54,245	6,876
Mathematical Reserves	(32,317,039)	(27,584,314)	(4,666,917)	(65,750)	(58)
Outstanding Claims Reserve	(1,303,360)	(1,083,421)	(219,939)	-	-
Total Liabilities	(33,620,399)	(28,667,735)	(4,886,856)	(65,750)	(58)
Net Foreign Currency Asset/(Liability) Position	29,440,563	24,595,610	4,849,640	(11,505)	6,818

Foreign Exchange Position Table

	Total TRY Equivalent (Functional Currency)	USD (TRY Equivalent)	EUR (TRY Equivalent)	GBP (TRY Equivalent)	CHF (TRY Equivalent)
December 31, 2019					
Cash and Cash Equivalents	1,558,599	1,381,471	141,245	30,826	5,057
Due from Insurance Operations	279,803	29,755	242,035	8,013	-
Financial Assets and Financial Investments at Policyholder's Risk	62,494,789	54,815,930	7,678,859	-	-
Total Assets	64,333,191	56,227,156	8,062,139	38,839	5,057
Mathematical Reserves	(40,300,753)	(35,942,336)	(4,330,505)	(27,912)	-
Outstanding Claims Reserve	(2,167,066)	(2,086,115)	(80,951)	-	-
Total Liabilities	(42,467,819)	(38,028,451)	(4,411,456)	(27,912)	-
Net Foreign Currency Asset/(Liability) Position	21,865,372	18,198,705	3,650,683	10,927	5,057

Foreign Exchange Rate Sensitivity

The table below shows the increases and decreases in equity and income statement items (excluding tax effect) within periods ended on December 31, 2020 and 2019 due to valuation or devaluation of TRY by 20 percent against following foreign currencies. This analysis is prepared with assumption that all other variables, particularly foreign exchange rates, stay constant.

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4. Insurance and Financial Risk Management (continued)

Exchange Rate Risk (continued)

FX Rate Sensitivity Analysis Table - December 31, 2020

	Profit/Loss		Shareholders' Equity (*)	
	Increase in Foreign Currency Value	Decrease in Foreign Currency Value	Increase in Foreign Currency Value	Decrease in Foreign Currency Value
In case of 20% change in USD against TRY:				
1- Net Asset / Liabilities in USD	4,919,122	(4,919,122)	4,919,122	(4,919,122)
2- Portion Protected from USD Risk	-	-	-	-
3- USD Net Effect	4,919,122	(4,919,122)	4,919,122	(4,919,122)
In case of 20% change in EUR against TRY:				
1- Net Asset / Liabilities in EUR	969,928	(969,928)	969,928	(969,928)
2- Portion Protected from EUR Risk	-	-	-	-
3- EUR Net Effect	969,928	(969,928)	969,928	(969,928)
In case of 20% change in GBP against TRY:				
1- Net Asset / Liabilities in GBP	(2,301)	2,301	(2,301)	2,301
2- Portion Protected from GBP Risk	-	-	-	-
3- GBP Net Effect	(2,301)	2,301	(2,301)	2,301
In case of 20% change in CHF against TRY:				
1- Net Asset / Liabilities in CHF	1,364	(1,364)	1,364	(1,364)
2- Portion Protected from CHF Risk	-	-	-	-
3- CHF Net Effect	1,364	(1,364)	1,364	(1,364)
Total Foreign Currency Net Effect	5,888,113	(5,888,113)	5,888,113	(5,888,113)

FX Rate Sensitivity Analysis Table - December 31, 2019

	Profit/Loss		Shareholders' Equity (*)	
	Increase in Foreign Currency Value	Decrease in Foreign Currency Value	Increase in Foreign Currency Value	Decrease in Foreign Currency Value
In case of 20% change in USD against TRY:				
1- Net Asset / Liabilities in USD	3,639,741	(3,639,741)	3,639,741	(3,639,741)
2- Portion Protected from USD Risk	-	-	-	-
3- USD Net Effect	3,639,741	(3,639,741)	3,639,741	(3,639,741)
In case of 20% change in EUR against TRY:				
1- Net Asset / Liabilities in EUR	730,137	(730,137)	730,137	(730,137)
2- Portion Protected from EUR Risk	-	-	-	-
3- EUR Net Effect	730,137	(730,137)	730,137	(730,137)
In case of 20% change in GBP against TRY:				
1- Net Asset / Liabilities in GBP	2,185	(2,185)	2,185	(2,185)
2- Portion Protected from GBP Risk	-	-	-	-
3- GBP Net Effect	2,185	(2,185)	2,185	(2,185)
In case of 20% change in CHF against TRY:				
1- Net Asset / Liabilities in CHF	1,011	(1,011)	1,011	(1,011)
2- Portion Protected from CHF Risk	-	-	-	-
3- CHF Net Effect	1,011	(1,011)	1,011	(1,011)

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Total Foreign Currency Net Effect	4,373,074	(4,373,074)	4,373,074	(4,373,074)
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(*) Equity effect includes P/L effect.

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4. Insurance and Financial Risk Management (continued)

Price Risk

Share Price Risk

Stock share price risk means the risk of decrease in market prices of shares due to a change in share index levels and in relevant share's value. The Company is not exposed to share price risk as of December 31, 2020 and December 31, 2019, since there are no investments in listed shares traded in stock market.

(c) Liquidity Risk

The Company uses its available cash resources to pay claims arising from insurance contracts. Liquidity risk is the risk of cash unavailability to pay obligations on due dates at a reasonable cost. Management sets limits on the minimum portion of funds available to meet such claims.

Due to the Coronavirus (Covid-19) pandemic conditions experienced throughout the world, the Company develops and follows strategies, policies and procedures enabling effective management of liquidity risk in harmony with its liquidity risk appetite and ensuring continuous possession of adequate liquidity at hand.

The table below analyses distribution of the Company's financial and insurance liabilities into relevant maturity groups based on the expected remaining period at the balance sheet or contractual maturity date. Amounts in the table are undiscounted cash flows.

December 31, 2020	Cash Flow from Insurance Contracts				Total
	< 3 Months	3 Months - 1 Year	1 - 5 Years	> 5 Years	
Due to Insurers and Reinsurers	-	2,027,462	-	-	2,027,462
Payables from Private Pension Operations	-	10,683,914	-	910,166,139	920,850,053
Other Payables	610,372	-	-	-	610,372
Other Current Liabilities	485,815	-	-	-	485,815
Total	1,096,187	12,711,376	-	910,166,139	923,973,702

December 31, 2020	Expected Cash Flows				Total
	< 3 Months	3 Months - 1 Year	1 - 5 Years	> 5 Years	
Mathematical Reserves	3,853,649	8,830,810	21,439,542	13,412,556	47,536,557
Outstanding Claims Reserve - Net	7,943,051	192,159	471,672	118,638	8,725,520
Renewal Premiums Reserve - Net	1,150,753	1,546,495	-	-	2,697,248
Unearned Premiums Reserve - Net	94,404	1,230,737	-	-	1,325,141
Equalization Reserve - Net	-	-	-	3,383,523	3,383,523
Pension Commission Reserve - Net	285,662	-	-	-	285,662
Other Technical Reserves - Net	-	-	622,855	-	622,855
Total	13,327,519	11,800,201	22,534,069	16,914,717	64,576,506

December 31, 2019	Cash Flow from Insurance Contracts				Total
	< 3 Months	3 Months - 1 Year	1 - 5 Years	> 5 Years	
Due to Insurers and Reinsurers	-	1,151,692	-	-	1,151,692
Payables from Private Pension Operations	-	7,281,636	-	674,750,457	682,032,093
Other Payables	717,014	-	-	-	717,014
Other Current Liabilities	320,391	-	-	-	320,391
Total	1,037,405	8,433,328	-	674,750,457	684,221,190

December 31, 2019	Expected Cash Flows				Total
	< 3 Months	3 Months - 1 Year	1 - 5 Years	> 5 Years	
Mathematical Reserves	8,137,341	14,940,575	24,328,969	12,024,582	59,431,467
Outstanding Claims Reserve - Net	7,649,986	185,069	454,270	114,261	8,403,586
Renewal Premiums Reserve - Net	1,299,032	1,160,881	-	-	2,459,913
Unearned Premiums Reserve - Net	46,095	822,746	-	-	868,841
Equalization Reserve - Net	-	-	-	3,460,427	3,460,427
Pension Commission Reserve - Net	374,791	-	-	-	374,791
Other Technical Reserves - Net	-	-	2,596,613	-	2,596,613
Total	17,507,245	17,109,271	27,379,852	15,599,270	77,595,638

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4. Insurance and Financial Risk Management (continued)

(c) Liquidity Risk (continued)

The Company estimates that the payment of outstanding claims subject to litigation would take place in more than one year. Furthermore, the Company estimated the payment periods of other claims by considering the payment periods realized in previous years. Entire amounts of Outstanding Claims Reserve and Unearned Premiums Reserve are classified as short term items in Balance Sheet. Total mathematical Reserves amount is classified as a long term item in Balance Sheet. Equalization Reserve is classified as a long term item in Balance Sheet.

The Company foresees to fulfill the liabilities explained above by its financial assets and cash or cash equivalents included in the assets.

Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies.

The following methods and assumptions were used to estimate the fair value of the financial instruments if such value can be determined.

- 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 the utilization of observable market data, if available.

In this regard, fair value classification of financial assets and liabilities measured at fair value is as follows:

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
<i>Financial Assets:</i>				
-Available for Sale Investments	52,916,859	-	-	52,916,859
-Financial Investments at Life Policyholder's Risk Classified as Available for Sale Investments				
.	45,274,481	-	-	45,274,481
Total Financial Assets	98,191,340	-	-	98,191,340

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4. Insurance and Financial Risk Management (continued)

Fair Value of Financial Instruments (continued)

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Financial Assets:				
-Available for Sale Investments	38,626,058	-	-	38,626,058
-Financial Investments at Life Policyholder's Risk Classified as Available for Sale Investments				
.	60,595,074	-	-	60,595,074
.				
Total Financial Assets	99,221,132	-	-	99,221,132

Cash and cash equivalents are considered to approximate their carrying values since their fair values are short term. Carrying value of Receivables from Operations is estimated to reflect fair values after deduction of relevant doubtful receivable provision amount. Carrying values of Payables from Operations and Other Financial Payables are considered to approximate their fair values.

Capital Management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements determined by the Turkish Ministry of Treasury and Finance;
- To ensure the continuity of the Company's activities within the framework of the Company's continuity principle.

Total Required Shareholders' Equity

	December 31, 2020	December 31, 2019
Required Shareholders' Equity	10,524,655	7,547,138
Existing Shareholders' Equity	43,569,764	41,930,689
Excess of Limit	33,045,109	34,383,551

Based on the regulation on evaluation and assessment of capital adequacy, the minimum required shareholders' equity amount is calculated as 10,524,655 TRY as of December 31, 2020 (December 31, 2019: 7,547,138 TRY). Company capital calculated on December 31, 2020 in accordance with the Regulation on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Private Pension Companies is 33,045,109 TRY in excess of the minimum required Shareholders' Equity amount (December 31, 2019: 34,383,551 TRY in excess).

5. Segment Information

Disclosed in Note 2.3.

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6. Tangible Assets

6.1 Total depreciation and depletion expenses for the period: 545,718 TRY (January 1 - December 31, 2019: 538.971 TRY)

6.1.1 Depreciation Expense: 542,413 TRY (January 1 - December 31, 2019: 535.667 TRY)

6.1.2 Depletion Expenses: 3,305 TRY (January 1 - December 31, 2019: 3.304 TRY)

6.2 Calculation Methods for Depreciation and Increases (+) or Decreases (-) in Depreciation Expenses through Changes in These Methods: None (January 1 - December 31, 2019: None).

Tangible Asset Movements in Current Period:

6.3.1 Cost of purchased, produced or constructed tangible assets: 5,320 TRY (January 1 - December 31, 2019: 1,925 TRY).

6.3.2 Cost of sold or scrapped tangible assets : 12,256 TRY (January 1 - December 31, 2019: None).

6.3.3 Revaluation increases in current period:

6.3.3.1 In asset costs (+): None (January 1 - December 31, 2019: None).

6.3.3.2 In Accumulated Depreciation (-): None (January 1 - December 31, 2019: None).

6.3.4 Nature, amount, beginning and ending dates of construction-in-progress: None (January 1 - December 31, 2019: None).

Tangible Asset Movements Table:

	January 01, 2020	Additions	Disposals	December 31, 2020
Cost:				
Furniture and Fixtures	580,179	5,320	(12,256)	573,243
Leased Assets	2,116,445	-	-	2,116,445
Total Cost	2,696,624	5,320	(12,256)	2,689,688

Accumulated Depreciation:				
Furniture and Fixtures	(576,292)	(13,302)	12,256	(577,338)
Leased Assets	(529,111)	(529,111)	-	(1,058,222)

Total Accumulated Depreciation	(1,105,403)	(542,413)	12,256	(1,635,560)
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Net Book Value	1,591,221			1,054,128
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	January 01, 2019	Additions	Disposals	December 31, 2019
Cost:				
Furniture and Fixtures	578,254	1,925	-	580,179
Leased Assets (*)	-	2,116,445	-	2,116,445
Total Cost	578,254	2,118,370	-	2,696,624

Accumulated Depreciation:				
Furniture and Fixtures	(569,736)	(6,556)	-	(576,292)
Leased Assets	-	(529,111)	-	(529,111)

Total Accumulated Depreciation	(569,736)	(535,667)	-	(1,105,403)
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Net Book Value	8,518			1,591,221
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(*) All additions of previous period arise from the first time implementation of TFRS 16 "Leases" standard as of January 1, 2019.

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CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 PERIOD

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7. Investment Properties

None (December 31, 2019: None).

8. Intangible Assets

	January 01, 2020	Additions	Disposals	December 31, 2020
Cost:				
Rights	3,203,113	-	-	3,203,113
Total Cost	3,203,113	-	-	3,203,113
Accumulated Amortization:				
Rights	(3,160,883)	(3,305)	-	(3,164,188)
Total Accumulated Amortization	(3,160,883)	(3,305)	-	(3,164,188)
Net Book Value	42,230			38,925
	January 01, 2019	Additions	Disposals	December 31, 2019
Cost:				
Rights	3,203,113	-	-	3,203,113
Total Cost	3,203,113	-	-	3,203,113
Accumulated Amortization:				
Rights	(3,157,579)	(3,304)	-	(3,160,883)
Total Accumulated Amortization	(3,157,579)	(3,304)	-	(3,160,883)
Net Book Value	45,534			42,230

9. Investments in Affiliates

None (December 31, 2019: None).

10. Reinsurance Assets

	December 31, 2020	December 31, 2019
Reinsurance Assets / (Liabilities)		
Reinsurer's Share in Unearned Premiums Reserve (Note 17)	2,171,218	1,279,729
Reinsurer's Share in Outstanding Claims Reserve (Note 17)	482,980	524,997
Due from Reinsurers (Note 12)	458,785	351,060
Due to Reinsurers (Note 19)	(2,027,462)	(1,151,692)
Reinsurance Income / (Expenses)	December 31, 2020	December 31, 2019
Commission Received from Reinsurers (Net) (Note 32)	1,411,917	960,949
Reinsurer's Share in Paid Claims	1,487,560	543,501
Reinsurer's Share in Change in Unearned Premiums Reserve (Note 17)	891,489	198,610
Reinsurer's Share in Change in Outstanding Claims Reserve	(42,017)	(357,255)
Ceded Premiums (Note 24)	(3,789,735)	(1,934,368)

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CONVENIENCE TRANSLATION of NOTES to FINANCIAL STATEMENTS for JANUARY 1 - DECEMBER 31, 2020 PERIOD

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11. Financial Assets

11.1 Sub-classification of Presented Items According to Company Operations:

	December 31, 2020						
	Portfolio at Policyholder's Risk			Company Portfolio			Grand Total
	Earmarked	Free	Total	Earmarked	Free	Total	
<i>Available for Sale Investments</i>							
Government Bonds (Note 4)	5,907,277	7,204,980	13,112,257	17,152,370	6,824,107	23,976,477	37,088,734
Eurobond (Note 4)	28,199,776	3,962,448	32,162,224	28,212,833	727,549	28,940,382	61,102,606
Total (Note 11.4)	34,107,053	11,167,428	45,274,481	45,365,203	7,551,656	52,916,859	98,191,340

	December 31, 2019						
	Portfolio at Policyholder's Risk			Company Portfolio			Grand Total
	Earmarked	Free	Total	Earmarked	Free	Total	
<i>Available for Sale Investments</i>							
Government Bonds (Note 4)	15,333,770	2,447,924	17,781,694	17,528,759	905,251	18,434,010	36,215,704
Eurobond (Note 4)	41,023,961	1,278,780	42,302,741	17,424,879	2,767,169	20,192,048	62,494,789
Time-Deposit Accounts	-	510,639	510,639	-	-	-	510,639
Total (Note 11.4)	56,357,731	4,237,343	60,595,074	34,953,638	3,672,420	38,626,058	99,221,132

Rates of return for government bonds in TRY included in Available for Sale Financial Assets portfolio vary between 8.84% and 21.06% (December 31, 2019: 8.84% - 21.06%). Rates of return for Eurobonds in USD vary between 3.67% and 11.88% (December 31, 2019: 3.67% and 11.88%); rates of return for Eurobonds in EUR vary between 2.77% and 4.89% (December 31, 2019: 2.77% and 4.89%).

Loans and Receivables	December 31, 2020	December 31, 2019
Loans and Receivables (Note 12)	3,514,361	2,321,358
Total	3,514,361	2,321,358

11.2 Securities Issued within the Year Except Shares: None (January 1 - December 31, 2019: None).

11.3 Debt Securities Settled during the Year: None (January 1 - December 31, 2019: None).

11.4 Market value of marketable securities and financial assets carried at cost and carrying values and cost and carrying values of marketable securities and financial assets shown at market value in the Balance Sheet:

	December 31, 2020		December 31, 2019	
	Cost Value	Book Value (Fair Value)	Cost Value	Book Value (Fair Value)
Government Bonds	34,927,204	37,088,734	32,648,913	36,215,704
Eurobonds	57,261,888	61,102,606	59,434,392	62,494,789
Time-Deposit Accounts	-	-	-	510,639
Total (Note 11.1)	92,189,092	98,191,340	92,083,305	99,221,132

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11. Financial Assets (continued)

11.5 Amounts of marketable securities included in Marketable Securities and Investment Securities and issued by the Company's shareholders, affiliates and subsidiaries and entities issuing the foregoing: None (December 31, 2019: None).

11.6 Revaluation of financial assets in the last three years: Disclosed in Note 15.

11.7 - 11.9 Other information regarding Financial Assets:

Interest and sales revenues from Available for Sale Investments within the current year is 33,027,093 TRY (January 1 - December 31, 2019: 49,234,292 TRY) and FX rate difference and sales expenses is 10,760,407 TRY (January 1 - December 31, 2019: 28,987,568 TR) and net revenue amount is 22,266,686 TRY (January 1 - December 31, 2019: 20,246,724 TRY). The relevant amounts are recognized under Investment Income and Investment Expense items in Income Statement (Note 26). Unrealized fair value increase is 1,241,654 TRY (January 1- December 31, 2019: 5,561,796 TRY decrease) before deferred tax and this amount is included in the respective item under Shareholders' Equity (Note 15).

Maturity analysis of Financial Assets is as follows:

	December 31, 2020					
	0 - 3 Months	3 - 6 Months	6 Months - 1 Year	1 - 3 Years	> 3 Years	Total
	Demand Deposit					
Government Bonds	-	-	5,395,621	18,752,745	12,940,368	37,088,734
Eurobonds	-	18,775,326	-	19,559,287	22,767,993	61,102,606
Total (Note 11.1)	-	18,775,326	5,395,621	38,312,032	35,708,361	98,191,340

	December 31, 2019					
	0 - 3 Months	3 - 6 Months	6 Months - 1 Year	1 - 3 Years	> 3 Years	Total
	Demand Deposit					
Government Bonds	-	6,917,876	2,321,659	12,622,032	14,354,137	36,215,704
Eurobonds	-	23,612,438	-	21,693,630	17,188,721	62,494,789
Time-Deposit Accounts	-	510,639	-	-	-	510,639
Total (Note 11.1)	-	7,428,515	2,321,659	34,315,662	31,542,858	99,221,132

Financial Assets (excluding Loans and Receivables):

Currency	December 31, 2020		
	Foreign Currency Amount	FX Rate	Amount in TRY
USD	7,151,807	7.3405	52,497,838
EUR	955,247	9.0079	8,604,768
Total			61,102,606

Currency	December 31, 2019		
	Foreign Currency Amount	FX Rate	Amount in TRY
USD	9,227,960	5.9402	54,815,930
EUR	1,154,611	6.6506	7,678,859
Total			62,494,789

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12. Loans and Receivables

12.1 Classification receivables as "receivables from main customers", "receivables from related parties", "receivables for advance payments" (short-term and long-term prepayments) and "other receivables":

	December 31, 2020	December 31, 2019
Receivables from Intermediaries	919,019	121,559
Due from Reinsurers	458,785	351,060
Due from Policyholders	15,897	28,163
Other Receivables	3,592	3,592
Due from Insurance Operations	1,397,293	504,374
Cash Deposited with Insurance and Reinsurance Companies	580,674	510,526
Due from Private Pension Operations	1,362,516	1,128,605
Loans to Policyholders	177,470	181,445
Doubtful Receivables from Main Operations	93,484	156,543
Receivables from Operations - Gross	3,611,437	2,481,493
Provision for Doubtful Receivables from Policyholders and Intermediaries (*)	(93,484)	(156,543)
Provision for Due from Insurance Operations	(3,592)	(3,592)
Provision for Doubtful Receivables	(97,076)	(160,135)
Receivables from Operations - Net	3,514,361	2,321,358

(*) Shown under Provision for Doubtful Receivables from Main Operations in Balance Sheet.

12.2 Debit-Credit Relation of the Company with Shareholders, Affiliates and Subsidiaries:

Balances and transactions with the related parties are disclosed in Note 45 in detail.

12.3 Total amount of mortgages and other guarantees obtained for receivables:

Details of deposits, guarantees and collaterals received in foreign currencies are provided below:

	December 31, 2020			
	USD (TRY Equivalent)	EUR (TRY Equivalent)	TRY	Total
Mortgages	-	-	3,857,700	3,857,700
Cash (*)	879,746	260,851	654,889	1,795,486
Guarantee Letters	-	-	1,407,050	1,407,050
Other Guarantees and Sureties	202,609	9,215	94,312	306,136
Total	1,082,355	270,066	6,013,951	7,366,372

	December 31, 2019			
	USD (TRY Equivalent)	EUR (TRY Equivalent)	TRY	Total
Mortgages	-	-	4,032,700	4,032,700
Cash (*)	736,417	160,755	622,878	1,520,050
Guarantee Letters	-	-	1,507,550	1,507,550
Other Guarantees and Sureties	163,959	6,804	105,276	276,039
Total	900,376	167,559	6,268,404	7,336,339

(*) Shown in "Deposits and Guarantees Received" item under Other Payables account in Current Liabilities in Balance Sheet.

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12. Loans and Receivables (continued)

12.4 Receivables and payables denominated in foreign currencies without foreign exchange rate guarantees and assets in foreign currencies and conversion rates:

Loans and Receivables:

December 31, 2020			
Currency	Foreign Currency Amount	FX Rate	Amount in TRY
USD	57,727	7.3405	423,745
EUR	33,407	9.0079	300,927
GBP	4,182	9.9438	41,585
Total			766,257

December 31, 2019			
Currency	Foreign Currency Amount	FX Rate	Amount in TRY
USD	5,009	5.9402	29,755
EUR	36,393	6.6506	242,035
GBP	1,030	7.7765	8,013
Total			279,803

12.5 - 12.7 Other Information regarding Loans and Receivables:

Aging of receivables from insurance operations is provided below:

	December 31, 2020	December 31, 2019
Overdue	775,130	66,941
< 3 Months	100,496	52,240
3-6 Months	39,718	22,386
6 Months-1 Year	19,572	8,155
Doubtful Receivables	3,592	3,592
Total	938,508	153,314
Due from Reinsurers	458,785	351,060
Total	1,397,293	504,374

Aging of overdue but not impaired receivables from policyholders and agencies is as follows:

	December 31, 2020	December 31, 2019
< 3 Months	719,533	66,941
3 - 6 Months	55,597	-
Total	775,130	66,941

Total amount of Guarantees received for the above mentioned receivables is as follows:

	December 31, 2020	December 31, 2019
Mortgage Bonds	3,857,700	4,032,700
Cash	1,795,486	1,520,050
Guarantee Letters	1,407,050	1,507,550
Other Guarantees and Sureties	306,136	276,039
Total	7,366,372	7,336,339

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13. Derivative Financial Instruments

None (December 31, 2019: None).

14. Cash and Cash Equivalents

Cash and cash equivalents that are included the Statements of Cash Flows for the periods ended on December 31, 2020 and December 31, 2019 are explained in Note 2.12 and the details of cash and cash equivalents in Company Balance Sheet are as follows:

	December 31, 2020	December 31, 2019
Banks	15,445,681	24,179,366
Bank Guarantees and Three Months Short Term Credit Card Receivables	9,248,643	6,457,362
Total	24,694,324	30,636,728
Bank Deposits in Foreign Currencies - Demand Deposits	1,192,099	1,558,599
Total	1,192,099	1,558,599
Deposits in TRY - Demand Deposits - Time Deposits	495,001 13,758,581	770,145 21,850,622
Total	14,253,582	22,620,767
Total Banks	15,445,681	24,179,366

The Company has 3,000,000 TRY in time deposit account earmarked in favor of public institutions and net of interest accruals as of December 31, 2020 (December 31, 2019: 3,000,000).

Maturity dates of time deposit accounts are less than 3 months and weighted average annual interest rates are provided below:

	December 31, 2020	December 31, 2019
TRY	15.89%	13.23%

Demand and Time Deposit Accounts in Foreign Currencies:

	December 31, 2020				
	Foreign Currency		FX Rate	TRY	
	Time Deposit	Demand Deposit		Time Deposit	Demand Deposit
EUR	-	92,230	9.0079	-	830,801
USD	-	46,558	7.3405	-	341,762
GBP	-	1,273	9.9438	-	12,660
CHF	-	830	8.2841	-	6,876
Total				-	1,192,099
	December 31, 2019				
	Foreign Currency		FX Rate	TRY	
	Time Deposit	Demand Deposit		Time Deposit	Demand Deposit
USD	-	232,563	5.9402	-	1,381,471
EUR	-	21,238	6.6506	-	141,245
GBP	-	3,964	7.7765	-	30,826
CHF	-	830	6.0932	-	5,057
Total				-	1,558,599

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15. Capital

The Company has 2,000,000,000 shares fully paid-in (December 31, 2019:2,000,000,000). Each Company share has a nominal value of 1 Kr (Kuruş), total nominal value of Company shares is 20,000,000 TRY (December 31, 2019: 20,000,000 TRY).

Movements in shares between period beginning and period end are as follows:

	January 01, 2020		New Issue		Redemption		December 31, 2020	
	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY
Paid	2,000,000,000	20,000,000	-	-	-	-	2,000,000,000	20,000,000
Total	2,000,000,000	20,000,000	-	-	-	-	2,000,000,000	20,000,000

	January 01, 2019		New Issue		Redemption		December 31, 2019	
	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY
Paid (*)	6,297,500,000	62,975,000	905,622,200	9,056,222	(5,203,122,200)	(52,031,222)	2,000,000,000	20,000,000
Total	6,297,500,000	62,975,000	905,622,200	9,056,222	(5,203,122,200)	(52,031,222)	2,000,000,000	20,000,000

(*) The Company held a Shareholders' Assembly Meeting on March 29, 2019 and according to the resulting Assembly Resolutions, following decisions are made: Decrease Company capital by 52,031,222 TRY from 62,975,000 TRY paid-in capital down to 10,943,778 TRY; subsequently increase capital by 9,056,222 TRY to reach a total paid-in capital amount of 20,000,000 TRY to be withdrawn from Secondary Legal Reserves; pay the amount obtained from capital decrease at the end of aforementioned transactions to shareholders in proportion with their share percentages, in accordance with the provisions of Turkish Commercial Code No.6102, Trade Registry Regulation and other relevant regulations.

Legal Reserves:

Accumulated profit amounts in legal books can be distributed, excluding the provision regarding legal reserves stated below. According to Turkish Commercial Code ("TCC"), legal reserves are divided into Primary and Secondary Legal Reserves. Pursuant to TCC, primary reserves are allocated as 5% of legal net profit until the amount reaches up to 20% of the Company's paid-in/issued capital. Secondary reserves constitute 10% of distributed profit exceeding 5% of the Company's paid-in/issued capital. In accordance with TCC, legal reserves can be used only for offsetting the loss as long as the amount of legal reserves does not exceed 50% of paid-in/issued capital. Any other use is not legally permitted.

Movements of legal reserves within the period are shown below:

	2020	2019
Period Beginning - January 1	10,000,000	17,216,193
Amount Used for Capital Increase (-)	-	(9,056,222)
Transfer from Retained Earnings	-	1,840,029
Period End - December 31	10,000,000	10,000,000

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15. Capital (continued)

Extraordinary Reserves:

Movements of extraordinary reserves within the period are shown below:

	2020	2019
Period Beginning - January 1	-	1,989,527
Amount Used for Dividend Payments (*)	-	(1,989,527)
Transfer from Retained Earnings	7,046,545	-
Period End - December 31	7,046,545	-

(*) The Company's net profit for 2019 which is 7,046,545 TRY is resolved to be allocated in entirety as extraordinary reserves during the Company Shareholders' Assembly held on March 30, 2020 (13,638,817 TRY, which is the amount remaining after allocation of 674,466 TRY Primary Legal Reserves amount and 1,165,563 TRY Secondary Reserves amount from the amount found by adding 1,989,527 TRY Extraordinary Reserves amount allocated from 2017 Profit to 13,489,319 TRY Net Profit for 2018, is used for dividend payments in 2019 until May 31, 2019).

Movements of actuarial gains/losses within Other Profit Reserves during the period are provided below:

	2020	2019
Period Beginning - January 1	(104,620)	100,685
Change within Period - Net	99,939	(205,305)
Period End - December 31	(4,681)	(104,620)

Valuation of Financial Assets:

Portion belonging to the Company out of the unrealized profit and loss amounts arising from the changes in fair values of Available for Sale Investments are recognized under "Valuation of Financial Assets" in Shareholders' Equity.

Movements of valuation of financial assets within the period are shown below:

	2020	2019
Period Beginning - January 1 (net of tax effects)	1,528,336	(2,809,865)
Increase/(Decrease) in Fair Value	1,241,654	5,561,796
Tax Arising from Fair Value Increases	(248,331)	(1,223,595)
Period End - December 31 (Net of Tax Effects)	2,521,659	1,528,336

16. Other Reserves and Capital Component of Discretionary Participation

Information regarding Other Reserves within Shareholders' Equity is provided in Note 15.

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17. Insurance Liabilities and Reinsurance Assets

17.1 Guarantee amounts required for Life and Non-Life segments and Guarantee amounts established for assets per Life and Non-Life segments:

	December 31, 2020		
	Life	Non-Life	Total
Guarantee Amount Required (*)	57,582,827	612,883	58,195,710
Guarantee Amount Provided (Note 43) (**)	74,355,853	1,080,949	75,436,802
	December 31, 2019		
	Life	Non-Life	Total
Guarantee Amount Required (*)	70,009,692	642,309	70,652,001
Guarantee Amount Provided (Note 43) (**)	87,199,031	665,060	87,864,091

(*) Guarantee amount required as of December 31, 2020 is calculated, in accordance with the capital adequacy calculation for the same period, as 58,195,710 TRY (December 31, 2019: 70,652,001 TRY) .

(**) Guarantee amount provided as of December 31, 2020 is calculated as 75,436,802 TRY (December 31, 2019: 87,864,091 TRY) through revaluation with Turkish Central Bank prices applicable on December 31, 2020 of the financial assets regarding the required guarantee amount in accordance with the capital adequacy calculation as of December 31, 2020. (*) In accordance with Article 4 of Regulation on Financial Structure of Insurance, Reinsurance and Private Pension Companies", published in Turkish Official Journal No.26606 on August 7, 2007 pursuant to the Insurance Law, the insurance companies and private pension companies operating in personal accident and life insurance branches should provide guarantee amounts equal to one third of the required capital amount in each capital adequacy calculation period.

17.2 Current number of life policies, number of life policies entering and exiting within the period and current number and mathematical reserve amount for life policyholders:

	December 31, 2020		December 31, 2019	
	Number of Policyholders	Mathematical Reserves	Number of Policyholders	Mathematical Reserves
Increase within Period (*)	21,081	11,381,782	26,007	10,230,884
Exits during Period (**)	(9,960)	(23,276,693)	(34,914)	(21,261,797)
Life Mathematical Reserves	20,738	47,520,232	25,659	59,411,579
Personal Accident Mathematical Reserves	343	16,324	348	19,888
Total	21,081	47,536,556	26,007	59,431,467

(*) The relevant amount exists at period beginning and includes the increases in mathematical reserves for policies still valid at period end and the increases in mathematical reserves for policies added during the period. Number of policyholders belong to the products for which a mathematical reserve amount is allocated.

(**) The relevant amount includes the increases in mathematical reserves for policies exited during the period. Number of policyholders belong to the products for which a mathematical reserve amount is allocated.

17.3 Guarantee amount provided for Non-Life segment:

Disclosed in Note 4.

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.4 Unit prices of pension investment funds founded by the Company:

Pension investment funds in circulation and founded by the Company and unit prices thereof are provided below:

Pension Investment Funds	December 31, 2020 Unit Price in TRY	December 31, 2019 Unit Price in TRY
Gold Pension Investment Fund	0.04361	0.02843
Non Governmental Debt Instruments Pension Investment Fund	0.041124	0.03005
Stock Pension Investment Fund	0.035611	0.02664
Participation Pension Investment Fund	0.028431	0.02227
Variable Pension Investment Fund	0.027139	0.02400
Participation Contribution Pension Investment Fund	0.026277	0.02176
Money Market Pension Investment Fund	0.025587	0.02321
Standard Pension Investment Fund	0.021589	0.01939
APS Aggressive Participation Variable Pension Investment Fund	0.021804	0.01332
APS Enthusiastic Participation Variable Pension Investment Fund	0.021441	0.01518
Contribution Pension Investment Fund	0.020455	0.01825
Initial Pension Investment Fund	0.017062	0.01550
APS Aggressive Variable Pension Investment Fund	0.016935	0.01264
APS Participation Standard Pension Investment Fund	0.01623	0.01392
Initial Participation Pension Investment Fund	0.016118	0.01471
APS Enthusiastic Variable Pension Investment Fund	0.014867	0.01228
APS Standard Pension Investment Fund	0.014564	0.01294
APS Balanced Variable Pension Investment Fund	0.013451	0.01140
APS Cautious Variable Pension Investment Fund	0.012744	0.01158

17.5 Number and amount of participation certificates within the portfolio and in circulation:

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Private Pension Funds in Circulation:

	December 31, 2020		December 31, 2019	
	Number of Shares in Circulation	Amount (TRY)	Number of Shares in Circulation	Amount (TRY)
Gold Pension Investment Fund	4,208,619,125	183,537,880	3,138,647,360	89,238,022
Contribution Pension Investment Fund	5,923,142,175	121,157,873	5,416,540,905	98,846,451
Variable Pension Investment Fund	4,334,437,004	117,632,286	4,514,933,130	108,353,880
Standard Pension Investment Fund	5,302,732,493	114,480,692	5,298,197,495	102,737,348
Non Governmental Debt Instruments Pension Investment Fund	2,716,375,741	111,708,236	2,344,939,770	70,460,750
Money Market Pension Investment Fund	2,536,699,453	64,906,528	2,690,948,683	62,456,919
Stock Pension Investment Fund	1,815,200,172	64,641,093	1,811,173,433	48,242,416
APS Participation Standard Pension Investment Fund	3,137,956,149	50,929,029	1,782,682,876	24,814,946
APS Standard Pension Investment Fund	2,683,681,968	39,085,144	1,409,528,071	18,243,522
Participation Pension Investment Fund	561,282,750	15,957,830	573,177,004	12,763,505
Participation Contribution Pension Investment Fund	520,734,850	13,683,350	372,752,020	8,109,591
Initial Participation Pension Investment Fund	316,884,100	5,107,538	1,059,731,134	15,587,586
Initial Pension Investment Fund	275,082,135	4,693,451	900,645,479	13,958,204
APS Aggressive Participation Variable Pension Investment Fund	31,307,679	682,633	13,718,283	182,659
APS Aggressive Variable Pension Investment Fund	37,393,816	633,264	22,055,700	278,806
APS Enthusiastic Participation Variable Pension Investment Fund	29,244,461	627,030	12,620,155	191,587
APS Enthusiastic Variable Pension Investment Fund	31,071,164	461,935	13,967,860	171,469
APS Balanced Variable Pension Investment Fund	10,697,407	143,891	5,348,262	60,970
APS Cautious Variable Pension Investment Fund	7,568,743	96,456	4,476,984	51,826
Total	34,480,111,385	910,166,139	31,386,084,604	674,750,457

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.6 Portfolio amounts per number of private pension and group pension participants entered, exited, canceled and existing during the period: Number of contracts entering within the period is 88,602 in addition to 129,175 contracts existing at period beginning. Number of contracts at withdrawal stage is 47,646, number of contracts exiting the system is 22,549, transferred to another insurer is 1,143, terminated due to death/disability is 123 and terminated due to retirement is 27. Portfolio amount of 146,289 contracts active at period end is 775,324,917 TRY, State contribution fund amount is 134,841,222 TRY (January 1 - December 31, 2019: Number of contracts entering within the period is 125,977 in addition to 99,199 contracts existing at period beginning. Number of contracts at withdrawal stage is 64,466, number of contracts exiting the system is 26,863, transferred to another insurer is 4,493, terminated due to death/disability is 54 and terminated due to retirement is 125. Portfolio amount of 129,175 contracts active at period end is 567,794,409 TRY, State contribution fund amount is 106,956,048 TRY (Note 17.5).

17.7 Valuation methods used for calculation of profit share in profit share life insurances: The Company classifies financial assets at policyholders' risk as "Available for Sale Investments (financial assets)". These assets are subject to valuation in line with the principles disclosed in Note 2.8.

17.8 Number and individual/group allocation of gross/net contribution amounts of private pension participants newly entered in the portfolio: Number of newly entered participants within the period is 88,602, 83,655 of which are corporate customers. Participation share amounts total of newly entered private (individual) contracts is 46,701,671 TRY net and 46,869,185 TRY gross; total amount of participation shares belonging to corporate contracts is 17,075,689 TRY net and 17,075,689 TRY gross. (January 1 - December 31, 2019: Participation share amounts total of newly entered private (individual) contracts is 10,221,139 TRY net and 10,237,671 TRY gross; total amount of participation shares belonging to corporate contracts is 17,700,439 TRY net and 17,700,439 TRY gross.)

17.9 Number and individual/group allocation of gross/net contribution amounts of private pension participants transferred from another insurer: Number of participants transferred from another insurer within this period is 477, and their contribution share amounts total is 19,559,197 TRY net and 19,561,740 TRY gross. (January 1 - December 31, 2019: Number of participants transferred from another insurer within this period is 401, and their contribution share amounts total is 5,045,283 TRY net and 5,045,779 TRY gross.)

17.10 Number and individual/group allocation of gross/net contribution amounts of private pension participants transferred from the Company's life portfolio to private pension portfolio within the period: Contracts transferred from the Company's life portfolio to private pension portfolio within this period are 100% individual (private), with 1,284,815 TRY net and 1,287,633 TRY gross participation amounts (January 1 - December 31, 2019: None).

17.11 Number and individual/group allocation of gross/net contribution amounts of private pension participants exited Company's portfolio and transferred and/or not transferred to another insurer within the period: Number of participants exiting the portfolio within this period is 70,022 (10% private and 90% corporate), and their contribution share amounts total is 80,692,664 TRY net and 81,368,070 TRY gross (January 1 - December 31, 2019: number of participants 89,066 and 79,174,355 TRY net, 79,244,724 TRY gross).

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.12 Number and individual/group allocation of gross/net premiums of life policyholders who joined the portfolio during the period:

	January 1 - December 31, 2020		
	Number of Contracts	Gross Premium	Net Premium
Individual	6,722	2,676,666	2,676,666
Group	16,210	3,446,146	3,446,146
Total	22,932	6,122,812	6,122,812

	January 1 - December 31, 2019		
	Number of Contracts	Gross Premium	Net Premium
Individual	7,182	1,343,001	1,343,001
Group	6,444	491,845	491,845
Total	13,626	1,834,846	1,834,846

17.13 Number and individual/group allocation of gross/net premiums and mathematical reserve amounts of life policyholders who left the portfolio during the period:

	January 1 - December 31, 2020			
	Number of Contracts	Gross Premium	Net Premium	Mathematical Reserves
Individual	13,128	329,426	329,426	19,628,909
Group	7,304	184,533	184,533	3,647,783
Total	20,432	513,959	513,959	23,276,692

	January 1 - December 31, 2019			
	Number of Contracts	Gross Premium	Net Premium	Mathematical Reserves
Individual	41,152	205,258	205,258	15,923,200
Group	10,420	229,559	229,559	5,338,597
Total	51,572	434,817	434,817	21,261,797

Amounts of premiums written within the period for policies canceled within the same period is taken as basis for gross premium amounts in the above table.

17.14 Profit distribution percentage to life policyholders within the period:

Currency (Guaranteed Interest Rate)	January 1 - December 31, 2020		
	95% Profit Share	90% Profit Share	85% Profit Share
TRY (3%)	10.83%	10.26%	-
TRY (6%)	-	12.75%	12.04%
TRY (9%)	-	8.46%	7.99%
USD	5.26%	4.98%	4.71%
EUR	-	3.24%	3.06%

Currency (Guaranteed Interest Rate)	January 1 - December 31, 2019		
	95% Profit Share	90% Profit Share	85% Profit Share
TRY (3%)	-	-	8.67%
TRY (6%)	-	10.54%	9.96%
TRY (9%)	10.54%	9.99%	-
USD	5.29%	5.01%	4.73%
EUR	3.46%	3.28%	3.10%

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts:

Mathematical Reserves:	December 31, 2020	December 31, 2019
Actuarial Mathematical Reserves - Cumulative Policies	25,931,110	33,397,536
Profit Share Reserve - Cumulative Policies	17,521,878	22,821,490
Mathematical Reserves - Cumulative Policies	43,452,988	56,219,026
Mathematical Reserves - Non-Cumulative Policies	4,083,568	3,212,441
Total Mathematical Reserves	47,536,556	59,431,467

	2020	2019
Period Beginning - January 1	59,431,467	70,462,380
Premium Amounts from Cumulative Life Policies	3,067,250	3,667,838
Investment Income	10,796,344	8,815,535
Surrender and Maturity Payments	(24,963,726)	(22,367,827)
Portion Transferred to outstanding Claims Reserve due to Surrender and/or Maturity	(1,257,307)	(387,860)
Charges	(163,439)	(168,341)
Commission Expense	(145,793)	-
Risk Premiums	-	(191,822)
Change in Mathematical Reserves of Non-Cumulative Life and Personal Accident Policies	871,127	(292,419)
Other (*)	(99,367)	(106,017)
Period End - December 31	47,536,556	59,431,467

(*) Includes income payments and policies not in effect at period beginning but in effect at period end.

Life Mathematical Reserves denominated in foreign currencies are provided below:

Currency	December 31, 2020		
	Foreign Currency Amount	FX Rate (**)	Amount in TRY
USD	3,745,477	7.3647	27,584,314
EUR	516,389	9.0376	4,666,917
GBP	6,568	10.0107	65,750
CHF	7	8.3498	58
Total			32,317,039

Currency	December 31, 2019		
	Foreign Currency Amount	FX Rate (**)	Amount in TRY
USD	6,030,796	5.9598	35,942,336
EUR	649,008	6.6725	4,330,505
GBP	3,565	7.8288	27,912
Total			40,300,753

(**) Effective FX Selling Rates as announced by CBT on December 31, 2020 and 2019 are used.

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17. Insurance Liabilities and Reinsurance Assets (continued)**17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts: (continued)****Unearned Premiums Reserve:**

	2020		
	Gross	Reinsurer's Share	Net
Period Beginning - January 1	2,148,570	(1,279,729)	868,841
Net Change	1,347,789	(891,489)	456,300
Period End - December 31	3,496,359	(2,171,218)	1,325,141

	2019		
	Gross	Reinsurer's Share	Net
Period Beginning - January 1	1,963,364	(1,081,119)	882,245
Net Change	185,206	(198,610)	(13,404)
Period End - December 31	2,148,570	(1,279,729)	868,841

Deferred Commission Expenses and Income amounts as of December 31, 2020 are 572,932 TRY (December 31, 2019: 127,361 TRY) and 962,586 TRY (December 31, 2019: 595,150 TRY) respectively and these are included under Deferred Acquisition Expenses and Commission account items within the Balance Sheet.

Other Long Term Technical Reserves**a) Renewal Premium Reserve:**

Movements of Renewal Premium Reserve within the period are shown below:

	2020	2019
Period Beginning - January 1	2,459,913	2,443,964
Changes within Period	237,335	15,949
Period End - December 31	2,697,248	2,459,913

b) Pension Commission Reserve:

Movements of Pension Commission Reserve within the period are shown below:

	2020	2019
Period Beginning - January 1	374,791	121,612
Changes within Period (*)	(89,129)	253,179
Period End - December 31	285,662	374,791

(*) Changes within the period are shown under Operating Expenses in Income Statement.

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts: (continued)

Other Long Term Technical Reserves (continued)

Outstanding Claims Reserve:

	2020		
	Gross	Reinsurer's Share	Net
Claims Made - Period Beginning January 1	7,547,169	(462,336)	7,084,833
Claims Paid (*)	(2,983,026)	133,100	(2,849,926)
Increase			
- Current Period Outstanding Claims	1,894,896	-	1,894,896
- Previous Periods Outstanding Claims	678,112	(11,196)	666,916
Claims Made - Period End December 31	7,137,151	(340,432)	6,796,719
Incurred But Not Reported Claims	2,071,351	(142,548)	1,928,803
Total	9,208,502	(482,980)	8,725,522
	2019		
	Gross	Reinsurer's Share	Net
Claims Made - Period Beginning January 1	7,851,883	(813,186)	7,038,697
Claims Paid (*)	(3,225,330)	349,000	(2,876,330)
Increase			
- Current Period Outstanding Claims	2,680,505	-	2,680,505
- Previous Periods Outstanding Claims	240,111	1,850	241,961
Claims Made - Period End December 31	7,547,169	(462,336)	7,084,833
Incurred But Not Reported Claims	1,381,414	(62,661)	1,318,753
Total	8,928,583	(524,997)	8,403,586

(*) Paid claim amounts included in Outstanding Claims Reserve tables consist of claim payments made for files included in Outstanding Claims Reserve at previous period end.

Net Outstanding Claims Reserve amounts for reported claims denominated in foreign currencies are provided below:

Currency	December 31, 2020		
	Foreign Currency Amount	FX Rate (**)	Amount in TRY
USD	147,110	7.3647	1,083,421
EUR	24,336	9.0376	219,939
Total			1,303,360
Currency	December 31, 2019		
	Foreign Currency Amount	FX Rate (**)	Amount in TRY
USD	350,031	5.9598	2,086,115
EUR	12,132	6.6725	80,951
Total			2,167,066

(**) Effective FX Selling Rates as announced by CBT on December 31, 2020 and 2019 are used.

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts: (continued)

Other Long Term Technical Reserves:

Portion not belonging to the Company out of the unrealized profit and loss amounts arising from the changes in fair values of Available for Sale Investments and Equalization Reserve are recognized under "Other Long Term Technical Reserves".

	December 31, 2020	December 31, 2019
Equalization Reserve	3,383,523	3,460,427
Other Technical Reserves (*)	622,855	2,596,613
Total	4,006,378	6,057,040

(*) Valuation differences in fair values of Financial Investments at Life Policyholder's Risk are recognized in Other Technical Reserves account.

Other Technical Reserves:	2020	2019
Period Beginning - January 1	2,596,613	761,355
Increase/(Decrease) in Fair Value	(1,973,758)	1,933,030
Outflows from Sold or Amortized Financial Assets	-	(97,772)
Period End - December 31	622,855	2,596,613

Equalization Reserve:	2020		
	Gross	Reinsurer's Share	Net
Period Beginning - January 1	3,460,427	-	3,460,427
Net Change	(76,904)	-	(76,904)
Period End - December 31	3,383,523	-	3,383,523

Equalization Reserve:	2019		
	Gross	Reinsurer's Share	Net
Period Beginning - January 1	3,383,806	-	3,383,806
Net Change	76,621	-	76,621
Period End - December 31	3,460,427	-	3,460,427

Unexpired Risks Reserve:

The Company has no Unexpired Risks Reserve as of December 31, 2020 and December 31, 2019.

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17. Insurance Liabilities and Reinsurance Assets (continued)

17.15 - 17.19 Other required explanations regarding liabilities arising from insurance contracts (Continued):

Claim development tables used in ACLM calculations made in accordance with Technical Provisions Regulation are explained below.

Gross Claim Development Table prepared according to incurred losses as of December 31, 2020:

Accident Year	January 01, 2014 - December 31, 2014	January 01, 2015 - December 31, 2015	January 01, 2016 - December 31, 2016	January 01, 2017 - December 31, 2017	January 01, 2018 - December 31, 2018	January 01, 2019 - December 31, 2019	January 01, 2020 - December 31, 2020	Total Incurred Loss
Loss Incurred within Accident Period	3,270	4,219	21,542	13,769	6,063	12,936	1,917	63,716
1 Year Later	-	43,800	-	(5,700)	-	-	-	38,100
2 Years Later	-	-	-	-	-	-	-	-
3 Years Later	-	-	-	-	-	-	-	-
4 Years Later	-	-	-	-	-	-	-	-
5 Years Later	-	-	-	-	-	-	-	-
6 Years Later	-	-	-	-	-	-	-	-
	3,270	48,019	21,542	8,069	6,063	12,936	1,917	101,816

Gross Claim Development Table prepared according to incurred losses as of December 31, 2019:

Accident Year	January 01, 2013 - December 31, 2013	January 01, 2014 - December 31, 2014	January 01, 2015 - December 31, 2015	January 01, 2016 - December 31, 2016	January 01, 2017 - December 31, 2017	January 01, 2018 - December 31, 2018	January 01, 2019 - December 31, 2019	Total Incurred Loss
Loss Incurred within Accident Period	106,059	3,270	4,219	21,542	13,769	6,063	12,936	167,858
1 Year Later	(100,000)	-	43,800	-	(5,700)	-	-	(61,900)
2 Years Later	-	-	-	-	-	-	-	-
3 Years Later	-	-	-	-	-	-	-	-
4 Years Later	-	-	-	-	-	-	-	-
5 Years Later	-	-	-	-	-	-	-	-
6 Years Later	-	-	-	-	-	-	-	-
	6,059	3,270	48,019	21,542	8,069	6,063	12,936	105,958

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18. Investment Agreement Liabilities

None (December 31, 2019: None).

19. Trade and Other Payables, Deferred Income

	December 31, 2020	December 31, 2019
Payables from Private Pension Operations	10,683,914	7,281,636
Due to Reinsurers (Note 10)	2,027,462	1,151,692
Payables from Operations - Short Term	12,711,376	8,433,328
Payables from Private Pension Operations - Long Term		
(Note 17.5)	910,166,139	674,750,457
Payables from Main Operations - Long Term	910,166,139	674,750,457
Deferred Commissions Income (Note 17)	962,586	595,150
Intermediary Commission Accruals and Deferred Income (Note 47.1)	624,915	349,817
Deferred Loan Income (Note 47.1)	11,363	13,604
Deferred Income and Expense Accruals	1,598,864	958,571
Other Payables (Note 47.1)	610,372	717,014
Other Current Liabilities (Note 47.1)	485,815	320,391
Total	925,572,566	685,179,761

Related Party balances are disclosed in Note 45.

20. Loans

Total lease liability of the Company recognized as of December 31, 2020 and 2019 and the movements table thereof are provided below.

	December 31, 2020	December 31, 2019
Current Liabilities	828,000	828,000
Non-Current Liabilities	828,000	1,656,000
Discount with Alternative Borrowing Rate	(350,939)	(725,270)
	1,305,061	1,758,730
	2020	2019
Total Lease Liability on January 1	1,758,730	-
TRFS 16 transition effect	-	2,116,445
Lease Payment (-)	(828,000)	(828,000)
Interest Cost	374,331	470,285
Total Lease Liability on December 31	1,305,061	1,758,730

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21. Deferred Income Tax

The Company calculates deferred income tax for the temporary differences in the balance sheet items arising from measurements in financial statements and measurements in accordance with Tax Procedural Law ("TPL").

Applicable corporate tax in Turkey as at December 31, 2020 is 22% (2019: 22%). Pursuant to Article 91 of "Act No.7061 on Amendment of Certain Tax Laws and Other Laws" promulgated in Turkish Official Journal No.30261 on December 5, 2017 and to Provisional Article 10 of Corporate Tax Law No.5520, corporate tax payable on entity income generated in 2018, 2019 and 2020 taxation periods shall be calculated over 22% and afterwards corporate tax calculation shall continue to be calculated over 20% for subsequent periods. Council of Ministers is authorized to decrease 22% tax rate down to 20%. Therefore, as of December 31, 2020 the tax rate to be used for calculation of deferred tax assets and liabilities is 20% (December 31, 2019: 22% for deferred tax bases to be realized within 2020 and 20% for subsequent periods).

Breakdown lists of accumulated temporary differences and deferred tax assets and liabilities prepared by using applicable tax rates as of December 31, 2020 and December 31, 2019 are provided below:

	Temporary Timing Differences		Deferred Tax Assets / (Liabilities)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Deferred Tax Assets				
Equalization Reserve	3,383,523	3,460,427	676,705	761,294
Provision for Bonus and Discounts	2,697,248	2,459,913	539,450	541,181
Provision for Employee Bonuses	2,265,322	1,974,017	453,064	434,284
Provision for Performance Wages	1,445,655	952,074	289,131	209,456
Provision for Unused Leaves	1,359,999	1,129,929	272,000	248,584
Provision for Employment Termination Benefits	1,334,079	1,287,200	266,816	283,184
Provision for Employee Seniority Incentive	460,953	501,310	92,191	110,288
Incentive Commission	285,662	374,791	57,132	82,454
Provision for Intermediary Commission Accruals	382,508	299,818	76,502	65,960
Provision for Legal Cases	376,087	495,914	75,217	109,101
Government Bonds Valuation Difference	-	123,059	-	27,073
Other	132,575	652,289	26,515	143,504
			2,824,723	3,016,363
Deferred Tax Liabilities				
Eurobond Valuation Difference	(3,246,380)	(794,138)	(649,276)	(174,710)
Government Bonds Valuation Difference	(118,585)	-	(23,717)	-
			(672,993)	(174,710)
Net Deferred Tax Assets (Note 35)			2,151,730	2,841,653

Movements of Deferred Tax Assets within the year are as follows:

	2020	2019
Period Beginning - January 1	2,841,653	1,760,844
Deferred Tax Income/(Expense) (Note 35)	(416,607)	2,246,497
Tax (Expense) / Income Arising from Fair Value Increases (Note 15)	(248,331)	(1,223,595)
Other Deferred Tax Income/(Expense) Recognized in Shareholders' Equity	(24,985)	57,907
Period End - December 31	2,151,730	2,841,653

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22. Pension Social Aid Liabilities

	December 31, 2020	December 31, 2019
Provision for Employment Termination Benefits	1,334,079	1,287,200
Total	1,334,079	1,287,200

Pursuant to Turkish Labor Law, The Company is liable to pay severance pay for employees who has completed at least one year of employment at the Company and whose employment is terminated or who is retired or who completes required service period (25 years for men and 20 for women) and become entitled for retirement (at the age of 60 for men and 58 for women), who are summoned for military service or who is deceased. Certain provisions are introduced for the transition period regarding the employment service time after the amendment of relevant legislation on May 23, 2002.

Severance pay equals to one month's salary per each employment year and this amount is limited to 7,638.96 TRY, effective as of January 01, 2021 (January 01, 2020: 6,730.15 TRY).

Severance pay liability is not legally subject to any kind of funding and there are no funding requirements.

Provision for Employment Termination Benefits (i.e. severance pay) is calculated through estimating the present value of the potential liability amount which has to be paid in case of retirement of employees.

TAS 19 stipulates development of actuary valuation methods to estimate the provision amount to be allocated for employment termination. According to this, following actuarial predictions are used to calculate the total liability amount:

	December 31, 2020	December 31, 2019
Annual discount rate (%)	2.42	2.90
Turnover Rate for Estimation of Retirement Possibility (%)	91	91

Fundamental assumption is that the ceiling provision amount determined for each year of employment shall be increased in proportion with the inflation rate. Thus, the discount rate applied shows the real rate free of expected inflation effects.

Movements of Provision for Employment Termination Benefits account within the period are shown below:

	2020	2019
Period Beginning - January 1	1,287,200	1,268,654
Paid within Period (Note 33)	(426,403)	(474,146)
Provision Amount Allocated/(Released) in Current Period	598,206	236,061
Actuarial Gain/(Loss)	(124,924)	256,631
Period End - December 31	1,334,079	1,287,200

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23. Provision for Other Liabilities and Expenses

Commitments not included in Liabilities are disclosed in Note 43.

Deposits and Guarantees Received are disclosed in Note 12.3.

Details of provisions classified under Provision for Expense Accruals account in Balance Sheet is provided below:

	December 31, 2020	December 31, 2019
Provision for Employee Bonuses (*)	2,265,322	1,974,017
Provision for Unused Leaves	1,359,999	1,129,929
Provision for Performance Wages	1,445,655	952,074
Provision for Employee Seniority Incentive	460,953	501,310
Provision for Legal Cases	376,087	495,914
Provision for Employment Termination Notice Pay	55,398	54,397
Other	3,911	33,315
Total	5,967,325	5,140,956

(*) The Company made 1,418,446 TRY bonus payment in 2020 by carrying this amount from Provision for Employee Bonuses account to Due to Personnel account and allocated an additional provision amount of 1,709,751 TRY in total within the period (January 1 - December 31, 2019: bonus payment of 1,256,709 TRY, additional provision amount of 1,297,544 TRY) (Note 47.5).

Provision for Performance Wages (Share Based Payments)

As explained in Note 2.25, the Company grants certain financial rights to employees, with the condition to be used at the end of a certain period, through delivery of parent company Axa SA's shares on employee performance basis in accordance with predetermined Company criteria. Movements of shares and cash amounts subject to the calculation of Provision for Performance Wages included in Company financial statements regarding the costs charged by AxaSA to Company in this regard are provided in the table below.

December 31, 2020

	Average Price per Share (TRY)	Number of Shares	Total
Period Beginning	167.50	5,684	952,074
Entrance	177.11	6,155	1,090,133
Paid (**)	149.72	(3,677)	(550,507)
Exchange Differences from Paid Shares	-	-	124,232
Exchange/Price Difference within Period	-	-	(170,277)
Period End	177.11	8,162.00	1,445,655

(**) The Company recognized the vested rights paid as Axa SA shares to employees within the period under Operational Expenses account.

December 31, 2019

	Average Price per Share (TRY)	Number of Shares	Total
Period Beginning	113.02	5,556	627,947
Entrance	167.50	3,672	615,067
Paid (**)	152.51	(3,544)	(540,492)
Exchange Differences from Paid Shares	-	-	111,360
Exchange/Price Difference within Period	-	-	138,192
Period End	167.50	5,684	952,074

(**) The Company recognized the vested rights paid as Axa SA shares to employees within the period under Operational Expenses account.

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24. Net Insurance Premium Income

Distribution or written premiums is provided below:

	January 1 - December 31, 2020		Net
	Gross	Reinsurer's Share	
Life	16,073,132	(3,771,379)	12,301,753
Personal Accident	73,217	(18,356)	54,861
Total Premium Income	16,146,349	(3,789,735)	12,356,614

	January 1 - December 31, 2019		Net
	Gross	Reinsurer's Share	
Life	11,294,716	(1,911,672)	9,383,044
Personal Accident	105,249	(22,696)	82,553
Total Premium Income	11,399,965	(1,934,368)	9,465,597

25. Subscription (Fee) Income

The Company has an entrance fee amount of 1,335,770 TRY for the financial period ended on December 31, 2020 (January 1 - December 31 2018: 1,930,243 TRY).

26. Investment Income

	January 1 - December 31, 2020	January 1 - December 31, 2019
Available for Sale Investments		
Interest, Exchange Rate Difference and Sales Income	33,027,093	49,234,292
Cash and Cash Equivalents		
Interest and Exchange Rate Difference Income	1,215,472	5,005,200
Investment Income	34,242,565	54,239,492
Available for Sale Investments		
Exchange Rate Difference and Sales Expenses	(10,760,407)	(28,987,568)
Investment Expenses	(10,760,407)	(28,987,568)
Total	23,482,158	25,251,924

20,283,808 TRY Investment Income recognized under Technical Section is included in Total Investment Income amount for January 1 - December 31, 2020 period (January 1 - December 31, 2019: 20,133,919 TRY). 6,704,782 TRY Investment Expenses recognized under Technical Section is included in Total Investment Expenses amount for January 1 - December 31, 2020 period (January 1 - December 31, 2019: 8,627,995 TRY).

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27. Net Realized Gains on Financial Assets

Information about unrealized gain/loss on Available for Sale Investments is disclosed in Notes 11 and 15.

28. Assets with Fair Value Differences Reflected to Income Statement

The Company has no assets with fair value differences reflected to Income Statement.

29. Insurance Rights and Claims

Disclosed in Note 17.

30. Investment Agreement Rights

None (December 31, 2019: None).

31. Other Necessary Expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Operational Expenses Classified in Technical Section		
- Pension	17,255,998	13,406,740
- Life	3,400,543	3,108,976
- Non-Life	15,373	17,797
Total (Note 32)	20,671,914	16,533,513

32. Expense Types

	January 1 - December 31, 2020	January 1 - December 31, 2019
Employee Expenses (Note 33)	11,395,486	10,803,118
Production Commission Expenses	5,968,121	2,401,114
Dividend Payments	1,406,905	1,337,089
Consultancy and Audit Expenses	617,233	540,041
Taxes, Duties and Fees	464,320	208,387
Information Technologies Expenses	328,843	452,370
Contribution Fee Expenses	308,384	237,947
Communication Expenses	226,971	158,288
Electricity and Cleaning Expenses	204,317	224,054
Rent Expenses	161,171	221,021
Other Technical Expenses	60,336	23,920
Advertising and Marketing Expenses	36,931	153,945
Reinsurance Commissions Income	(1,411,917)	(960,949)
Other	904,813	733,168
Total (Note 31)	20,671,914	16,533,513

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33. Employee Benefit Expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Salary Payments (*)	7,491,660	7,083,274
Insurance Premium Payments	1,754,084	1,749,016
Premium Payments	737,137	751,610
Meal and Transportation Expenses	538,161	560,590
Severance Pay Payments	426,403	474,146
Leave Compensation	68,308	78,194
Employment Termination Notice Pay Expenses	36,185	47,050
Rent and Child Allowances	15,660	14,439
Other	327,888	44,799
Total (Note 32)	11,395,486	10,803,118

(*) Vested rights paid to employees within the period in the form of Axa SA shares is also included in Salary Payments item.

Total amount of remunerations and other benefits provided to senior management such as chairman, members of BoD, general manager, general coordinator, assistant general managers etc. is disclosed in Note 1.6.

34. Financial Costs

34.1 Total Financial Expenses for Current Period: 388,394 TRY (January 1 - December 31, 2019: 483,368 TRY).

34.1.1 Charged to Production Costs: None (January 1 - December 31, 2019: None).

34.1.2 Charged to Fixed Asset Costs: None (January 1 - December 31, 2019: None).

34.1.3 Charged Directly to Period Expenses: 388,394 TRY (January 1 - December 31, 2019: 483,368 TRY).

34.2 Portion related with shareholders, affiliates and subsidiaries in total financial expenses (expenses with shares in total amount exceeding 20% shall be disclosed separately): None (January 1 - December 31, 2019: None).

34.3 Sales to and purchases from shareholders, affiliates and subsidiaries (those with shares in total amount exceeding 20% shall be disclosed separately): Balances and transactions with the related parties are disclosed in Note 45 in detail.

34.4 Interest amounts, rent amounts etc. received from or paid to shareholders, affiliates and subsidiaries (those with shares in total amount exceeding 20% shall be disclosed separately): Balances and transactions with the related parties are disclosed in Note 45 in detail.

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35. Income Taxes

Tax assets and liabilities and tax income and expenses included in financial statements drawn up as of December 31, 2020 and 2019 are summarized below:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Deferred Tax Income/(Expense) (Note 21)	(416,607)	2,246,497
Current Period Corporate Tax	(113,333)	(4,897,160)
Total Tax Income / (Expense)	(529,940)	(2,650,663)
	December 31, 2020	December 31, 2019
Provision for Corporate Tax (-)	(113,333)	(4,897,160)
Provisional Taxes Paid	481,474	4,239,110
Prepaid Taxes and Funds	527,631	347,366
Prepaid Taxes / (Corporate Tax Provision), Net	895,772	(310,684)
Deferred Tax Assets	2,824,723	3,016,363
Deferred Tax Liabilities	(672,993)	(174,710)
Deferred Tax Assets, Net (Note 21)	2,151,730	2,841,653

Realized Tax Income / Expense reconciliation is as follows:

	December 31, 2020	December 31, 2019
Profit before Deferred Taxes and Corporate Tax	1,152,658	9,697,208
Tax Rate	22%	22%
Provision for Corporate Tax	(253,585)	(2,133,386)
Effect of Non-Deductible and Tax Free (Expenses)/Income	(323,693)	(517,277)
Effect of Change in Tax Rate	47,338	-
Tax Expense for the Period	(529,940)	(2,650,663)

36. Net Income / (Expense) from Exchange Rate Changes

	January 1 - December 31, 2020	January 1 - December 31, 2019
Foreign Exchange Gains	7,968,262	6,257,419
Foreign Exchange Losses	(3,435,799)	(3,348,476)
Total	4,532,463	2,908,943

37. Earnings per Share

Earnings per share is calculated by dividing net profit for the period into weighted average unit share of the Company.

	January 1 - December 31, 2020	January 1 - December 31, 2019
Net Profit/(Loss) for the Period	622,718	7,046,545
Weighted Average Number of Shares with 0.01 TL Nominal Value per Share	2,000,000,000	2,000,000,000
Profit/(Loss) per 100 Shares	0.03	0.35

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38. Profit per Share

No profit distribution took place within 2020 (2019: 13,638,817 TRY is paid as dividend to Shareholders pursuant to Shareholders' Assembly Resolution made on March 29, 2019). Profit per share is 0.68 TRY per 100 shares.

39. Cash Generated from Operations

Disclosed in Statement of Cash Flows.

40. Convertible Bonds

None (December 31, 2019: None).

41. Redeemable Preference Shares

None (December 31, 2019: None).

42. Risks

	December 31, 2020	December 31, 2019
Outstanding Claims Litigations against the Company - Gross (*)	1,330,583	1,376,663
Other Business Cases Filed against the Company	247,272	340,630
Other Litigations against the Company	128,815	155,284

(*) This amount is classified in Outstanding Claims, movement table of which is disclosed in Note 17. Net amount of these provisions is 990,151 TRY (December 31 2019: 1,047,427 TRY).

43. Commitments

	December 31, 2020		
	EUR (TRY Equivalent)	TRY	Total
Domestic Bank Letters of Guarantee Given	89,156	71,900	161,056
Total			161,056

	December 31, 2019		
	EUR (TRY Equivalent)	TRY	Total
Domestic Bank Letters of Guarantee Given	65,824	71,900	137,724
Total			137,724

Total Amount of Mortgages or Restrictions on Assets:

	December 31, 2020	December 31, 2019
Government Bonds (*)	23,096,775	32,851,197
Eurobonds (**)	52,340,027	55,012,894
Total (Note 17.1)	75,436,802	87,864,091
Bank Deposits (Disclosed in Notes 2.12 and 14)	3,006,691	3,002,952

(*) Government bonds are earmarked over principal amounts valued at Central Bank prices applicable on December 31, 2020 and their exchange market value is 23,059,647 TRY (December 31, 2019: 32,862,529 TRY).

(**) Eurobonds are earmarked over nominal value as of December 31, 2020 and their exchange market value is 56,412,609 TRY (December 31, 2019: 58,448,840 TRY).

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44. Business Combinations

None (December 31, 2019: None).

45. Related Party Transactions

Axa Group companies and shareholders, affiliates and senior management of the Company are considered as related parties in Company financial statements.

a) Due from Insurers and Reinsurers

	December 31, 2020	December 31, 2019
Axa Pool	302,689	330,597
Axa Courtage	133,100	-
Axa Sigorta A.Ş.	13	-
Other	265	52
Total	436,067	330,649

b) Due to Insurers and Reinsurers

	December 31, 2020	December 31, 2019
Axa Cessions	1,334,911	-
Axa Creditor	1,134	678
Axa Global	-	236,733
Axa Courtage	-	415,958
Total	1,336,045	653,369

c) Due to Other Related Parties

	December 31, 2020	December 31, 2019
Axa Sigorta A.Ş. (common expense share)	599,725	256,837
Total	599,725	256,837

d) Cash Deposited with Insurance and Reinsurance Companies:

	December 31, 2020	December 31, 2019
Axa Pool	580,674	510,526
Total	580,674	510,526

e) Ceded Premiums:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Axa Global	2,946,501	1,338,179
Axa Partners Turkey	130	3,467
Total	2,946,631	1,341,646

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45. Related Party Transactions (continued)

f) Commissions Received:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Axa Global	1,442,568	803,561
Total	1,442,568	803,561

g) Rent Expense:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Axa Sigorta	977,976	953,245
Total	977,976	953,245

h) Reinsurer's Share in Paid Claims

	January 1 - December 31, 2020	January 1 - December 31, 2019
Axa Global	1,354,459	540,981
Total	1,354,459	540,981

i) **Dividends Paid:** None (January 1 - December 31, 2019: 13,638,817 TRY).

i) **Capital Return:** Disclosed in Note 15.

45.1 Receivables from Shareholders, Affiliates and Subsidiaries and Provisions for Doubtful Receivables Allocated for Such Receivables: None (December 31, 2019: None).

45.2 Breakdown of affiliates and subsidiaries having an indirect shareholding and management relationship with the Company, names, shares and share amounts of shareholders/partnerships included in affiliates and subsidiaries, period profit/loss of such shareholders/partnerships in latest financial statements and the periods of such financial statements, whether such financial standards are prepared in compliance with the Board's standards and whether audited by an independent auditor and type of independent audit report prepared (positive opinion, negative opinion or contingent):

Investment Securities:

December 31, 2020	Participa tion Share (%)	Book Value	Independen t Auditor's Opinion	Financial Statement Period	Total Assets	Total Liabilities	Net Sales	Net Profit
Emeklilik Gözetim Merkezi A.Ş (*)	5.56	427,810	-	December 31, 2020	19,896,234	9,378,289	27,969,032	663,932
Total		427,810			19,896,234	9,378,289	27,969,032	663,932

December 31, 2019	Participa tion Share (%)	Book Value	Independen t Auditor's Opinion	Financial Statement Period	Total Assets	Total Liabilities	Net Sales	Net Profit
Emeklilik Gözetim Merkezi A.Ş (*)	5.56	427,810	-	December 31, 2019	16,338,477	6,509,942	24,560,133	1,271,117
Total		427,810			16,338,477	6,509,942	24,560,133	1,271,117

(*) Fair value assessment of Emeklilik Gözetim Merkezi A.Ş. shares included in Investment Securities cannot reliably be made; therefore these shares are shown at cost value.

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45. Related Party Transactions (continued)**45.3 Amount of bonus shares received from affiliates and subsidiaries due to capital increases generated from internal resources:** None (December 31, 2019: None).**45.4 Real Rights on Immovables and Their Values:** None (December 31, 2019: None).**45.5 Amount of obligations such as guarantees, commitments, advances, endorsements etc. granted in favor of shareholders, affiliates and subsidiaries:** None (December 31, 2019: None).**46. Events after Balance Sheet Date**

None.

47. Other**47.1 Details of "Other" items in Balance Sheet which exceed 20% of its respective account group or 5% of total assets:**

	December 31, 2020	December 31, 2019
a) Other Deferred Expenses:		
Professional Association Membership Fee Expenses	162,503	-
Rent Expenses	7,754	7,158
Insurance Expenses	3,368	2,661
Subscription (Fee) Expenses	2,138	1,454
Repair and Maintenance Expenses	1,500	-
Prepaid Excess of Loss Premiums	-	6,917
Total	177,263	18,190
	December 31, 2020	December 31, 2019
b) Due to Other Related Parties		
Axa Sigorta A.Ş. (common expense share)	599,725	256,837
Total	599,725	256,837
	December 31, 2020	December 31, 2019
c) Other Deferred Income and Expense Accruals:		
Intermediary Commission Accruals	382,508	299,817
Deferred Income	242,407	50,000
Deferred Loan Income	11,363	13,604
Total	636,278	363,421

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47. Other (continued)

47.1 Details of "Other" items in Balance Sheet which exceed 20% of its respective account group or 5% of total assets: (continued)

	December 31, 2020	December 31, 2019
d) Other Current Liabilities:		
Agencies Suspense Account	485,815	320,391
Total	485,815	320,391
	December 31, 2020	December 31, 2019
e) Other Payables:		
Due to Suppliers	610,372	717,014
Total	610,372	717,014
	January 1 - December 31, 2020	January 1 - December 31, 2019
f) Other Expenses and Losses:		
TRNC Branch Tax Expenses	(447,807)	(344,809)
Other	(79,318)	(205)
Total	(527,125)	(345,014)

47.2 Total amounts (separately) of Due from Personnel and Due to Personnel items included in "Other Current or Non-Current Liabilities" and "Other Receivables accounts exceeding 1% of total assets amount in Balance Sheet: None (December 31, 2019: None).

47.3 Amounts related to recovery receivables followed up in off-balance sheet items: None (December 31, 2019: None).

47.4 Explanatory note related to amounts and sources of income & expenses and expenses & losses for previous period: None (January 1 - December 31, 2019: None).

47.5 Information classified as "required to be presented" by Turkish Ministry of Treasury and Finance

Provision Income / (Expenses) for the Period:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Provision for Employee Bonuses	1,709,751	1,297,544
Provision for Performance Wages	493,581	185,935
Provision for Leave and Notice Pay	230,070	146,155
Provision for Employment Termination Benefits	4,730	(106,473)
Provision for Employee Seniority Incentives and Loyalty	(40,357)	(193,919)
Provision for Legal Cases	(119,827)	48,294
Other	141,874	32,974
Total	2,419,822	1,410,510