

**2020**  
**ANNUAL REPORT**





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# 1

## CORPORATE PROFILE

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About Bereket Sigorta

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Mission, Vision

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Ethical Principles and Code of Conduct

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Our Shareholders

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Capital Increases Throughout the Year

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Management's Analysis

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Completed and In Progress Projects

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## ABOUT BEREKET SİGORTA

With the power we derive from the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey) with a history of 157 years, we have adopted the mission of raising insurance awareness among the wider public and thus contributing to the growth of the insurance industry and creating benefit for all. With the trust we have earned from the market over the years, we have delivered a leading performance and become one of the significant players in the market.

Bereket Sigorta A.Ş. is delivering services to its customers through a sales network comprising 17 regional unions, 1,625 cooperatives, 200 service offices linked with the Cooperatives, up to 900 authorized agents, 7 banks ( Albaraka Türk Katılım Bankası, Vakıf Katılım Bankası, Anadolubank, PTT Bank, Emlak Katılım Bankası and İller Bankası) and 65 brokers.

In order to deliver our services to our customers

and agents more efficiently and easily, we have Regional Management Offices in the provinces of Istanbul (both European and Asian sides), Ankara, Izmir, Adana, Şanlıurfa, Antalya, Diyarbakır and Bursa and a Regional Representation Office in the province of Trabzon. The number of staff members at the company is currently 176.

In addition to our strong capital structure, we continue to establish the risk balance on a solid basis by sharing the risks we undertake with the reinsurance companies that stand out in the industry. At this stage, we carry out reinsurance transactions with which we will share our projects with the following reinsurance companies that are stable and financially reliable: under the leadership of Milli Reasürans, Mapfre Re, CCR, Helvetia Swiss, Devk Re, Covea Cooperations, Polish Re, Labuan Re, Kuwait Re, GIC of India, Malaysian Re, Odyssey Re, Korean Re, Arab Re, Hannover Re, Everest Re, Hannover Re, QBE, Sirius Re, Qatar General Re, Saudi Re, and SCOR.





We are transacting business in almost all lines of business, including motor own damage, motor third party liability, fire (property), engineering, agriculture, health, personal accident, marine, legal protection, Turkish Catastrophe Insurance Pool (TCIP), and liability insurance. With our technological infrastructure and digital solutions, we are in the forefronts of the insurance industry in the country.

Bereket Sigorta A.Ş. is a trustworthy company of the insurance industry that delivers a service beyond the expectations of our customers together with their employees and business partners, is open to the changes brought by the age, can renew themselves, strives to become a lasting brand, and gives importance to ethical values, with their innovative approach and extensive service network. Within the framework of this vision, the company established Bereket Katılım Sigorta A.Ş. to be at the heart of Participation Insurance with the power of Tarım Kredi Kooperatifleri Merkez Birliği, to carry out its activities under the Participation Finance principles and to present an exemplary model to the industry, in 2019.

Bereket Sigorta is established with a hundred percent national capital. With the power we derive from the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey) across the country, we are delivering our services to our customers in a fast, reliable and innovative manner in accordance with the principles of participation insurance as well as the common values of the Anatolian people. Bereket Sigorta's vision is to give the fruits grown on the soil of the country back to the citizens of the country. In order to make this vision come true, we are present in all parts of the country under the roof of a well-established company. With the idea of "a seed sown gives plenty", Bereket Sigorta embraces all the values of the people bearing the colors of many diverse cultures from the east to the west of the country. As a member of the Tarım Kredi Kooperatifleri family, it walks hand in hand with its stockholders, employees, customers and stakeholders toward the goal of becoming a leader of the insurance industry in the country.

# MISSION, VISION

## Our Vision

Together with our employees and business partners, to become a lasting brand delivering a service beyond the expectations of our customers, being open to the changes brought by the age, and renewing ourselves.

## Our Mission

To become a trusted leading company of the participation insurance sector with a widespread service network giving importance to the values of the public and to the innovation.

# ETHICAL PRINCIPLES AND CODE OF CONDUCT

Bereket Sigorta expects from its employees to do their job carefully and professionally in compliance with the high ethical standards and the laws.

Compliance with such ethical standards and legal rules is of prime concern for Bereket Sigorta. Breaking of any of the ethical and legal rules is punishable in accordance with the disciplinary rules in place.

## Purpose

These principles set forth the occupational ethical rules that Bereket Sigorta A.Ş. And their employees must comply with when doing their job in compliance with the applicable laws and regulations.

## Scope

All employees, officers and directors of the company must comply with these principles.

## General Principles

With a view to maintaining the trust and the stability in the insurance industry and preventing any transactions and practices that may cause harm to the economy of the country, all employees of the company must perform their job in compliance with the basic principles set forth below:

- Full compliance with the legal regulations governing the insurance business.
- Honesty in the relationships with our customers, agents and their employees, stockholders, group companies, and other entities and organizations.
- Giving of clear, accurate and understandable information about our services to all parties we are interacting with; giving of full and accurate information to all parties we are contracting with about their and our rights and obligations.



- Giving care to meeting the requirements of the economic development besides making a profit for us in all our business transactions.
- Avoiding any unjust competition in pursuance of the principles of maintaining the trust in the insurance industry and protecting the common interests of the actors in the insurance industry.
- Seeking the social benefit and giving care to the protection of the environment in all our business transactions and ensuring compliance with all measures taken in this regard in full in a timely manner.
- Ensuring strict compliance with the rules and requirements of prevention of money laundering in a timely manner and cooperating with national and international authorities in this regard in accordance with the national and international laws.

## Harmony at Work

No employee shall make an express or implied statement orally or in writing by any means of communication, including social media, about any other company or its managers that may arise a negative image in the public about them. All employees shall behave in their relationships with each other and the customers in a manner that fits to the reputation of the company.

## Obligation of Confidentiality

All employees shall respect the confidentiality of the information given by the customers and kept in the records of the company and shall not use any information about the customers for the purpose of gaining an advantage for themselves.

## Forbidden Acts

All employees shall comply with the following code of conduct:

- Avoid any behavior and act which breaks the rules established by the governing bodies of the company as binding on all employees and executives.
- Refrain from giving any advantages allowed to the insurance industry in the laws to any customer in a manner to contravene the points set out in the reasons of the legal regulations applicable to the insurance, even if it is in compliance with the form of the law.
- Refrain from any act that may be against the interest and benefit of the insurance industry.
- Refrain from any act that may be considered an unjust competition in the insurance industry.

## OUR SHAREHOLDERS

For the shareholders of Bereket Sigorta A.Ş., the names and surnames of, capital share rates, residence addresses, tax identification numbers and T.R. identification numbers are listed below.

### Shareholders of the Company

Row No	Name-Surname/Title	Rate of Share	Address	Turkish ID No / or Tax No
1	Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Loan Cooperatives of Turkey)	81,83	Yukarı Bahçelievler Mah. Wilhelm Thomsen Cad.No:7 Çankaya/Ankara	8240026723
2	Tarım Kredi Kooperatifleri ve Birlikleri Personel Sosyal Yardım Vakfı (Social Aid Foundation for the Personnel of Agricultural Loan Cooperatives and Unions)	9,90	Emek Mahallesi Kazakistan Cad. (4. Cadde) No :136-15 4. Kat Emek - Çankaya Ankara	8240026814
3	Other	8,27	-	-

## CAPITAL INCREASES THROUGHOUT THE YEAR

No capital increase was performed in 2020.

# MANAGEMENT'S ANALYSIS

## In the world

In early 2020, the FED's signal on not changing interest rates in the global markets, the low unemployment rate in the USA and the European economies that started to recover brought optimistic expectations as the year started.

As of February, the globally coming of a new type of coronavirus to the fore, which is estimated to have emerged in China at the end of 2019 and has a relatively high lethality as well as its contagiousness, has changed all pricing and expectations. After the World Health Organization declared as a pandemic only in March, it caused historical fluctuations in global asset prices due to concerns about being late in terms of measures, and caused serious damage to real economies.

After the new epidemic, called COVID-19, most countries implemented full lockdown, and the lack of clear recognition of the virus and the inadequate treatment against the virus were additional concerns. While governments announced stimulus packages (including tax reliefs, loan delays) in excess of an estimated US \$ 20 trillion, central banks implemented an ultra-loose monetary policy. The FED also signaled that interest rates will remain low until 2023, while bringing interest rates closer to zero. The balance sheet of the FED, which signed swap agreements with various countries, exceeded 7 trillion with a growth of approximately 3 trillion USD.

While bottom levels were observed in the economic indicators due to the pandemic, there was a recovery especially in the manufacturing industry with the effect of the openings in the summer months. On the other hand, employment losses in the services sector continued and the weak picture in this sector persisted throughout the year. Looking at pricing, sharp increases have been observed in the "Stay-At-Home" stocks, especially in technology. While some technology firms reached very high valuations, retail stocks came first among other sectors that are at a premium. While the sectors most adversely affected by the pandemic were transportation and tourism, traditional sectors such as banking also displayed a relatively weak image.

In 2020, MSCI Developed Markets Index increased in value of 14% and MSCI Emerging Markets Index in value of 16%. On the other hand, the loose monetary policy and incentives implemented by the FED resulted in a serious loss in value of the dollar. The dollar index (DXY) declined by 7% in 2020. In an environment of low interest and abundant liquidity, while money entered into assets such as gold and commodities besides stocks, steel gained a value of 56% and iron ore increased by 80% with the support of the relative positive course of the Chinese economy. Ounce Gold, on the other hand, is at a premium of 25%, while oil, seeing negative prices in futures, completed the year in the negative zone, even though it recovered later. In addition to these developments, double-digit increases were observed in agricultural commodities such as wheat and cotton, also due to the drought.

## MANAGEMENT'S ANALYSIS

### In Turkey

Financial and monetary supports have been announced in order to minimize the adverse economic impacts of the pandemic in our country. The government announced in March that it launched a resource set of 100 billion TL with the package called the Economic Stability Shield in order to reduce the impacts of the coronavirus epidemic. On the other hand, while the CBRT eased the liquidity conditions, it also lowered the policy rate to 8.25%. The economy was revived by reducing consumer loans to single digits annually, especially by public banks. In addition, with the active ratio announced by the BRSA and encouraging more loans, there was a serious increase in the loan volume of the banking sector.

As of June, partial lockdown due to coronavirus were replaced by gradual opening again, while exchange rates increased along with incentives, high money supply and low interest rate. Negative attitudes of credit rating agencies Fitch and Moody's have also been effective in this process. While the process was continuing, exchange rate stability was restored with the measures taken in monetary and fiscal policies.

Taking market-friendly steps together with the expectations of reforms in the economy caused positive pricing in TRY assets in the last months of the year. The BIST100 Index experienced significant increases in the last two months of the year, with the exchange rate stability and the removal of the selling pressure on bank stocks. The BIST100 Index closing the year at levels close to 1500 with the increase of 29%, while the MSCI Turkey Index in 2020 made 12% premium.

While the manufacturing side is demonstrating a relatively positive trend with low interest and incentive packages, the inflation, which is an important issue in 2020, was realized as 14.60% in consumer prices. In addition, 320 billion cubic meters of natural gas reserves explored in the Black Sea was one of the outstanding developments of 2020, while, for the Eastern Mediterranean issue on the agenda throughout the year, lack of a significant sanctions from Europe to Turkey was seen as a positive development. Another prominent development in the last months of the year was the decision of the USA to impose certain sanctions that can be considered soft and do not contain surprises due to the purchase of S-400ssayılabilecek ve sürpriz içermeyen bazı yaptırımları uygulama kararı alması da yılın son aylarında öne çıkan bir diğer gelişme oldu.



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## **In the Insurance Industry**

Despite the adverse events such as pandemics and natural disasters in the industry in 2020, the total premiums written reached the level of TRY 82.6 billion with a growth rate of 19.3%.

Growth in auto insurances, the driving force of the industry, remained below the industry average, with a growth rate of 8.64% in motor TPL and 14.15% in motor own damage. The fire, sickness, health and general losses among other important branches grew by 25%, 21% and 36%, respectively.



## MESSAGE FROM THE CHAIRMAN

Dear shareholders,

In today's global economic world, it is vital to foresee risks as well as opportunities and to take timely measures while preparing medium and long-term company strategies in order to ensure economic sustainability. Bereket Sigorta A.Ş., a part of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), continues to progress in line with this understanding and vision.

In addition to the pandemic that affected our country and the whole world, despite the natural disasters such as earthquakes, floods and hail in our country, the insurance industry passed a successful test in 2020 and closed the year with a rising graphic by continuing to grow with the uninterrupted service it provides to its customers.

With Bereket Sigorta A.Ş., the subsidiary of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), which has always been and continues to be with the farmer in Turkey, in the insurance industry, we continue our cooperation with our customers and partners. Bereket Sigorta is becoming an important and well-known brand of our country as we move up the industry by expanding our agent, bank and broker channels all over Turkey.

With our innovative and dynamic character, we are using our experience and knowledge most efficiently for the growth of the economy of the country, and with our corporate structure and ethical values, we are setting the standard for the insurance industry.

In 2020, we have put it into operation Bereket Katılım Sigorta A.Ş., Turkey's first full-takaful insurance company, which we established in 2019 with the motto "Beyond the Insurance", as an extension of this understanding, mission and cooperative philosophy.

Aiming to bring a fresh breath to the insurance industry of Turkey, we are building a structure

that will allow an interactive, synergistic and coordinated relationship with our members and customers. We, as the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), by using the power derived from our deep-rooted past and rich culture and traditions most efficiently and productively, we aim to place Bereket Sigorta among the leading insurance companies of Turkey.

Working hard to raise the insurance awareness of the wider public by using its extensive knowledge, Bereket Sigorta is exploiting its potential efficiently to accelerate its growth in the insurance industry. By sticking to this faith and goal, we will continue our business with the same level of success in 2021 as well.

As Bereket Sigorta, our primary goal is to move ahead on the path of growth which is sustainable as regards to profitability and premium production and to deliver maximum benefit to our members, customers, employees and other stakeholders.

Inviting everybody to invest in the power of Bereket Sigorta by keeping these prospects in mind, I would like to thank our members and customers who have contributed a lot to our growth, our distribution partners who are present all over the country, our employees who are our most important asset, and our other stakeholders whose efforts make things easier for us, for the support and trust they extend to us at all times.

**Dr. Fahrettin POYRAZ**  
Chairman of the Board of Directors





## MESSAGE FROM THE GENERAL MANAGER

Dear shareholders,

2020 has been a tough year for both the world and our country. Our companies continued to serve by guaranteeing the risks of our customers in a year when pandemic, earthquake, flood and hail disasters were experienced. Since the first days of the pandemic, the insurance industry has passed the test successfully, and has quickly implemented many applications such as giving additional extension to policies and payment facilities. In addition to the pandemic, damage payments were made quickly and meticulously for the earthquake, flood and hail disasters that also occurred this year.

Digitalization, which accelerated due to the impact of the pandemic, brought new business models together. In this context, the importance of our investments in digitalization and operational efficiency, which we started in 2018, has become more evident this year. Our work in this field, which we continue with a customer-oriented approach, will continue to bear fruit with new products and applications.

Together with our business partners who provide services all over Turkey, it continues to be our main goal to keep the quality of the service we offer to our policyholders at the highest level. Besides targeting to become a lasting brand whose employees and business partners deliver a service quality beyond the expectations of the customers and are open to the changes brought by the age, we are striving to become an industry- leading company that gives great importance to ethical values, has an innovative mindset and employs a widespread service network which is trusted by all.

We consider the agriculture a strategic sector of the country in terms of sustainable development of the country, infiltration of the wealth to the lower classes and uninterrupted continuity of production and employment. We are realizing our agricultural insurance business with this source of high-motivation. In order to protect the farmer against the ever-changing conditions and the ever-increasing risks so that they survive, we are at the service of the farmer with the insurance from TARSİM (the Turkish agricultural insurance

pool) and the insurance in other lines of business. As a result of our balanced portfolio, widespread distribution channel and sustainability approach, we have left 2020 behind with a growth of 30%, 10 points above the industry average. In consequence of our positive forefront in growth, our market share increased by approximately 10%.

As Bereket Sigorta, we aim to increase our market share by growing above the industry with digital transformation, R&D and human resources investments that we will realize in all branches and all sales channels in 2021.

With our strong infrastructure, competent human resources, and productive and knowledgeable agents, and together with the widespread bancassurance network and with the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), our principal shareholder, we will continue to deliver uninterrupted quality and reliable services to our customers in all parts of the country from now on as in yesterday. By saying **"A seed will give plenty"** to our stakeholders, we are moving with sure steps on this path toward our goals and targets to build a safe future and deliver peace of mind, quality and wealth to the next generations. By taking the opportunity, I would like to thank our shareholders, insureds, sales network and employees for sharing our faith in tomorrow.

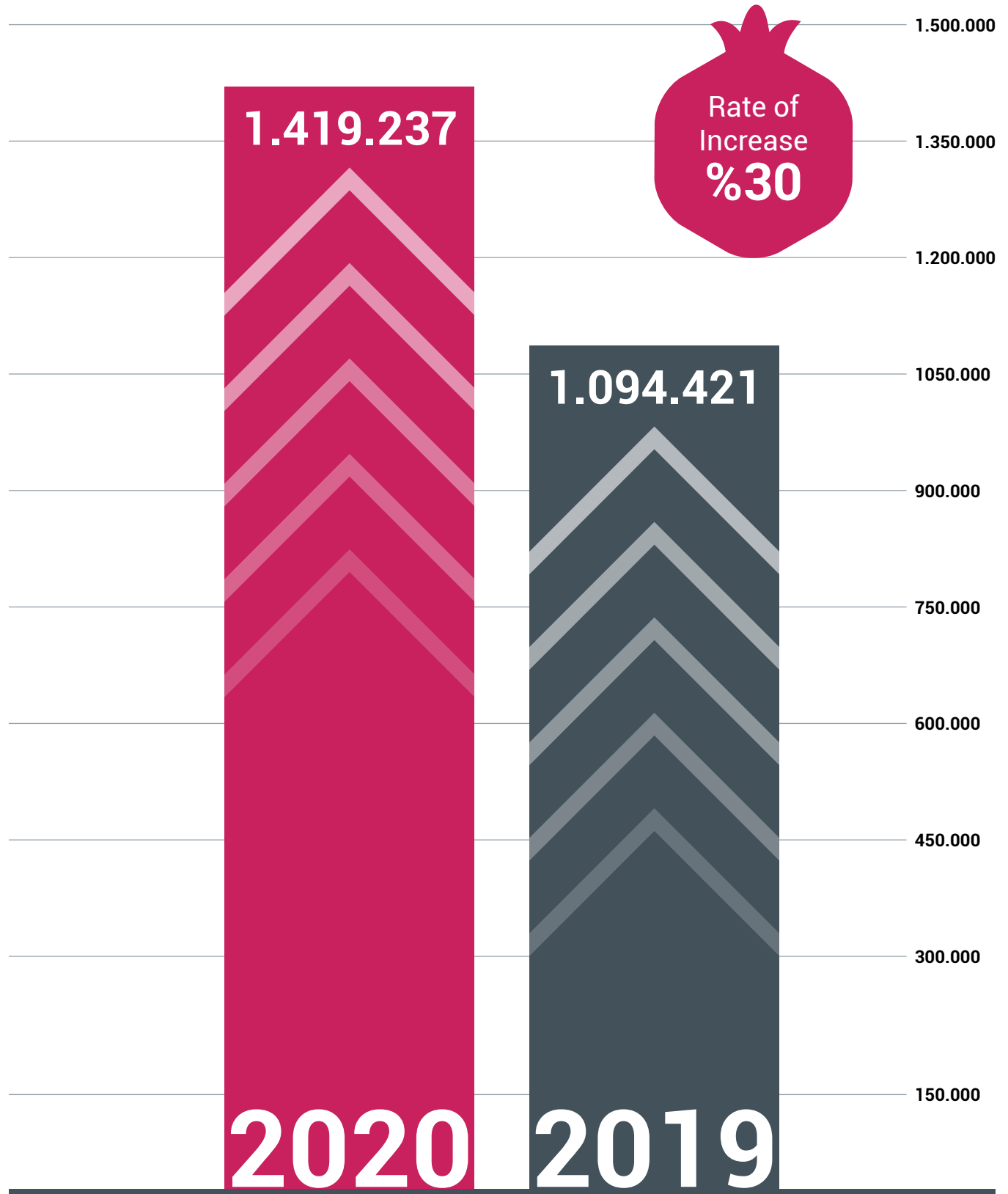
**Mahmut GÜNGÖR**  
General Manager

## FINANCIAL INDICATORS

		2020	2019	Change (%)
SHEET BALANCE (TL)	Current Assets	1.113.619.816	763.095.019	46
	Cash and Financial Assets	698.041.265	550.423.168	27
	Short-Term Receivables	324.464.658	140.450.402	131
	Expenses for the Next Month	84.598.159	63.920.705	32
	Other Current Assets	6.515.734	8.300.744	(22)
	Non-Current Assets	34.264.346	27.651.155	24
	Financial Assets	11.183.582	10.569.340	6
	Tangible Assets	14.414.506	12.820.115	12
	Intangible Assets	4.431.734	895.627	395
	Other Non-Current Assets	4.234.524	3.366.073	26
	Total Assets	1.147.884.162	790.746.174	45
	Short-Term Liabilities	112.635.521	72.633.222	55
	Long-Term Liabilities	8.277.512	6.966.348	19
	Other Liabilities	847.871.712	605.874.944	40
	Shareholders' Equity	179.099.417	105.271.660	70
Total of Obligations and Equity	1.147.884.162	790.746.174	45	

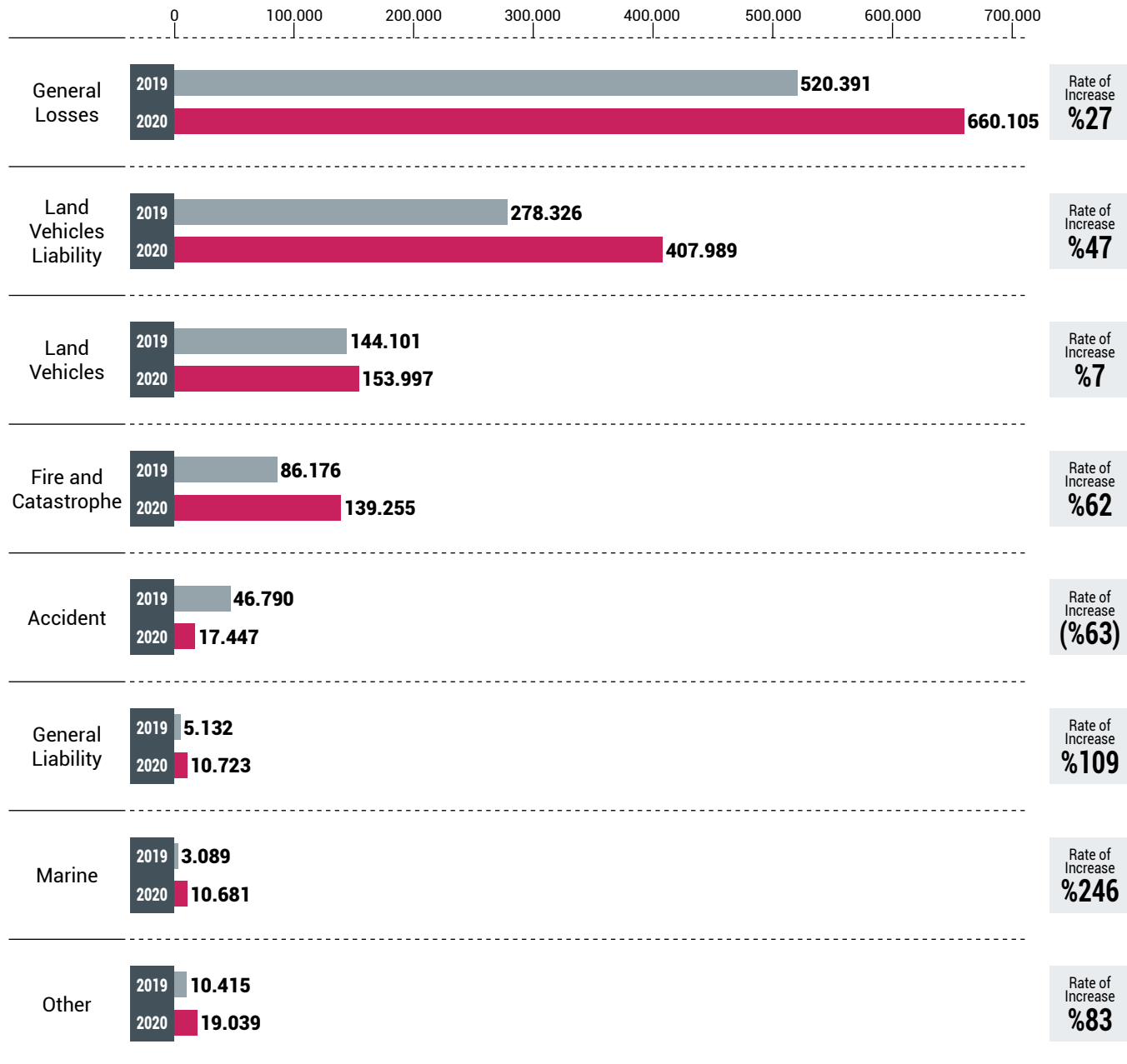
INCOME STATEMENT (TL)	<b>Technical Incomes</b>	<b>645.351.940</b>	<b>482.781.672</b>	<b>34</b>
	Written Premiums (Net) (Reinsurer's Share Deducted)	593.967.624	484.486.292	23
	Written Premiums (Gross) (Reinsurer's Share No Deducted)	1.419.236.646	1.094.421.479	30
	Premiums Ceded to Reinsurers	(793.937.331)	(589.573.629)	35
	Premiums Transferred to Social Security Ins.	(31.331.691)	(20.361.558)	54
	Provision for Unearned Premiums (Reins. Share and Ceded Part Deducted)	(51.569.113)	(74.960.109)	(31)
	Non-Technical Section Transferred Investment Income	101.661.608	60.695.143	67
	Other Income	1.291.821	12.560.347	(90)
	<b>Technical Expenses</b>	<b>(561.743.107)</b>	<b>(462.660.285)</b>	<b>21</b>
	Indemnities Paid (Net of Reinsurer's Share)	(275.151.235)	(254.231.913)	8
	Outstanding Claims (Net of Reinsurer's Share)	(152.268.699)	(112.874.052)	35
	Operating Expenses	(116.426.859)	(80.144.378)	45
	Other Expenses	(17.896.314)	(15.409.942)	16
	<b>Technical Profit/Loss</b>	<b>83.608.833</b>	<b>20.121.388</b>	<b>316</b>
	<b>Non-Technical Profit/Loss</b>	<b>6.333.577</b>	<b>(11.068.719)</b>	<b>(157)</b>
	Provision for Tax	(16.607.760)	0	
	<b>Net Profit/Loss in the Period</b>	<b>73.334.650</b>	<b>9.052.669</b>	<b>710</b>

## Total Premiums Written (Thousand TL)



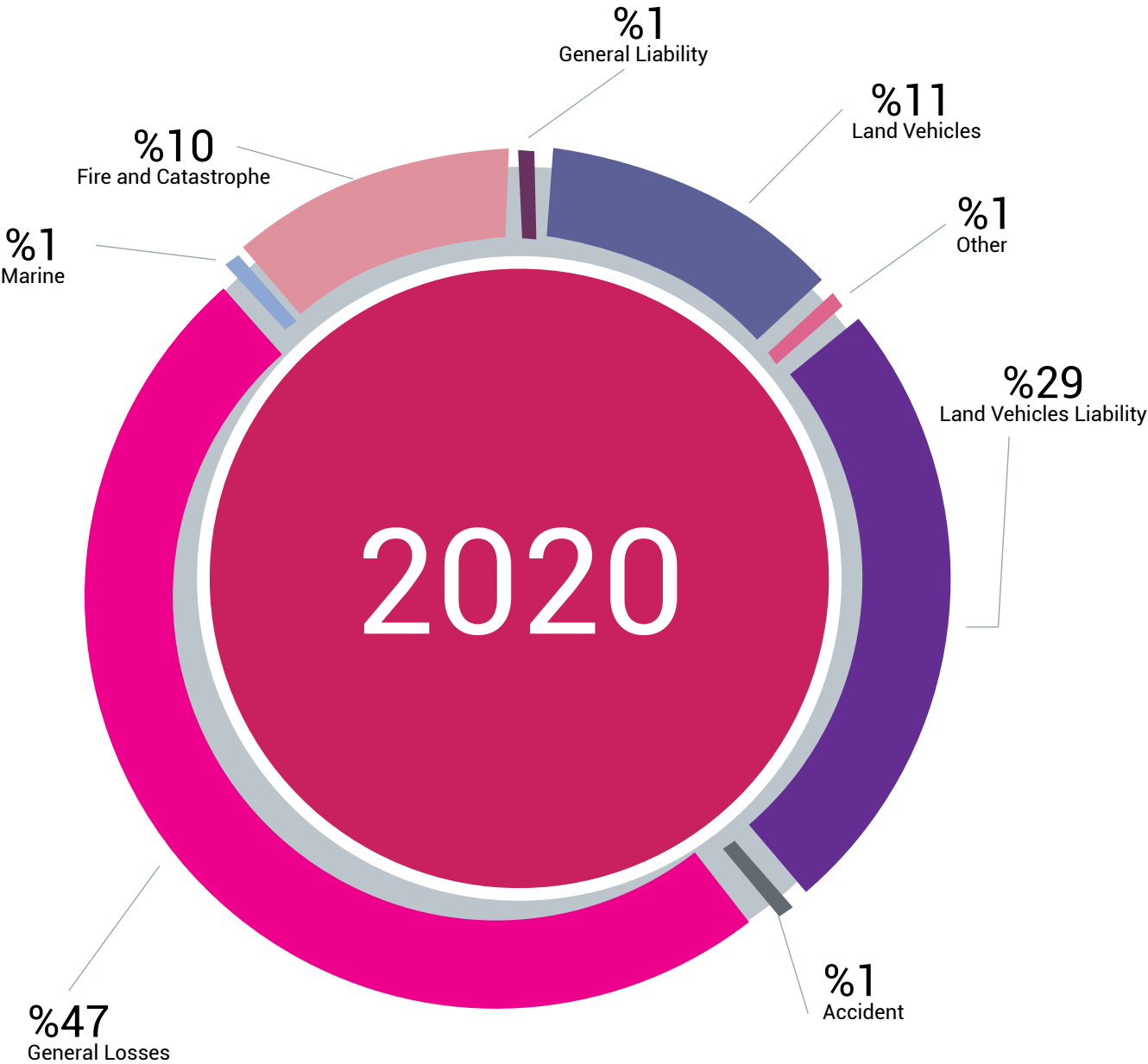
# FINANCIAL INDICATORS

## Distribution of Premiums Written By Line of Business (TL 1,000)





# Distribution of Premiums Written By Line of Business



## REINSURANCE COMPANIES

Reinsurer	Ratings Given by Rating Agencies to our Reinsurers	Principal Lender	Country
Milli Reasürans T.A.Ş.	S&P/trAA+	Türkiye İş Bankası	Turkey
Türk Reasürans A.Ş.	-	R.T. Ministry of Treasury and	Turkey
Mapfre Re	S&P/A	Finance Mapfre Re Group	Spain
Odyssey Re	S&P/A-	Fairfax Financial Holdings Ltd.	France
Devk Re	S&P/A+	DEVK Group	Germany
CCR	S&P/AA	French State Covea	France
Covea Cooperations	S&P/A+	Group	France
Polish Re	A.M BEST /A-	Fairfax Financial Holdings Limited,	Poland
Kuwait Re	A.M BEST/A-	Kuwait Reinsurance Company	Kuwait
Korean Re	S&P/A+	Korean Re and investment	South
Malaysian Re	A.M BEST/A-	companies MNRB Holdings Berhad	Korea
Labuan Re	A.M BEST /A-	(MNRB) MNRB Holdings Berhad	Malaysia
GIC of India	A.M BEST /A-	(MNRB) Indian State	India USA
Everest Re	S&P/A+	Everest Holdings	Swiss
Swiss Re	S&P/AA-	Swiss Re AG	United
QBE	S&P/A+	QBE Insurance Group Ltd.	Kingdom
Sirius	S&P/A	White Mountains Ltd.	Bermuda
Saudi Re	S&P/BBB+	Saudi Reinsurance Company	Saudi Arabia
Qatar General Re	A.M BEST /A-	Qatar General Insurance & Reinsurance	Qatar
Partner Re	S&P/A+	PartnerRe Group	Ireland

In 2018 and 2019, in line with the decision of the Board of Directors, a protocol was signed with Howden ACP Sigorta ve Reasürans Brokerliği A.Ş. (Howden) for the settlement of the dispute with the reinsurer company and the broker regarding the reinsurer share of the claim payments for unemployment coverage provided under the Personal Accident Line of Business. Accordingly, the dispute will be resolved by generating income in favor of Bereket Sigorta A.Ş. with the critical diseases product to be prepared by Howden.

# OUR HUMAN RESOURCES PRACTICES

## Recruitment

The need for new employees for the next year is determined by taking into account the growth and development potential and the current conditions of the company, whether the current staff of the company will be able to meet the newly emerging needs, any changes brought by the economic and social developments to the need for technical, occupational and administrative personnel, and the vacancies to occur in the next year because of retirements, terminations and military service obligations of the existing personnel. If it is not possible to meet the need for new employees from within the company, the company receives job applications from external persons, interviews with the candidates and concludes the applications as soon as possible. After the recruitment, we conduct the other HR activities in order to ensure that our employees become more productive and work happily.

## Training

We are dedicated to use every training opportunity in order to enable the executives to improve their managerial and occupational knowledge and skills needed by them to perform their duties more consciously, effectively and productively so that they can do their best to contribute to the attainment of the goals and targets of the company;

In order to identify those who have the talent required for the upper positions and enable them to improve their managerial and technical knowledge and skills so that they can efficiently perform their job at such positions; and in order to help our agents to be informed about the new developments in the industry and increase their

knowledge and improve their skills to use their potential in full.

## Performance

The first part of the performance assessment starts with the setting of the yearly personal performance targets for the employees together with their line managers in a manner that such personal targets support the targets of the respective department and the entire organization. Since all personal targets must be relevant with the responsibilities of the employee, the job description of the employee is the foundation of the target-setting work. Such targets are the SMART targets that contribute to both the personal performance improvement and the organization-wide performance improvement. The second part of the performance assessment relates to the assessment of the competencies. The identified competencies are the indicators of the knowledge, skills and attitude that an employee must have in order to deliver the performance expected from him or her. In order that the competencies can be perceived and evaluated more clearly, certain behavioral indicators are set for each competence.

## Career

Transfer and Rotation Required by the Business  
The employees can be assigned to different departments and to different workplaces of the company in order to meet the employee needs of them and to enable the employees to increase their occupational knowledge and experience.

## OUR HUMAN RESOURCES PRACTICES

### Transfer and Rotation at the Request of the Employee

If an employee is needed for a vacant position, priority is given to the employees who are willing to be transferred to that position if they meet the qualifications required for it. Priority is given to requests for transfer to another place if it is made for reason of health concerns or school attendance of the children or unification with spouse who is living there.

### Promotion

During the promotion and appointment to a vacant position, selection is made among the existing candidates.

#### It is required that;

- They must be successful in their current job based on the result of the performance assessment;
- They must have the technical and basic competency required for the upper position;
- They must not have any disciplinary penalty record in their personal file;
- There must be a vacancy in the upper position or that a new upper position has been established;
- They must have completed the waiting period specified;
- If a test is required, they must have passed the test;
- They must have been approved by the Head of Department, the Human Resources Executive and the top management.

### Social Rights

- Our colleagues' salaries are paid on the last working day of each month. The grading structures determined according to the current job evaluation and salary system are taken into consideration for the remuneration.
- Group Health Insurance is applied to all Bereket Sigorta employees, the limits of which are renewed every year.
- In addition to Health Insurance, Annual Life Insurance, whose limits are reviewed every year, is provided.
- Each of our colleagues participates in the Private Pension with a company contribution within the scope of the company's Group Retirement Plan.
- In our Head Office building, our employees can have a pleasant time with our common kitchen areas on the floors, recreation areas for free time, our winter garden and our traditional breakfasts every Friday.



## OUR HUMAN RESOURCES STRUCTURE

We interviewed with nearly 45 candidates in 2020. The number of employees carried forward to 2020 is 177, in the evening of 31.12.2019. 25 persons were recruited and 13 employees were terminated in 2020. The number of employees carried forward to 2021 is 170, in the evening of 31.12.2020.

Detailed information about the current employees as of 31 December 2020 is given in the next table.

Distribution by Gender	Number	Rate(%)
Female	50	29
Male	120	71
<b>Total</b>	<b>170</b>	<b>100</b>

Distribution by Age	Number	Rate(%)
23-29	21	12
30-39	79	46
40-49	61	36
50-59	9	5
<b>Total</b>	<b>170</b>	<b>100</b>

Number of Employees	Number	Rate(%)
General Manager	1	1
Deputy General Manager	3	2
Manager	17	10
Supervisor	35	21
Authorized Officer	35	21
Specialist	49	29
Assistant Specialist	21	12
Service Staff	9	5
<b>Total</b>	<b>170</b>	<b>100</b>

Distribution by Education	Number	Rate(%)
Intermediate School	26	15
Undergraduate	20	12
Bachelor's Degree	113	66
Post-graduation	11	6
<b>Total</b>	<b>170</b>	<b>100</b>

Employees by Region	Number	Rate(%)
Head Office	110	65
Ankara Region	13	8
İzmir Region	8	5
Adana Region	7	4
Antalya Region	6	4
Bursa Region	6	4
Trabzon Representation	6	4
Şanlıurfa Region	7	4
İstanbul Asian Side	3	2
İstanbul European Side	4	2
<b>Total</b>	<b>170</b>	<b>100</b>

## EDUCATIONAL ACTIVITIES

The Human Resources and Training Department of Bereket Sigorta A.Ş. Conducts training programs for occupational and personal development of the employees. In the designing of the training programs, care is given to ensure that they are in line with the vision and strategy of the company and that they match the needs of the employees. Takaful insurance business, legally compulsory training courses, training on products and selling methods, preparation training for occupational certificate tests, and training courses on leadership and competency improvement are provided to the employees.

In 2020, training courses of 10 hours per employee in average were provided to the employees. E-learning technologies were used in 27% of the training courses.



## SALES CHANNELS STRUCTURE

Bereket Sigorta A.Ş. delivers fast and quality insurance service to its customers in the Accident, Illness & Health, Land Vehicles, Aircraft, Watercraft, Marine, Fire & Catastrophe, General Losses, Land Vehicles Liability, Aircraft Liability, General Liability, Financial Losses and Legal Protection lines of business.

Bereket Sigorta A.Ş. delivers its services to its customers through 732 agents, 62 brokers, branch offices of Albaraka Türk Katılım Bankası, Türkiye Finans Katılım Bankası, AnadoluBank, Vakıf Katılım Bankası, Türkiye Emlak Katılım Bankası, İller Bankası, and PTT Bank and 1 625 offices of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey).

Bereket Sigorta A.Ş. has 9 regional management offices based in the provinces of Adana, Ankara, Antalya, Bursa, İstanbul (Asian Side), İstanbul (European Side), İzmir, Şanlıurfa and Diyarbakır, with powerful technological and financial infrastructure. The company also has one representation office in the province of Trabzon.

The numbers of the regional management offices, the representation offices and the bank office branches in 2020 are given in the following table.

Regional/Representation	Number of Agents	Banks	Number of Branch Offices
Adana	70	Albaraka Türk Katılım Bankası	232
Ankara	101	Anadolubank	135
Antalya	97	İller Bankası	19
Bursa	81	Türkiye Emlak Katılım Bankası	42
Diyarbakır	38	Türkiye Finans Katılım Bankası	319
İstanbul (Asian Side)	70	Vakıf Katılım Bankası	116
İstanbul (European Side)	80	Ziraat Katılım Bankası	93
İzmir	76	Ptt Bank	1
Şanlıurfa	36	<b>Total</b>	<b>957</b>
Trabzon	72		
Corporate Sales	8		
Agricultural Portfolio	2		
Bancassurance	1		
<b>Total</b>	<b>732</b>		

## COMPLETED AND IN PROGRESS PROJECTS

### Integration Projects for Sales Channels

Agency portal Narline has been put into use by all our agents as a web-based application that we started to work on in 2019, serving approximately 800 agents. In addition, the Narline portal is designed to be mobile compatible and our agents can access it from anywhere.

### Fleet Motor Own Damage Module

The application developed on our insurance business software is managed by the Central Technical and Auto Technical Directorates.

### Anka Process Development Projects

It is an application that can make process developments on the Anka system and most of the processes that are running can be developed with internal resources and support can be given. Among the important projects, many process designs such as Agent Request Management System, Agency Visit Tracking Process, IT Request Management Process have been completed and put into use.

### E-Archive Project

The E-Archive project is a project planned with the aim of identifying physically stored documents in digital environment and keeping them in digital environment and organizing the document archive of the institution. Most of the project has been completed and the process continues.

### ERP Stock and Fixture Implementation

Within the scope of the project carried out in coordination by our Business Development and Financial Affairs Units, many items have been completed and work on the ongoing items is ongoing.

### VIP Customer Tracking

The processes determined under the project have been completed and a procedure has been established for the Customer Service department.

### Motor Claims Analysis Phase 2 Integration

The motor claims analysis system is an application that offers a common system infrastructure between the insurance companies, service shops, experts, suppliers, windshield repairmen, in short, the parties involved in the whole process, and is widely used in the industry. Within the scope of the integration work, the Motor Claims Department, Vizyoneks Claims Unit, Motor Claims Analysis team worked and the planned processes were successfully completed.

### Motor Own Damage Pricing Robot

With the tariff optimization robot applications, an application used in the industry for proper and linear pricing in the motor own damage line of business was purchased. It is aimed to implement and use the application within the scope of the project. The project is in the beginning phase and continues.

### **Kanka - Robotic Process Automation**

Kanka robot work are progressing on a job-based basis, so they are evaluated in the ongoing project category. In order to increase the use of robots and to take actions faster, it is carried out with joint working methods of internal and external resources.

### **IFRS 17**

IFRS - 17 Implementation Project is to ensure the compliance of insurance companies with the international accounting standard IFRS-17 and the legal transition date for the work is 01 January 2023. The project is in the beginning phase and continues.

### **Agent Portal - NARLINE Phase 2**

On the agent portal Narline, more interactive additional features and transactions that agents can view and manage their own transactions are evaluated, and the project process continues

### **CHATBOT**

The communication project process with ChatBot continues for our individual customers and agents through our website, mobile applications and agency portal.





# 2

## CORPORATE GOVERNANCE

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Members of the Board of Directors

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Top Management

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Qualifications of the Directors and the Auditors

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Replacements of the Board of Directors

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Executives in charge of the Internal Systems

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Attendance of the Directors to the Meetings  
during the Account Period

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Organization Chart

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Statement Of Compliance With The Corporate  
Governance Principles

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Corporate Governance Compliance Report

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Corporate Information Sheet

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Result of the Affiliation Report

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Draft Agenda Of Ordinary General Assembly

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Statement Of Compliance On The Annual Report

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Opinion Of Compliance On The Annual Report

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Islamic Jurisprudence Advisor's Opinion  
Regarding The Participation Insurance

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Participation Insurance Activities And The  
Advisory Committee's Opinion

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## MEMBERS OF THE BOARD OF DIRECTORS



**Dr. Fahrettin Poyraz**  
Chairman of the Board of Directors

Fahrettin Poyraz was born in Domaniç town of the province of Kütahya in 1968. He graduated from the Political Sciences Faculty of Ankara University. He completed his post-graduation study in the Public Administration Department of the Social Sciences Faculty of Kırıkkale University and in the Public Administration Institute for Turkey and the Middle East. He completed his doctorate study in the field of political science at the Public Administration Department of the Social Sciences Institute of Hacettepe University. He worked as accounting auditor at the Finance Ministry and as chief auditor at the Supreme Court of Public Accounts. He is a chartered public accountant and has international independent auditor certificate. He also served as a member of the board of directors of the Social Aid and Solidarity Foundation for the Graduates of Political Sciences Faculty and as the member of the Board of Editors for Mali Hukuk Dergisi (a fiscal legal periodical). He is currently serving as the Vice President of the Sports Club for the Parliamentarians. He is also an upper classification representative of the Turkish Football Federation. He acted the as the deputy of the province of Bilecik at the Grand National Assembly during 22nd, 23rd and 24th periods. During his 24th period, he also served as the Chairman of the Commission for Public Economic Enterprises. As of 05.12.2017, Mr. Poyraz is acting as the General Manager of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey).

**Ahmet BAĞCI**

Vice Chairman

Ahmet BAĞCI was born in Afyon in 1981. He graduated from the Economics Department of the Economics and Administrative Sciences Faculty of Gazi University in 2004 and completed his post-graduation study in the Social Sciences Faculty of Gazi University in 2011. He obtained his doctorate degree with the thesis of "Saving, Financial Development and Growth Relationship: On the Example of Turkish Economy" in 2017. He worked as assistant specialist in the Ministry of Culture and Tourism during 2004-2007, as assistant specialist on investigation of fiscal crimes in the Ministry of Finance during 2007-2008, and as member of profession in the Supreme Court of State Accounts in 2008. He completed his Basic and Specialty Training on European Union in the Research and Application Centre for European Communities of Ankara University. He worked as advisor in the Ministry of Youth and Sports during 2013-2014. He served in various positions in the Office of Secretary-General of the President of Republic during 2014-2017. He was appointed as the Assistant General Manager of the Central Union of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey) on 3 January 2018. He is still serving in this position.

**Bilal UÇAR**

Member of the Board of Directors

Bilal UÇAR was born in Denizli in 1969. He is a graduate of the Law Faculty of İstanbul University. He worked as a freelance lawyer in Denizli. He was among the founders of the Justice and Development Party (JDP) in Denizli. He served as the provincial head of the JDP during 2007-2011. He was elected as the deputy of the province of Denizli to the parliament from the candidate list of the JDP for the 24th and 25th terms of the Grand National Assembly. Afterward, he served as the assistant to the justice minister. He is currently serving as the assistant head of the local administrations department of the head office of the JDP.

**Ali Rıza AKPINAR**

Member of the Board of Directors

Ali Rıza AKPINAR was born in İzmir in 1984. He graduated from the Department of Finance of Faculty of Political Sciences of Ankara University in 2006 and Faculty of Law in 2017. He completed his MSc of Banking and Finance from the University of London in 2018. He started to work as a Bank Examiner at the Banking Regulation and Supervision Agency in 2006. In addition to the audits of many banks, he also audited factoring, leasing and consumer financing companies. Taking part in the establishment of the Financial Consumer Relations Department, he played an active role in legislation arrangements and served as head of a delegation in the Arbitration Committee for Private Customer, established under the Banks Association of Turkey. He was appointed as the Head of Loans and Financing Department upon the Decision dated 21 May 2019 of the Board of Directors of Kredi Kooperatifleri Merkez Birliği.

**Mahmut GÜNGÖR**

Member of the Board of Directors and General Manager

Mahmut GÜNGÖR was born in Ankara in 1972. He graduated from the Labor Economy and Industrial Relations Department of the Faculty of Political Sciences of Ankara University in 1995. He completed his post-graduation study in the Banking and Insurance Institute of Marmara University in 2006. He worked as specialist, assistant manager and assistant general manager in Ziraat Finansal Kiralama A.Ş. during 1996-2011 and as assistant general manager in Vakıf Finansal Kiralama A.Ş. during 2011-2015. On 4.1.2018, he was appointed as general manager of Bereket Emeklilik and Bereket Sigorta, which are group companies of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey) where he has been serving as assistant general manager since October 2015. As of 05.08.2019, he has been appointed as the General Manager of Bereket Katılım Hayat of Bereket Katılım Sigorta.

## MEMBERS OF THE BOARD OF DIRECTORS

### Mustafa HAMARAT

#### Independent Member of the Board of Directors

Born in Ordu on 21 July 1972, Mustafa Hamarat graduated from the Faculty of Law of Ankara University. He completed his master's degree in the Department of Public Administration of Institute of Social Sciences of Kırıkkale University. He started to work as a specialist lawyer in the academic staff at Kırıkkale University. He was appointed as an in-house counsel to the Istanbul Metropolitan Municipality. He worked as a freelance lawyer. He became a founding member of the Rule of Law Platform and served as its General Secretary. He published Aktif Hukuk Dergisi (an active law periodical) with a group of lawyers and became the editor-in-chief of the magazine.

In the 2002 elections, he was nominated as a deputy candidate from the Ordu list of JDP. In 2003, he worked in the Istanbul Provincial Administration of JDP. He became a presumptive nominee for the mayor of Ümraniye in 2004 local elections. He acted as the deputy of the province of Ordu at the Grand National Assembly during 23rd and 24th periods. During his deputy, he was a member of the Constitutional Committee, Committee on Justice, Equal Opportunity Committee for Women and Men, Public Works, Development, Transportation and Tourism Committee. He was the chair of Turkey-Sri Lanka Inter-Parliamentary Friendship Group. He served as a secretary member of the GNAT Assembly Bureau between 2011-2013. He speaks English, German and Arabic at intermediate level. He is married with five children.

### Mehmet BARCA

#### Independent Member of the Board of Directors

He was born on 01 February 1966 in Bingöl. He graduated from the Faculty of Political Sciences of Ankara University in 1990. He completed his master's degree at the School of Management of University of Leicester in 1995. Mehmet Barca, who completed his doctorate at the University of Leicester in 2001,

received the title of Assistant Professor in 2001, Associate Professor in 2003 and Professor in 2008 at the Faculty of Economics and Administrative Sciences of Sakarya University. Barca, who worked as a Professor at the Business School of Ankara Yıldırım Beyazıt University between 2011-2015, continues to work at the Department of Business Administration of the Faculty of Political Sciences of Ankara Social Sciences University.

## TOP MANAGEMENT

Name and Surname	Title	Education	Date of Appointment	Year of	
				Experience	Professional Experience
Mahmut Güngör	General Manager	Post-graduation	04.01.2018	3	24
Abdullah Adıyaman	Deputy General Manager-Claims and Recovery	Post-graduation	01.06.2018	2,5	18
Cenk Özçelik	Deputy General Manager-Internal Control and Risk Management	Bachelor's Degree	09.12.2020	0,3	27
Davut Menteş	Deputy General Manager-Financial Affairs and IT	Bachelor's Degree	16.01.2018	3	25
Faruk Gökçen	Deputy General Manager-Sales and Marketing	Bachelor's Degree	16.12.2020	0,3	17
Ozan Şahin	Deputy General Manager-Technical and Actuary	Post-graduation	04.02.2019	2	15
Uğur Yıldız	Legal Advisor	Bachelor's Degree	16.01.2018	3	24

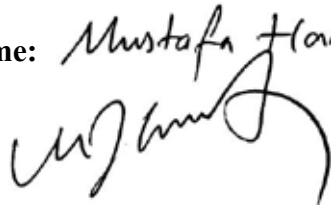
### Independence Claim

Under Article 4.3.6 in the Annex of Communiqué No II-17.1 on Corporate Governance of the Capital Markets Board, I hereby declare that I am a candidate to serve as an “independent member” in the Board of Directors of Bereket Sigorta A.Ş. in accordance with the legislation, articles of association and the criteria set in the Communiqué on Corporate Governance of the Capital Markets Board Corporate Governance and in this context, I hereby declare that:

- a) In the last five years, there was no employment relationship in managerial positions that will take on important duties and responsibilities between the company, the partnerships under the management control of the company or in which it had a significant influence, the legal entities over which these partners had management control and myself, my spouse and my relatives up to the second degree by blood and marriage; they did not own more than 5% of their capital or voting rights or privileged shares together or individually and they did not establish a significant commercial relationship;
- b) In the last five years, I was not a shareholder (5% or more) or did not work in a managerial position to assume important duties and responsibilities, or was not a member of the board of directors in companies where the company purchases or sells a significant amount of services or products within the framework of agreements made, during the periods when services or products are purchased or sold, including auditing (including tax audit, legal audit, internal audit), rating and consultancy of the company;
- c) I have the vocational education and training, knowledge and experience to properly fulfill the duties that I will assume due my independent board membership;
- d) I will not work full-time in public institutions and organizations after being elected as a member, except as a university lecturer in accordance with the legislation;
- e) According to the the Income Tax Act No. 193 of 31/12/1960, I am considered as a resident in Turkey;
- f) I have strong ethical standards, professional reputation and experience that can make positive contributions to the activities of the company, maintain my impartiality in conflicts of interest between the company and the shareholders, and make decisions freely by taking into account the rights of the stakeholders;
- g) I will be able to devote enough time to company affairs to be able to follow the operation of the company activities and to completely fulfill the requirements of the duties I have undertaken;
- h) I have not been on the company’s board of directors for more than six years in the last ten years;
- i) I am not currently working as an independent board member in more than three of the companies controlled by the company or its shareholders who have management control, and in more than five companies traded on Borsa Istanbul in total;
- j) I have not been registered and announced on behalf of a legal entity elected as a member of the board of directors.

Name and Surname: Mustafa Hamarat

Signature:



### Independence Claim

Under Article 4.3.6 in the Annex of Communiqué No II-17.1 on Corporate Governance of the Capital Markets Board, I hereby declare that I am a candidate to serve as an “independent member” in the Board of Directors of Bereket Sigorta A.Ş. in accordance with the legislation, articles of association and the criteria set in the Communiqué on Corporate Governance of the Capital Markets Board Corporate Governance and in this context, I hereby declare that:

- a) In the last five years, there was no employment relationship in managerial positions that will take on important duties and responsibilities between the company, the partnerships under the management control of the company or in which it had a significant influence, the legal entities over which these partners had management control and myself, my spouse and my relatives up to the second degree by blood and marriage; they did not own more than 5% of their capital or voting rights or privileged shares together or individually and they did not establish a significant commercial relationship;
- b) In the last five years, I was not a shareholder (5% or more) or did not work in a managerial position to assume important duties and responsibilities, or was not a member of the board of directors in companies where the company purchases or sells a significant amount of services or products within the framework of agreements made, during the periods when services or products are purchased or sold, including auditing (including tax audit, legal audit, internal audit), rating and consultancy of the company;
- c) I have the vocational education and training, knowledge and experience to properly fulfill the duties that I will assume due my independent board membership;
- d) I will not work full-time in public institutions and organizations after being elected as a member, except as a university lecturer in accordance with the legislation;
- e) According to the the Income Tax Act No. 193 of 31/12/1960, I am considered as a resident in Turkey;
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- i) I am not currently working as an independent board member in more than three of the companies controlled by the company or its shareholders who have management control, and in more than five companies traded on Borsa Istanbul in total;
- j) I have not been registered and announced on behalf of a legal entity elected as a member of the board of directors.

**Name and Surname: MEHMET BARCA**

**Signature:**

The image shows a handwritten signature in blue ink. The signature is stylized, starting with a large 'M' and 'B' that are connected, followed by the word 'Barca' in a cursive script.



## QUALIFICATIONS OF THE DIRECTORS AND THE AUDITORS

Qualifications of the executives of the Company are given in the following table as of 31 December 2020, which was prepared pursuant to article 8 of the "Regulation on the Incorporation and Working Principles of Insurance and Reinsurance Companies", which was published in the Official Gazette no. 26623 of 24 August 2007 and came into effect at that date:

Name and Surname	Position	Education	Date of Appointment	Experience		Field
				Duration (Year)	Field	
Fahrettin Poyraz	Chairman of the Board of Directors	Doctorate	07.12.2017	27	Other	1. General Manager of Tarım Kredi Kooperatifleri Merkez Birliği 2. Chairman of the Board of Directors of Tarım Kredi Holding A.Ş. 3. Gübre Fabrikaları T.A.Ş. Chairman of the Board of Directors
Ahmet Bağcı*	Vice Chairman	Doctorate	05.01.2018	16	Other	1. Deputy General Manager of Tarım Kredi Kooperatifleri Merkez Birliği 2. Chairman of the Board of Directors of Tarnet İletişim 3. Chairman of the Board of Directors of Tarnet Tarım 4. Gübre Fabrikaları T.A.Ş. Vice Chairman 5. Member of the Board of Directors of UBK Petrokimya
Bilal Uçar	Member of the Board of Directors	Bachelor's Degree	15.08.2019	23	Law	1. ANKA Arabuluculuk Şirketi (Mediation Company) 2. Altaş Avukatlık Ortaklığı (Law Firm Partner)
Ali Rıza Akpınar*	Member of the Board of Directors	Post-graduation	27.05.2019	14	Banking	1. Head of Loans and Financing Department of Tarım Kredi Kooperatifleri Merkez Birliği
Mahmut Güngör	Member of the Board of Directors/General Manager	Post-graduation	04.01.2018	24	Other	1. Member of the Board of Directors of Pension Monitoring Center 2. Tarım Sigortaları Havuz İşletmesi A.Ş. Member of the Board of Directors
Mustafa Hamarat	Independent Member of the Board of Directors	Post-graduation	19.03.2020	25	Law	1. Lawyer
Mehmet Barca	Independent Member of the Board of Directors	Professor	19.03.2020	13	Other	1. Academic in the Department of Business Administration of the Faculty of Political Sciences of Ankara Social Sciences University

\*Dr. Ahmet Bağcı is in charge of the compliance with the requirements of MASAK (Financial Crimes Investigation Authority) and Ali Rıza AKPINAR is in charge of the internal systems.

### Auditor

Term : 01.01.2020-31.12.2020

Name : KPMG BAĞIMSIZ DENETİM VE SMMM A.Ş.

Address: Levent Mah. Meltem Sok. İş Kule Sit. Kule 3 No:14/3 Kat: 2,3,4,5,6,7,8,9, 34330 Beşiktaş/İST.

## REPLACEMENTS OF THE BOARD OF DIRECTORS

There is no change regarding the Members of the Board of Directors during the year.

## EXECUTIVES IN CHARGE OF THE INTERNAL SYSTEMS

### Mustafa DEMİR

#### Executive

Internal Audit

He graduated from the Department of Mathematics of Faculty of Science and Letters of Eskişehir Osmangazi University in 2006. He completed his Master's degree of Science and Mathematics in 2007 and graduated from the Faculty of Business Administration of Anadolu University in 2015.

He started his career at Vakıf Emeklilik ve Hayat A.Ş. in 2008 and worked as an assistant auditor and auditor in the Internal Audit Department until the end of 2012 and in Authorized Officer positions in the Department of Surveillance and Reporting until the end of 2013. After working as Authorized Officer and Supervisor in the Department of Surveillance and Reporting of Bereket Emeklilik ve Hayat A.Ş. between 2014-2018, he has been serving in Bereket Group since March 2018, and has been working as Internal Audit Executive in the Internal Audit Department.

### Levent ÖZİNCE

#### Manager

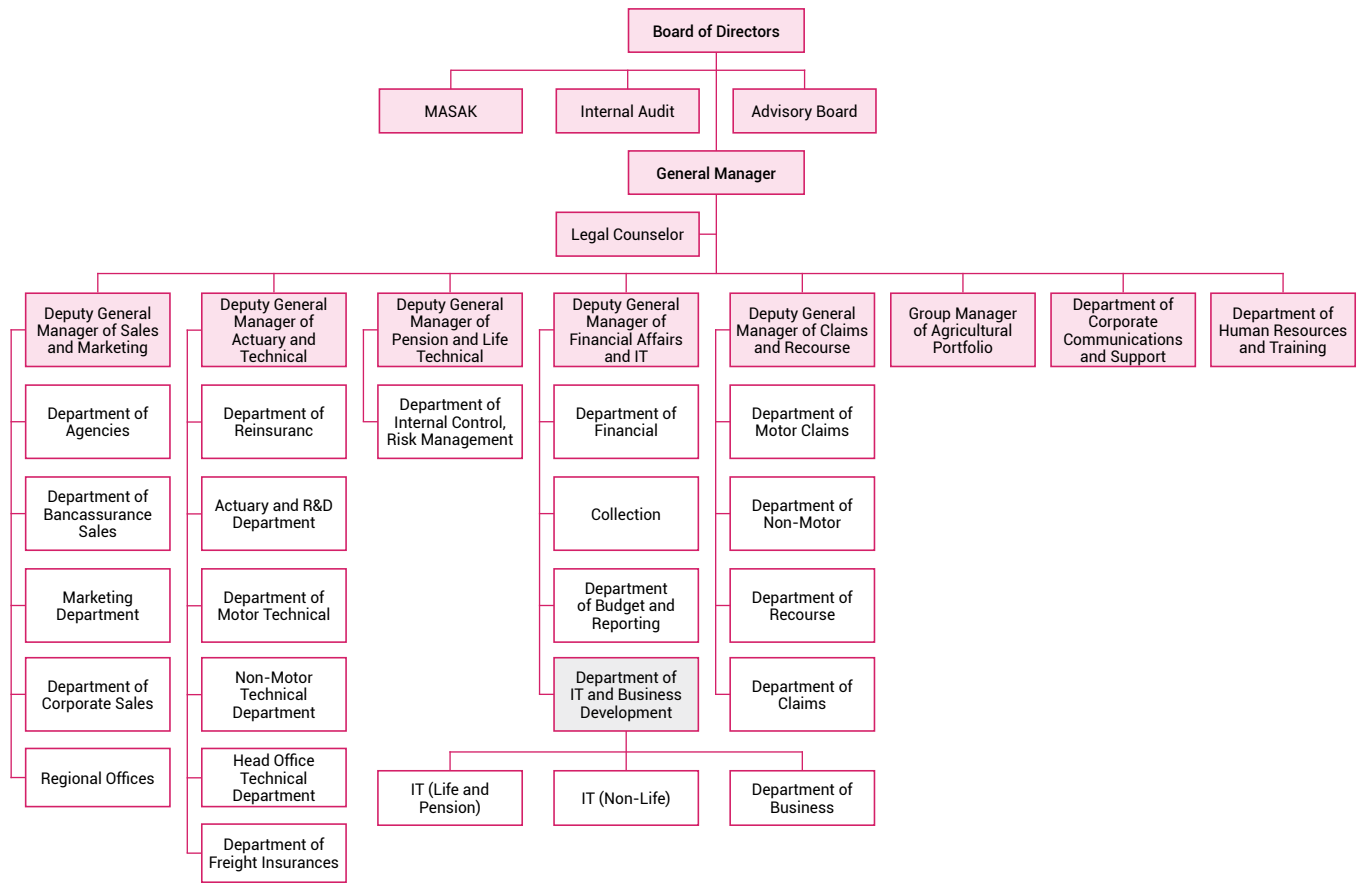
Internal Control, Risk Management and Compliance

After graduating from the Econometrics Department of Faculty of Economics of Istanbul University in 1997, he started his career as an assistant inspector at Güven Sigorta T.A.Ş., and later continued his duty as an inspector. Between 2011-2020, he worked as an assistant manager and manager in Internal Audit Department of Halk Sigorta A.Ş. He started to work as Internal Control, Risk Management and Compliance Manager within Bereket Group in September 2020.

## ATTENDANCE OF THE DIRECTORS TO THE MEETINGS DURING THE ACCOUNT PERIOD

DATE OF MEETINGS	Fahrettin POYRAZ	Ahmet BAĞCI	Bilal UÇAR	Ali Rıza AKPINAR	Mahmut GÜNGÖR	Mustafa HAMARAT (Independent Member)	Mehmet BARCA (Independent Member)
9.01.2020	✓	✓	✓	✓	✓		
13.01.2020	✓	✓	✓	✓	✓		
14.01.2020	✓	✓	✓	✓	✓		
22.01.2020	✓	✓	✓	✓	✓		
18.02.2020	✓	✓	✓	✓	✓		
25.02.2020	✓	✓	✓	✓	✓		
28.02.2020	✓	✓	✓	✓	✓		
12.03.2020	✓	✓	✓	✓	✓		
13.03.2020	✓	✓	✓	✓	✓		
19.03.2020	✓	✓	✓	✓	✓	✓	✓
30.03.2020	✓	✓	✓	✓	✓	✓	✓
7.04.2020	✓	✓	✓	✓	✓	✓	✓
10.04.2020	✓	✓	✓	✓	✓	✓	✓
30.04.2020	✓	✓	✓	✓	✓	✓	✓
5.05.2020	✓	✓	✓	✓	✓	✓	✓
14.05.2020	✓	✓	✓	✓	✓	✓	✓
21.05.2020	✓	✓	✓	✓	✓	✓	✓
3.06.2020	✓	✓	✓	✓	✓	✓	✓
10.06.2020	✓	✓	✓	✓	✓	✓	✓
24.06.2020	✓	✓	✓	✓	✓	✓	✓
25.06.2020	✓	✓	✓	✓	✓	✓	✓
10.07.2020	✓	✓	✓	✓	✓	✓	✓
27.07.2020	✓	✓	✓	✓	✓	✓	✓
29.07.2020	✓	✓	✓	✓	✓	✓	✓
5.08.2020	✓	✓	✓	✓	✓	✓	✓
24.08.2020	✓	✓	✓	✓	✓	✓	✓
27.08.2020	✓	✓	✓	✓	✓	✓	✓
28.08.2020	✓	✓	✓	✓	✓	✓	✓
25.09.2020	✓	✓	✓	✓	✓	✓	✓
29.09.2020	✓	✓	✓	✓	✓	✓	✓
19.10.2020	✓	✓	✓	✓	✓	✓	✓
26.10.2020	✓	✓	✓	✓	✓	✓	✓
13.11.2020	✓	✓	✓	✓	✓	✓	✓
23.11.2020	✓	✓	✓	✓	✓	✓	✓
3.12.2020	✓	✓	✓	✓	✓	✓	✓
28.12.2020	✓	✓	✓	✓	✓	✓	✓

# ORGANIZATION CHART



## STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Bereket Sigorta A.Ş. adheres to the principles included in the Circular on Corporate Governance Principles and pays maximum attention and care to the implementation of these principles. The Corporate Governance Compliance Report and the Corporate Governance Information Sheet have been prepared based on the specified formats within the scope of Compliance with Voluntary Principles in accordance with the Corporate Governance Communiqué issued with the decision dated 10.10.2019 and numbered 2/49 of the Capital Markets Board and are shared with our Annual Report.

Bereket Sigorta's corporate governance principles have been established according to the principles of equality, transparency, accountability and responsibility. Accordingly, it is essential to treat shareholders and stakeholders equally and to prevent possible conflicts of interest during the execution of all activities of the company management.

Our Company has complied with the obligatory principles stated in the Corporate Governance Communiqué, and most of the non-obligatory principles have been adopted. In addition, there are no regulations on the scope of minority rights in the articles of association and there are no female members on the board of directors. Our dividend distribution, information policies, donation and contribution policy, human resources and remuneration policies have been established.

Professional liability policies have been drawn up within the scope of the issues that the company's board of directors and executives might cause damage due to their duties. The salaries and similar benefits provided to the members of the Board of Directors and senior executives in our company are included in the footnotes of our financial statements and in our annual report.

Independent members are featured on our website and in the annual report. Care is taken that our members of the Board of Directors do not take more than one duty in the committees. However, one of our independent members serves in all 3 committees. Without prejudice to business secrets and information that has not yet been disclosed to the public, financial and non-financial information about the company is announced to the public in a timely, accurate, complete, understandable, open to interpretation, low cost and easily accessible manner in accordance with the principle of transparency. The principles that have not yet been implemented have not caused any conflict of interest between stakeholders.



# CORPORATE GOVERNANCE COMPLIANCE REPORT

## PART I - SHAREHOLDERS

### 1. Investor Relations Department

The name-surname, role and license information of the persons involved in conducting the investor relations operations of Bereket Sigorta are given below:

Pınar MUTLU, Investor Relations Manager  
(Capital Market Activities Level 1)  
Çağla ÖZBEY, CMB Coordination

The activities carried out by the investor relations team are as follows:

- Coordinating the investor information on the corporate official web site;
- Coordinating the statement of annual report and quarterly activity reports;
- Coordinating the annual General Assembly Meeting; stating the compliance report for CMB
- Corporate Governance Principles.

There are no applications made to the team during the term.

### 2. Exercising of Information Acquisition Rights of the Shareholders

In principle, all shareholders are treated equally and no discrimination is made between shareholders in exercising their right to obtain information and to examine. All kinds of information that may affect the exercise of shareholders' rights are made available to the shareholders in an up-to-date manner. Publicly disclosed information concerning shareholders is published on the corporate website of our Company. Contact information of the Investor Relations Unit is available on the corporate website so that shareholders can exercise their right to obtain information. In the Corporation's Articles of Association, the request

for the appointment of a special auditor has not been arranged. In 2020, no request was received from the shareholders in this regard.

### 3. General Assembly Meetings

An Ordinary General Assembly Meeting was held in 2020. The General Assembly Meeting will be held on April 3, 2020, at 14:00 in Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No: 8 Ümraniye/İstanbul. The shareholders whose total nominal value represented 91.73% of the shares attended the General Assembly by proxy. Other than shareholders, stakeholders and media did not participate. During the General Meeting, shareholders did not use their right to ask questions and no proposal was made apart from the agenda items.

Donation and Contribution Policy was adopted during the General Assembly meeting. There has been no change in the policy.

The corporation takes all kinds of precautions to ensure the participation of shareholders to the general assembly before the general assembly meetings in a timely manner and provides information about the agenda of the general assembly in a way that does not cause confusing and gives the shareholders the opportunity to make the necessary preparation.

In this context, an invitation notice regarding the day, time, venue and agenda of the General Assembly meetings, except for the announcement and meeting days, is announced in the Turkish Trade Registry Gazette, at least one nationwide newspaper, on the company website, and in other places specified in the relevant legislation at least three weeks prior to the day of the general assembly meeting. In addition, the meeting date and the agenda are notified to the shareholders by registered and reply paid mail.

Invitation to the ordinary and extraordinary meeting of the General Assembly is a duty of the Board of Directors as a rule. However, upon the written requests of the shareholders who own at least one tenth of the capital of the Company, stating the necessary reasons, it is obligatory for the Board of Directors to invite the General Assembly to an extraordinary meeting or to put the items they want to discuss on the agenda if it has already been decided to convene the General Assembly.

If these requests of the shareholders are not taken into consideration by the Board of Directors, the court in the location of the company head office may authorize themselves to invite the General Assembly to the meeting and put the matter they want on the agenda upon the request of the said shareholders.

All information and documents regarding the General Assembly, including meeting minutes, are published on the company's corporate website, Public Disclosure Platform and MKK (Central Securities Depository) system after the General Assembly Meeting.

#### 4. Right to Vote and Minority Rights

In the general assembly meeting, the topics on the agenda are conveyed in an impartial and detailed manner, with a clear and understandable method; shareholders are given the opportunity to express their opinions and ask questions under equal conditions and a proper discussion environment is provided. Practices that make the use of voting rights difficult are avoided and each shareholder is given the opportunity to exercise their voting rights in the easiest and most convenient manner.

#### 5. Dividend Rights

There is no privilege regarding participation in the dividend of the company. Our company has a dividend distribution policy. In 2020, it was discussed on the agenda of the General Assembly Meeting and accepted by the General Assembly. The approved dividend distribution policy can

be accessed on the corporate website of the Company.

The company did not distribute dividends in 2020.

#### 6. Transfer of Shares

Although the transfer of registered shares of the entire company and the establishment of usufruct rights on these shares are subject to the relevant provisions of the Turkish Commercial Code, it can only be transferred with the approval of the Company in accordance with the following provisions. In the event that shareholders transfer their shares, If there is one of the following refusal reasons, each of which is deemed important in accordance with Article 493 and the following articles of the Turkish Commercial Code, the Board of Directors may refuse on the basis of this reason or may reject the approval request by proposing to the transferor to take the shares to their own account or to the account of other shareholders or third parties with their real value at the time of application:

- a. Understanding that the financial and social status of the real or legal entity who will take over the shares is not acceptable for the continuation of the partnership for other partners;
- b. Willingness to acquire shares by another company or business that is in competition with the company or by any company which is owned by the persons who are in the position of owner, operator, partner, manager or employee of them or any company whose dominance is directly or indirectly held by spouses of these persons and their descendants or descendants;
- c. the case where the acquisition threatens, damages or eliminates the company's ability to realize its business subject or its independence. Within the context of this article, the body that will decide the rejection of the approval request and the right to make a purchase proposal accordingly is the Board of Directors of the Company.

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It takes effect by means of the delivery of the shares whose share transfer has been endorsed from transferor to transferee and recording this transfer in the share register. The company keeps a stock register showing the names and addresses of the shareholders and the shares they hold. The company accepts the person whose names and addresses are registered in the stock register as a legal shareholder.

## CHAPTER II - PUBLIC DISCLOSURE AND TRANSPARENCY

### 7. Public Disclosure Policy

Within our company, there is a Public Disclosure Policy, in which the issues regarding the disclosure of corporate information to be made to the public with the decision 500 of dated 28/08/2012 of the Board of Directors are resolved. This policy is available on our corporate website ([www.bereket.com.tr](http://www.bereket.com.tr)).

### 8. Company Website and its Content

Our company's corporate website ([www.bereket.com.tr](http://www.bereket.com.tr)) is actively used for public disclosure.

Our website includes the corporate information, especially the company's shareholding structure, administrative structure and capital, the document of the articles of association, the financial statements of the current year and the last five years including trade registry, members of board of directors, annual reports, independent audit reports and footnotes, and information required by legal legislation such as company's mission and vision etc. A significant part of the information on our website is also presented in English for the benefit of international investors.

### 9. Annual Report

The 'Annual Reports' issued by our company as of the end of the fiscal year are prepared in detail to ensure access to all necessary information about the company's activities, except for business secrets, within the framework of the provisions of the relevant legal legislation and corporate governance principles, and are presented to the shareholders and published at our corporate website ([www.bereket.com.tr](http://www.bereket.com.tr)).

## CHAPTER III - STAKEHOLDERS

### 10. Informing the Stakeholders

Persons or institutions that affect the activities of our company or are affected by the activities of the company are considered as the stakeholders of the company. Care is taken to inform the stakeholders of the company, including our shareholders, employees, customers and suppliers, in writing as much as possible, and to regulate their relations with written contracts to the extent possible. Our company takes measures to ensure customer satisfaction in the provision of products and services, and utmost care and attention is paid to the confidentiality of information about customers and suppliers within the scope of business secret. Stakeholders can fill in the form under the heading "Contact" on the corporate website or contact the Investor Relations Manager directly, in case the Company has transactions that are against the legislation and unethical.

### 11. Participation of Stakeholders in the Management

Stakeholders' participation in management is facilitated and their views are taken for decisions that have consequences for stakeholders.

### 12. Human Resources Policy

In the company, there is a "Regulation on Human

Resources" that was arranged to improve the rights and obligations, working conditions, qualifications, technical and managerial skills of the employees with the company and to regulate their appointment, promotion, responsibilities and other personal affairs.

In defining and implementing the human resources policy of the company, "providing fair and equal opportunities to the personnel in terms of working, training and development based on their competence; protecting the material and moral rights of the personnel; encouraging successful employees to the extent possible and trying to increase their knowledge; providing employees with the opportunity to work in accordance with the nature of the work done" principles are taken into consideration.

Job descriptions of our company employees are clear and submitted for their review in a common area that is accessible at any time.

There is a safe working environment and conditions for the employees, and improvements and necessary controls are carried out by our relevant units. All decisions taken regarding employees or matters considered to be of concern to employees are notified to them.

### 13. Ethical Rules and Social Responsibility

The ethical rules of our Company have been written and were published on our website. In addition, our company complies with the regulations on the environment, consumers and public health while performing its activities and pays utmost attention and care in fulfilling its responsibilities for such matters. Our company has not faced any sanctions on environmental protection until today.

### 14. Structure and Formation of Board of Directors

The members of the Board of Directors of our company are elected to serve for a maximum of 3 years upon the election held in the General

Assembly every year. It is possible for members whose term has expired to be re-elected. As of the end of 2019, information about our company's Chairman and members of the Board of Directors is provided below.

#### Fahrettin POYRAZ

##### Chairman of the Board of Directors

Fahrettin Poyraz was born in Dolamiç town of the province of Kütahya in 1968. He graduated from the Political Sciences Faculty of Ankara University. He completed his post-graduation study in the Public Administration Department of the Social Sciences Faculty of Kırıkkale University and in the Public Administration Institute for Turkey and the Middle East. He completed his doctorate study in the field of political science at the Public Administration Department of the Social Sciences Institute of Hacettepe University. He worked as accounting auditor at the Finance Ministry and as chief auditor at the Supreme Court of Public Accounts. He is a chartered public accountant and has international independent auditor certificate. He also served as a member of the board of directors of the Social Aid and Solidarity Foundation for the Graduates of Political Sciences Faculty and as the member of the Board of Editors for Mali Hukuk Dergisi (a fiscal legal periodical). He is currently serving as the Vice President of the Sports Club for the Parliamentarians. He is also an upper classification representative of the Turkish Football Federation. He acted the as the deputy of the province of Bilecik at the Grand National Assembly during 22nd, 23rd and 24th periods. During his 24th period, he also served as the Chairman of the Commission for Public Economic Enterprises. As of 05.12.2017, Mr. Poyraz is acting as the General Manager of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey).

#### Ahmet BAĞCI

##### Vice Chairman

Ahmet Bağcı was born in Afyon in 1981. He graduated from the Economics Department of the Economics and Administrative Sciences Faculty of Gazi University in 2004 and completed his post-

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graduation study in the Social Sciences Faculty of Gazi University in 2011. He obtained his doctorate degree with the thesis of "Saving, Financial Development and Growth Relationship: On the Example of Turkish Economy" in 2017. He worked as assistant specialist in the Ministry of Culture and Tourism during 2004-2007, as assistant specialist on investigation of fiscal crimes in the Ministry of Finance during 2007-2008. He worked as a member of profession in the Supreme Court of State Accounts in 2008. He completed his Basic and Specialty Training on European Union in the Research and Application Centre for European Communities of Ankara University. He worked as advisor in the Ministry of Youth and Sports during 2013- 2014. He served in various positions in the Office of Secretary-General of the President of Republic during 2014-2017. He was appointed as the Assistant General Manager of the Central Union of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey) on 3 January 2018. He is still serving in this position. He is the member of the Board of Directors responsible for the activities carried out within the scope of the Masak legislation of our company.

## **Bilal UÇAR**

### **Member of the Board of Directors**

Bilal Uçar was born in Denizli in 1969. He is a graduate of the Law Faculty of İstanbul University. He worked as a freelance lawyer in Denizli. He was among the founders of the Justice and Development Party (JDP) in Denizli. He served as the provincial head of the JDP during 2007-2011. He was elected as the deputy of the province of Denizli to the parliament from the JDP for the 24th and 25th terms of the Grand National Assembly. Afterward, he served as the assistant to the justice minister. Finally, he is a Board Member of ANKA Mediation Company.

## **Ali Rıza AKPINAR**

### **Member of the Board of Directors**

Ali Rıza AKPINAR was born in İzmir in 1984. He graduated from the Department of Finance of Faculty of Political Sciences of Ankara University in 2006 and Faculty of Law in 2017. He completed his MSc of Banking and Finance from the University of London in 2018. He started to work as a Bank Examiner at the Banking Regulation and Supervision Agency in 2006. In addition to the audits of many banks, he also audited factoring, leasing and consumer financing companies. Taking part in the establishment of the Financial Consumer Relations Department, he played an active role in legislation arrangements and served as head of a delegation in the Arbitration Committee for Private Customer. He was appointed as the Head of Loans and Financing Department upon the Decision dated 21 May 2019 of the Board of Directors of Kredi Kooperatifleri Merkez Birliği. He is a member of the Board of Directors of our company responsible for internal systems.

## **Mahmut GÜNGÖR**

### **Member of the Board of Directors - General Manager**

He was born in Ankara in 1972. He graduated from the Labor Economy and Industrial Relations Department of the Faculty of Political Sciences of Ankara University in 1995. He completed his post-graduation study in the Banking and Insurance Institute of Marmara University in 2006. He worked as specialist, assistant manager and assistant general manager in Ziraat Finansal Kiralama A.Ş. during 1996-2011 and as assistant general manager in Vakıf Finansal Kiralama A.Ş. during 2011-2015. On 4.1.2018, he was appointed as general manager of Bereket Emeklilik, Bereket Sigorta, which are group companies of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of



Turkey) where he has been serving as assistant general manager since October 2015.

### **Mustafa HAMARAT**

#### **Independent Member**

Born in Ordu on 21 July 1972, Mustafa Hamarat graduated from the Faculty of Law of Ankara University. He completed his master's degree in the Department of Public Administration of Institute of Social Sciences of Kırıkkale University. He started to work as a specialist lawyer in the academic staff at Kırıkkale University. He was appointed as an in-house counsel to the Istanbul Metropolitan Municipality. He worked as a freelance lawyer. He became a founding member of the Rule of Law Platform and served as its General Secretary. He published Aktif Hukuk Dergisi (an active law periodical) with a group of lawyers and became the editor-in-chief of the magazine. In the 2002 elections, he was nominated as a deputy candidate from the Ordu list of JDP. In 2003, he worked in the Istanbul Provincial Administration of JDP. He became a presumptive nominee for the mayor of Ümraniye in 2004 local elections. He acted as the deputy of the province of Ordu at the Grand National Assembly during 23rd and 24th periods. During his deputy, he was a member of the Constitutional Committee, Committee on Justice, Equal Opportunity Committee for Women and Men, Public Works, Development, Transportation and Tourism Committee. He was the chair of Turkey-Sri Lanka Inter-Parliamentary Friendship Group. He served as a secretary member of the GNAT Assembly Bureau between 2011-2013. He speaks English, German and Arabic at intermediate level. He is married with five children.

### **Mehmet BARCA**

#### **Independent Member**

He was born on 01 February 1966 in Bingöl. He graduated from the Faculty of Political Sciences of Ankara University in 1990. He completed his master's degree at the School of Management of University of Leicester in 1995. Mehmet Barca, who completed his doctorate at the University of Leicester in 2001 received the title of Assistant

Professor in 2001, Associate Professor in 2003 and Professor in 2008 at the Faculty of Economics and Administrative Sciences of Sakarya University. Barca, who worked as a Professor at the Business School of Ankara Yıldırım Beyazıt University between 2011-2015, continues to work at the Department of Business Administration of the Faculty of Political Sciences of Ankara Social Sciences University.

## **15. Principles of Activity of the Board of Directors**

The Board of Directors convenes not less than once a month upon the invitation of the Chairman or, in cases where he/she is available, the call of the vice chairman, depending on the necessity of the company's operations. The meetings are held at the company head office or at another location. One more than half of the members must attend the meetings for Board of Directors resolutions to be valid. One more than half of the members must attend the meetings for Board of Directors resolutions to be valid.

Decisions are taken with the majority of the members attending the meeting. If there is a tie in the votes, the issue discussed

is reconsidered again in the next meeting. If there is also a tie in this meeting, the proposal is deemed to be rejected. If none of the members requests a meeting, the decisions of the Board of Directors can also be made by obtaining the written approval of at least the majority of the total number of members, to a proposal made by one of the board members on a specific issue, written in the form of a resolution. The validity condition of the decision to be made in this way is that the same proposal has been made to all members of the Board of Directors.

Meetings are held by the chairman or the vice chairman within the framework of the agenda previously distributed to the members.

The meeting agenda of the Board of Directors is determined by the Chairman of the Board of

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Directors. Members may ask the chairman to put the matters they want to be discussed on the agenda.

Based on the issues that should be included in the scope of this article, the following is needed:

- a. Information on the number of meetings of the Board of Directors during the term, meeting attendance and quorums;
- b. Whether the questions asked by the members of the board of directors at the meeting and the reasonable and detailed justifications of the dissenting votes regarding the matters for which different opinions were voiced were recorded in the resolution record;
- c. Whether members of the board of directors are granted weighted voting rights and/or negative veto rights.

## 16. Number of Committees Formed in the Board of Directors with Their Structures and Independency

In 2020, the Audit Committee, the Early Detection of Risk Committee and the Corporate Governance Committee were established within the Board of Directors. The Corporate Governance Committee fulfills the duties of the Nomination Committee and the Remuneration Committee. The committees fulfill their duties in accordance with the Working Principles on the Committees to be Established within the Board of Directors. The Working Principles on Committees are published on the corporate website of the company.

### Audit Committee: It held 3 meetings in 2020

#### Committee Members

Mustafa Hamarat, Chairman (Independent Member of the Board of Directors);

Prof. Dr. Mehmet Barca, Member (Independent Member of the Board of Directors)

### Early Detection of Risk Committee: It held 4 meetings in 2020.

#### Committee Members

Prof. Dr. Mehmet Barca, Chairman (Independent Member of the Board of Directors)  
Ali Rıza Akpınar, Member (Member of the Board of Directors)

### Corporate Governance Committee: It held 1 meeting in 2020.

#### Committee Members

Prof. Dr. Mehmet Barca, Chairman (Independent Member of the Board of Directors)  
Ahmet Bağcı, Member (Vice Chairman of the Board of Directors)  
Pinar Mutlu, Member (Investor Relations Manager)

Care is taken that our members of the Board of Directors do not take part in more than one committee. Except for independent members, our members of the Board of Directors do not take more than one duty in the committees. However, one of our independent members serves in all 3 committees.

## 17. Risk Management ve Internal Control Mechanism

### Internal Control and Risk Management Operations

The Internal Control and Risk Management Operations of Bereket Sigorta A.Ş. are carried out in line with the principles defined in the "Regulation on Internal Systems of Insurance and Reinsurance and Pension Companies" published in the Official Gazette no. 26913 of 21.06.2008.

Activities are carried out under the General Manager, with the ultimate responsibility under the Board of Directors. The internal control and risk management mechanism has been established in order to define, measure, monitor, and control all the risks our company is exposed to. Risk management coordinates the management of the risks of each unit with the relevant units.

Possible risks faced by Bereket Sigorta A.Ş. are classified under "Company Risk Categories". The Risk Management Policy is the basic document that includes the types of risks that may be encountered, their definition, classification, measurement, monitoring, control and the measures taken against risks, and is updated based on changing conditions, economic circumstances and actual events. There is also an Internal Control Regulation prepared within the framework of the aforementioned risks and the issues regarding the execution of operations are included.

### Internal Audit Operations

The Internal Audit operations of Bereket Sigorta A.Ş. are carried out by the Internal Audit Department.

The Internal Audit Department, established in 2002, operates under the Board of Directors in accordance with the "Regulation on Internal Systems of Insurance and Reinsurance and Pension Companies" published by the Ministry of Treasury and Finance in the Official Gazette no. 26913 of 21.06.2008.

Working principles, duties, powers and responsibilities regarding the Internal Audit Directorate are specified in the Internal Audit Regulation, which was approved and accepted by the Board of Directors. Based on this regulation, the annual audit plan prepared by the Internal Audit Department is submitted to the Board of Directors for approval and the results of the audits carried out in accordance with the approved annual plan are also reported to the Board of Directors.

Apart from the audits under the annual plan, the inspection activities regarding the irregular and illegitimate acts of the employees or third parties within the framework of the above-mentioned Regulation are also carried out by the Internal Audit Department.

The "Internal Audit Reports" prepared by the Internal Audit Department are included on the agenda of the Board of Directors and the actions to be taken based on the report results are decided. The audits conducted are aimed at providing assurance that the company operations are carried out in line with the Insurance Law and other relevant legislation, as well as in-house strategies, policies, principles and targets.

## 18. Strategic Objectives of the Company

The senior management of our company holds meetings to follow the strategies determined on a weekly basis.

The realization of the targets, which are included in the budget on a monthly basis, is reviewed by the Board of Directors of our Company at the meetings held.

## 19. Financial Rights

The Remuneration Policy of Bereket Sigorta was presented to the General Assembly at the meeting of 3 April 2020, and is published on the corporate website of the company. Any board member or senior manager of the Company is not indebted to the company on his behalf or on behalf of a third party, has not borrowed from the Company, has not received any surety or guarantee from the Company.

# CORPORATE INFORMATION SHEET

SECTIONS OF CORPORATE GOVERNANCE PRINCIPLES	PRINCIPLE OF CORPORATE GOVERNANCE	COMPLIANCE ISSUE TO BE NOTIFIED ACCORDING TO "APPLY OR EXPLAIN" PRINCIPLE FOR NON-OBLIGATORY PRINCIPLES	COMPANY COMPLIANCE STATUS (Yes, No, Partial, Not Applicable, Exempted)	EXPLANATION
1.1. Facilitating the Exercise of Shareholders Rights	1.1.1.	As well as the corporation's organs, "Investor Relations Department" has also an active role in facilitating the protection and exercise of the shareholders rights, mainly the rights to obtain information and to examine.	Yes	
1.1. Facilitating the Exercise of Shareholders Rights	1.1.2.	Information and disclosures which may affect the exercise of the shareholders rights are made available and up-to-date on the corporate website for utilization of the investors.	Yes	
1.2. Right to Obtain Information and to Examine	1.2.1.	Management of the corporation refrains from transactions that would complicate the conduct of special audit.	Yes	In 2020, no request was received from the shareholders in this regard.
1.3. General Assembly	1.3.2.	The corporation ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	Yes	It ensured that the items to be discussed at the Ordinary General Assembly meeting held in 2020 are clearly expressed in the agenda. In this direction, only one topic was put to vote in each agenda item.
1.3. General Assembly	1.3.3.	In order to promote the attendance of the shareholders, the general assembly meeting is conducted in a manner not to cause an inequality among the shareholders and to provide the attendance of the shareholders with minimum cost. For this purpose, the meeting is conducted at the place where the shareholders exist in nominal majority, provided that this matter is set forth in the articles of association.	No	The General Assembly is held in a place where the company's head office or management center is located.
1.3. General Assembly	1.3.4.	The chairman of the meeting prepares and obtains the required information in advance regarding the conduct of the general assembly meeting in accordance with the Turkish Commercial Code, the Law and relevant legislation.	Yes	
1.3. General Assembly	1.3.7.	Insiders with privileged information inform the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	Not Applicable	No such transaction has taken place in 2020.
1.3. General Assembly	1.3.8.	It is ensured that the members of board of directors, other related persons, officers who are responsible in preparation of the financial statements and the auditors be present at the general assembly meeting in order to provide required information and respond the questions in relation to the specific items of the agenda.	Yes	
1.3. General Assembly	1.3.10.	Information regarding the amounts and beneficiaries of all donations and contributions made within the term in line with the policy approved by the general assembly and the amendments in the policy is provided to the shareholders through a separate item at the general assembly meeting.	Partial	The Donation and Contribution Policy was approved at the Ordinary General Assembly held on 03.04.2020. In the next General Assembly meetings, the partners will be informed through the agenda item.

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1.3. General Assembly	1.3.11.	General assembly meetings may be conducted open to public including stakeholders and media, provided that those will not have right to speak and a provision may be included in the articles of association in this respect.	No	It is not included in the corporation's articles of association.
1.4. Voting Right	1.4.1.	Any actions that may complicate the use of voting rights is avoided. Each shareholder is given the opportunity to exercise his/her voting right, including cross border voting, in the most appropriate and convenient manner.	Yes	The Corporation's Articles of Association does not contain any restrictions on voting rights. Necessary opportunities have been provided for the physical representation of the shareholders in person and by proxy.
1.4. Voting Right	1.4.2.	The corporation does not have shares that carry privileged voting rights.	Yes	There are no different share groups in the company that have any privileged voting rights.
1.4. Voting Right	1.4.3.	The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	Not Applicable	The company does not have a cross-ownership.
1.5. Minority Rights	1.5.1.	Maximum diligence is paid for the exercise of minority rights.	Not Applicable	
1.5. Minority Rights	1.5.2.	Minority rights may be defined in the articles of association for shareholders holding less than one twentieth of the capital of the corporation. The scope of minority rights may be enlarged in the articles of association.	Not Applicable	
1.6. Dividend Right	1.6.1.	The corporation has a clearly defined and consistent dividend distribution policy. This policy is submitted for the approval of the shareholders at the meeting of general assembly and is disclosed to public via the corporate website of the corporation.	Yes	The Policy of Dividend Distribution is accessible to users on the Corporation's Investor Relations Website.
1.6. Dividend Right	1.6.2.	Policy of dividend distribution comprises the minimum information to ensure that the shareholders can foresee the procedure and principles of distribution of the dividend that the corporation will obtain in the future.	Yes	The Policy of Dividend Distribution includes the principle that the growth and financing needs of the Corporation will be taken into account in the use of distributable dividend every year.
1.6. Dividend Right	1.6.3.	The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	Yes	In the General Assembly, it was decided not to distribute dividends but to reserve them for legal reserves.
1.6. Dividend Right	1.6.4.	The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the corporation.	Yes	In the Policy of Dividend Distribution submitted by the Board of Directors to the approval of the shareholders, it is specifically stated that the growth and financing needs of the corporation should be taken into consideration in the decisions to be taken by the shareholders regarding the distribution of dividends.
1.7. Transfer of Shares	1.7.1.	There are no restrictions preventing shares from being transferred.	Yes	
2.1. Corporate Website	2.1.1.	The corporation website includes all elements listed in Corporate Governance Principle 2.1.1.	Yes	The corporation website has been updated in order to comply with the principles and a significant part of it is also prepared in English.

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SECTIONS OF CORPORATE GOVERNANCE PRINCIPLES	PRINCIPLE OF CORPORATE GOVERNANCE	COMPLIANCE ISSUE TO BE NOTIFIED ACCORDING TO "APPLY OR EXPLAIN" PRINCIPLE FOR NON-OBLIGATORY PRINCIPLES	COMPANY COMPLIANCE STATUS (Yes, No, Partial, Not Applicable, Exempted)	EXPLANATION
2.1. Corporate Website	2.1.2.	Shareholding structure of the corporation, names, number and ratio of shares, and the privilege of the real person shareholders who own more than 5% shareholding cleared from indirect relations and cross ownership relations should be disclosed by being updated at least in every 6 months.	Not Applicable	There is no real person shareholder with a share higher than 5% of the corporation.
2.1. Corporate Website	2.1.3.	Notifications of financial statements except for material event and notes, which are mandatory to be disclosed to public in accordance with capital markets legislation is disclosed at PDP in English as well as in Turkish. Disclosures made in English is prepared as a summary to be consistent with the Turkish version.	Partial	The corporation's annual report is also published in English.
2.1. Corporate Website	2.1.4.	Information in the website is prepared also in foreign languages to be selected in line with the requirements, in completely same content with the Turkish version, for the utilization by the international investors.	Partial	A significant part of the corporate website of the corporation is also prepared in English.
2.2. Annual Report	2.2.1.	The board of directors issues the annual report in a detailed way to ensure that the public can reach the complete and true information with respect to the activities of the corporation.	Yes	
2.2. Annual Report	2.2.2.	The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	Yes	
3.1. Corporation's Policy on Stakeholders	3.1.1.	The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	Yes	
3.1. Corporation's Policy on Stakeholders	3.1.2.	Effective and rapid compensation is offered in case the rights of the stakeholders that are protected under the relevant legislation and contracts are violated.	Yes	
3.1. Corporation's Policy on Stakeholders	3.1.3.	Stakeholders is informed adequately with regard to the corporation's policy and procedures on protection of their rights by using the corporate website as well.	No	
3.1. Corporation's Policy on Stakeholders	3.1.4.	Corporation establishes the required mechanisms for informing the corporate governance committee or audit committee by the stakeholders on transactions breaching the relevant legislation of the corporation and which are not ethically acceptable.	No	The Corporation has started to establish the required mechanisms for informing the corporate governance committee or audit committee by the stakeholders on transactions breaching the relevant legislation of the corporation and which are not ethically acceptable. However, stakeholders can access our Corporation from the Contact section on the corporate website. Contact information of the Investor Relations department is available on the corporate website.



SECTIONS OF CORPORATE GOVERNANCE PRINCIPLES	PRINCIPLE OF CORPORATE GOVERNANCE	COMPLIANCE ISSUE TO BE NOTIFIED ACCORDING TO "APPLY OR EXPLAIN" PRINCIPLE FOR NON-OBLIGATORY PRINCIPLES	COMPANY COMPLIANCE STATUS (Yes, No, Partial, Not Applicable, Exempted)	EXPLANATION
3.1. Corporation's Policy on Stakeholders	3.1.5.	The corporation addresses conflicts of interest among stakeholders in a balanced manner.	Yes	
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	3.2.1.	The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	No	There is no regulation in the Corporation's Articles of Association.
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	3.2.2.	Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	Partial	
3.3. Human Resources Policy of the Corporation	3.3.1.	The corporation has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	Yes	
3.3. Human Resources Policy of the Corporation	3.3.2.	Criteria as to employment is determined in written form and be respected.	Yes	
3.3. Human Resources Policy of the Corporation	3.3.3.	The corporation has a policy on human resources development, and organizes trainings for employees.	Yes	
3.3. Human Resources Policy of the Corporation	3.3.4.	Meetings have been organized to inform employees on the financial status of the corporation, remuneration, career planning, education and health.	Yes	Policies and procedures available to employees
3.3. Human Resources Policy of the Corporation	3.3.5.	Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	Not Applicable	There are no unionized employee in the corporation.
3.3. Human Resources Policy of the Corporation	3.3.6.	Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	Yes	
3.3. Human Resources Policy of the Corporation	3.3.7.	Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	Yes	
3.3. Human Resources Policy of the Corporation	3.3.8.	Corporation supports the recognition of the freedom to establish association and the right of collective bargaining efficiently.	Not Applicable	There is no specific corporation policy regarding the exercise of the right to association or collective bargaining.
3.3. Human Resources Policy of the Corporation	3.3.9.	Safe working environment and conditions are ensured for the employees.	Yes	
3.4. Relations with Customers and Suppliers	3.4.1.	The corporation measured its customer satisfaction, and operated to ensure full customer satisfaction.	Partial	Studies have been initiated to on measure customer satisfaction.
3.4. Relations with Customers and Suppliers	3.4.2.	Customers are notified of any delays in handling their requests concerning their purchases to the goods and services.	Yes	The corporation maintains effective communication with its customers through the communication channels they have notified.

# CORPORATE INFORMATION SHEET

KURUMSAL YÖNETİM İLKELERİNİN BÖLÜMLER	KURUMSAL YÖNETİM İLKESİ	ZORUNLU OLMAYAN İLKELER İÇİN "UY YA DA AÇIKLA" PRENSİBİ ÇERÇEVESİNDE BİLDİRİLMESİ GEREKEN UYUM KONUSU	ŞİRKETİN UYUM DURUMU (Evet, Hayır, Kısmen, İlgisiz, Muaf)	AÇIKLAMA
3.4. Relations with Customers and Suppliers	3.4.3.	The corporation complied with the quality standards with respect to its products and services.	Yes	
3.4. Relations with Customers and Suppliers	3.4.4.	The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	Yes	
3.5. Ethical Rules and Social Responsibility	3.5.1.	The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	Yes	
3.5. Ethical Rules and Social Responsibility	3.5.2.	The corporation has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	Yes	
4.1. Function of The Board of Directors	4.1.1.	The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	Yes	
4.1. Function of The Board of Directors	4.1.2.	The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored corporation and management performance.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.1.	The board of directors documented its meetings and reported its activities to the shareholders.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.2.	Duties and authorities of the members of the board of directors are disclosed in the annual report.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.3.	The board has ensured the corporation has an internal control framework adequate for its activities, size and complexity.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.4.	Information on the functioning and effectiveness of the internal control system is provided in the annual report.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.5.	The roles of the Chairman and Chief Executive Officer (General Manager) are separated and defined.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.7.	The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	Yes	The Manager of Investor Relations Unit works as a member of the Corporate Governance Committee and continues its investor relations activities under the active supervision of the Committee. The corporation's investor relations strategy, goals, activities and operating results are regularly reported to the Committee and the Board of Directors.
4.2. Principles of Activity of the Board of Directors	4.2.8.	Corporation's damage that may be caused due to the faults of the board of directors during the charge of their duties is insured under an Officers liability insurance for an amount exceeding 25% of the corporation's capital.	Yes	

KURUMSAL YÖNETİM İLKELERİNİN BÖLÜMLER	KURUMSAL YÖNETİM İLKESİ	ZORUNLU OLMAYAN İLKELER İÇİN "UY YA DA AÇIKLA" PRENSİBİ ÇERÇEVESİNDE BİLDİRİLMESİ GEREKEN UYUM KONUSU	ŞİRKETİN UYUM DURUMU (Evet, Hayır, Kısmen, İlgisiz, Muaf)	AÇIKLAMA
4.3. Structure of the Board of Directors	4.3.1.	The number of members of the board of directors, provided that the number is not less than five in any case, is determined in order to ensure that the board members conduct productive and constructive activities, make rapid and rational decisions and efficiently organize the formation and activities of the committees.	Yes	
4.3. Structure of the Board of Directors	4.3.3.	There are independent members from among the non-executive board members who have the ability to fulfill their duties impartially.	Yes	
4.3. Structure of the Board of Directors	4.3.4.	The number of independent board members cannot be less than one third of the total number of board of directors. In calculation of the number of independent board members, fractions is considered as the following whole number. In any case, the number of independent board member cannot be less than two.	Yes	
4.3. Structure of the Board of Directors	4.3.5.	The term of office of the independent members of the board of directors is up to three years and it is possible to nominated as a candidate and elected again.	Yes	
4.3. Structure of the Board of Directors	4.3.9.	The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	No	There is no policy or target for the election of female members for the Board of Directors. There are no female members in the Board of Directors, and the minimum rate of female members stipulated in the principle has not been achieved.
4.3. Structure of the Board of Directors	4.3.10.	At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	Yes	It is evaluated that the members have the experience and competence required to fulfill their duties.
4.4. Procedure of Board of Directors Meetings	4.4.1.	Each board member attended the majority of the board meetings in person.	Yes	
4.4. Procedure of Board of Directors Meetings	4.4.2.	The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	Yes	It is essential that it is shared with all the members of the Board of Directors simultaneously with the meeting agenda to the extent possible.
4.4. Procedure of Board of Directors Meetings	4.4.3.	The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	Not Applicable	In 2020, there are no written questions by the Members of the Board of Directors regarding the meeting agenda and the Corporation's activities.
4.4. Procedure of Board of Directors Meetings	4.4.4.	Each member of the board has one vote.	Yes	

KURUMSAL YÖNETİM İLKELERİNİN BÖLÜMLER	KURUMSAL YÖNETİM İLKESİ	ZORUNLU OLMAYAN İLKELER İÇİN "UY YA DA AÇIKLA" PRENSİBİ ÇERÇEVESİNDE BİLDİRİLMESİ GEREKEN UYUM KONUSU	ŞİRKETİN UYUM DURUMU (Evet, Hayır, Kısmen, İlgisiz, Muaf)	AÇIKLAMA
4.4. Procedure of Board of Directors Meetings	4.4.5.	Procedure of the board of directors meeting is in written form in the internal regulations of the corporation.	Yes	
4.4. Procedure of Board of Directors Meetings	4.4.6.	Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	Partial	The decision of the Board of Directors is signed for the items on the meeting agenda.
4.4. Procedure of Board of Directors Meetings	4.4.7.	There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	No	There are no limits to external commitments of our board members.
4.5. Committees Formed within the Structure of the Board of Directors	4.5.5.	Board members serve in only one of the Board's committees.	No	Due to the number of Board members and committee structuring requirements, two independent Board members serve on more than one committee.
4.5. Committees Formed within the Structure of the Board of Directors	4.5.6.	Committees have invited persons to the meetings as deemed necessary to obtain their views and received their views.	Yes	All Board of Directors Committees may obtain information from corporation executives or other corporation employees when deemed necessary in line with their duties and working principles and invite relevant persons to Committee meetings.
4.5. Committees Formed within the Structure of the Board of Directors	4.5.7.	If external consultancy services are used, the independence of the provider is stated in the annual report.	No	The committees did not receive external consultancy services in 2020.
4.5. Committees Formed within the Structure of the Board of Directors	4.5.8.	Minutes of all committee meetings are kept and reported to board members.	Yes	
4.6. Financial Rights Provided for Members of the Board of Directors and Executives	4.6.1.	The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	No	Yönetim Kurulu için bir performans değerlendirmesi yapılmamıştır.
4.6. Financial Rights Provided for Members of the Board of Directors and Executives	4.6.4.	The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	Yes	Our corporation has not extended any loan, provided credit facility or given guarantee to the members of the Board of Directors or senior executives.
4.6. Financial Rights Provided for Members of the Board of Directors and Executives	4.6.5.	The individual remuneration of board members and executives is disclosed in the annual report.	No	The remuneration to the members of the Board of Directors and senior executives are disclosed collectively in the annual report, no disclosure is made on individual basis.

## RESULT OF THE AFFILIATION REPORT

Regarding the year 2020, the industry in which Bereket Sigorta A.Ş. operates, its functions performed, its risks undertaken and the assets owned by it, its transactions carried out with the parent company, the methods used in these transactions have been analyzed and the following results have been reached.

Concerning its operations in 2020, in accordance with Article 195 of the Turkish Commercial Code, Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), which is the main partner with a partnership share of 81.83% is the parent company of Bereket Sigorta A.Ş. In this regard, Bereket Sigorta A.Ş. is a company of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey) group.

In accordance with Article 199 of the Turkish Commercial Code, the Board of Directors of the Company makes the following statement in the conclusion of the affiliation report issued by it about its relations with Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), parent company:

Among Bereket Sigorta A.Ş., our company, and Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), parent company, and other group companies, there is:

- a) no transfer of receivables, debts and assets;
- b) no legal transaction that creates responsibility such as giving surety, guarantee or security bond;
- c) no legal transaction that may arise as a result of profit transfer.

The commercial operations explained in the report, which Bereket Sigorta A.Ş. carried out with Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), controlling shareholder, in 2020, are the transactions required by the main activity and were carried out over the precedent values prevailing in the market.

For all transactions carried out in 2020 with our company, the parent company and other affiliated companies, according to the situations and conditions known to us, the legal transactions carried out on behalf of the parent company or its subsidiary company under the direction of the parent company and all measures taken or avoided for the benefit of the parent company or its affiliated company in 2020 have been evaluated. We hereby declare that our company has not suffered such a loss due to the transactions for 2020.

The details and explanations of the activities carried out with the risk group that Bereket Sigorta A.Ş is involved for the 2020 operating period are included in the financial statement footnotes (Footnote 45) in the annual report.

## DRAFT AGENDA OF ORDINARY GENERAL ASSEMBLY

1. Opening, determining the Meeting Chairman and authorizing the Meeting Presidency to sign the meeting minutes;
2. Reading and discussing the 2020 Annual Report prepared by the Board of Directors;
3. Reading and discussing the Independent Audit Report for the 2020 account period;
4. Reading and discussing the Financial Statements for the 2020 account period;
5. Releasing the Members of the Board of Directors;
6. Discussing the 2020 operating profit;
7. Determining the wages and rights of the Members of the Board of Directors;
8. Approving the memberships of the members elected to the vacant Board Memberships during the term in accordance with Article 363 of the Turkish Commercial Code;
9. Electing the Members of the Board of Directors;
10. Allowing the members of the Board of Directors to perform the transactions written in the Article 395 and 396 of the Turkish Commercial Code;
11. Determining the independent audit board;
12. Discussing the amendment of the articles of association;
13. Determining the donation and contribution limits of the company for 2020;
14. Discussing the Remuneration Policy;
15. Discussing the Donation and Contribution Policy;
16. Discussion of the Dividend Distribution Policy;
17. Authorizing the General Directorate of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), controlling shareholder, to audit the accounts and transactions of the company;
18. Wishes and requests.

# STATEMENT OF COMPLIANCE ON THE ANNUAL REPORT

10.03.2021


## STATEMENT OF COMPLIANCE ON THE ANNUAL REPORT 2020

We declare that the Annual Report 2020 of Bereket Sigorta A.Ş. has been prepared in accordance with the principles and procedures set out in the Regulation on the Financial Construction of Insurance, Reinsurance and Pension Companies, which came into effect upon its promulgation in the Official Gazette no. 26606, dated 07.08.2007.

### BEREKET SIGORTA A.Ş. Board of Directors




**Fahrettin POYRAZ**  
Chairman of the Board of Directors



**Ahmet BAĞCI**  
Vice Chairman of the Board of Directors



**Bilal UÇAR**  
Member of the Board of Directors



**Ali Rıza AKPINAR**  
Member of the Board of Directors



**Prof.Dr. Mehmet BARCA**  
Independent Member



**Mustafa HAMARAT**  
Independent Member



**Mahmut GÜNGÖR**  
Member of the Board of Directors  
and General Manager



# OPINION OF COMPLIANCE ON THE ANNUAL REPORT



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
İş Kuleleri Kule 3 Kat:2-9  
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Fax +90 212 316 6060  
www.kpmg.com.tr

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

To the Shareholders of Bereket Sigorta Anonim Şirketi

### Opinion

We have audited the annual report of Bereket Sigorta Anonim Şirketi (the "Company") for the period between 1 January 2020 and 31 December 2020, since we have audited the complete set unconsolidated financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA") and the insurance legislation. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Annual Report* section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of unconsolidated financial statements of the Company for the period between 1 January 2020 and 31 December 2020 on 1 March 2021.



### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation On Financial Structures Of Insurance, Reinsurance And Pension Companies ("the Communiqué) published in the Official Journal dated 7 August 2007 and No. 26606, the Company's management is responsible for the following regarding the annual report:

- a) The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's financial statements. The annual report shall also clearly indicate the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- c) The annual report also includes the matters below:
  - Significant events occurred in the Company after the reporting period,
  - The Company's research and development activities.
  - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

### Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA and the insurance legislation. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

  
 Ali Tuğrul Üzümlü, SMMM  
 Sorumlu Denetçi

10 March 2021  
 Istanbul, Turkey

# OPINION OF COMPLIANCE ON THE ANNUAL REPORT



KPMG Bağımsız Denetim ve  
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## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Bereket Sigorta Anonim Şirketi

### Opinion

We have audited the annual report of Bereket Sigorta Anonim Şirketi (the "Group") for the period between 1 January 2020 and 31 December 2020, since we have audited the complete set consolidated financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent, in all material respects, with the audited complete set of consolidated financial statements and information obtained during the audit and provides a fair presentation.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA") and the insurance legislation. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Annual Report* section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of consolidated financial statements of the Group for the period between 1 January 2020 and 31 December 2020 on 10 March 2021.



### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation On Financial Structures Of Insurance, Reinsurance And Pension Companies ("the Communiqué) published in the Official Journal dated 7 August 2007 and No. 26606, the Company's management is responsible for the following regarding the annual report:

- a) The Group's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Group's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Group accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Group's financial statements. The annual report shall also clearly indicate the details about the Group's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- c) The annual report also includes the matters below:
  - Significant events occurred in the Group after the reporting period,
  - The Group's research and development activities.
  - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

### Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA and the insurance legislation. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

  
Ali Tuğrul Uzun, SMMM  
Sorumlu Denetçi

10 March 2021  
Istanbul, Turkey

# ISLAMIC JURISPRUDENCE ADVISOR'S OPINION REGARDING THE PARTICIPATION INSURANCE



**BEREKET SİGORTA A.Ş.**  
Opinion of the Islamic Law Specialist on  
the Participation Insurance (Takaful)

This certificate is issued special to the opening of a Unit (Window) by Bereket Sigorta A.Ş. to transact participation insurance (takaful) business in non-life lines of business and to the participation insurance activities to be carried out under that Unit. Accordingly,

1. That Bereket Sigorta A.Ş. establishes a Unit to conduct business in accordance with the principles of Participation Insurance and establishes a Participation Insurance fund to manage it under the title of agent and/or Mudarib;
  2. That it collects a participation premium from the members of the Participation Insurance system to the Fund in accordance with the principle of mutual solidarity and aid and, by using these contributions, establishes a Reserve Pool, a Risk Pool, and an Investment Pool;
  3. That it makes payments from the respective pool for losses occurred during the insurance term;
  4. That it pays such compulsory expenses relevant with the insurance business from the respective pools;
  5. That it invests the capital set aside for investments into investment means, such as
    - a. participation accounts opened with any participation banks and/or shares of stock conforming to the participation index;
    - b. mutual funds based on gold and similar precious metals represented by physical metals; and
    - c. instruments based on profit/loss sharing, such as sukuk, lease certificate, real estate investment fund, etc. which conform as to form and substance to the principles of participation finance, or any interest-free instrument to be issued in the future,
  6. That it establishes a Reserve Pool with a reasonable portion of the participation premiums and the investment income from the investment of them, the rate and amount of which are expressly stated in the contracts, provided that the participants have given their consent for this in their contract, for use for social purposes in the event of liquidation of the company;
  7. That if a cash deficit occurs in the Risk Pool, the company lends money from its equity to the pool to collect it in the same amount later on without charging any interest for it, except for a rise covering the inflation;
  8. That the company receives a wakalah fee or a commission from the collected contribution premiums in such amount or at such rate expressly stated in the contract at the time of execution of the contract in consideration of the insurance services provided by it;
  9. That the company distributes the credit balance of the contributions accumulated in the pools and the incomes from the investment of them remaining after deducting the relevant expenses, the fee and the profit share earned by the company and the money set aside in the Reserve Pool from them to the beneficiaries in proportion to their respective shares in accordance with the procedure set forth in the contract or sets it off against its receivables from the account holders or spends it for social purposes;
  10. That in the course of carrying out its business operations, the company buys protection primarily from such retakaful companies which operate in accordance with the principles of participation insurance and then, if necessary, from any reinsurance companies are in compliance with the rules of the Islamic law on the subject matter.
- Consequently, that Bereket Sigorta A.Ş. establishes a Unit to conduct business in the Non-Life Lines of Participation Insurance in accordance with the aforesaid principles does not pose an objection from the point of Islamic law, with the exception of some practices that the company is obliged to do pursuant to the laws.
- Note: This certificate is issued special to the Participation Insurance business of Bereket Sigorta A.Ş., so it is not applicable to any other business activities of it.

28 March 2018  
Prof. Dr. Servet Bayındır

# PARTICIPATION INSURANCE ACTIVITIES AND THE ADVISORY COMMITTEE'S OPINION

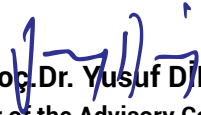


## OPINION OF THE ADVISORY COMMITTEE 2020

*Bereket Sigorta A.Ş. is committed to conduct its business in accordance with the principles of participation insurance under the Regulation on the Working Principles and Procedures Applicable to the Participation Insurance.*

*In this context, the company continues to adopt its products, services and processes to the principles of participation finance and participation insurance with utmost effort.*

*Our Committee has determined that Bereket Sigorta A.Ş. presented its products and services and carried out its insurance services in accordance with the principles participation insurance in the activity year 2020 and that it did not take any actions contrary to these principles.*

  
**Doç.Dr. Yusuf DİNÇ**  
Member of the Advisory Committee

  
**Prof.Dr. Servet BAYINDIR**  
Chairman of the Advisory Committee







# 3 FINANCIAL INFORMATION AND RISK MANAGEMENT

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Risk Management Policies and Internal Control Activities

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Internal Audit Activities

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Legislation Amendments

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Unconsolidated Financial Statements and Independent Auditor's Report for the Period Ended on 31.12.2020

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Consolidated Financial Statements and Independent Auditor's Report for the Period Ended on 31.12.2020

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Information About The Financial Constitution

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Evaluation On The Financial Position, Profitability And Loss Payment Capacity

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Contact Details

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# RISK MANAGEMENT POLICIES AND INTERNAL CONTROL ACTIVITIES

## Risk Management and Control Activities

The objective of our Internal Control activities is to design internal control mechanisms that will ensure the establishment of an efficient and productive internal control system within the organization of the company in accordance with the provisions of the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies and to manage them efficiently through continuous monitoring activities.

The foundation of the internal control activities is the monitoring of the examined issues regularly and continuously on daily, weekly or monthly basis. In this way, any deficiencies detected in the examined areas are monitored more efficiently. Apart from this, the controls executed regularly play an important role in the recognition of any potential risks by the employees.

The compliance functions at the company are handled under two headings as compliance with the Masak regulations and the other compliance activities. The Compliance Unit established in accordance with the Masak regulations reports to the Board of Directors. The other compliance activities are carried out by the Internal Control and Risk Management Department. The objective of these activities is to ensure that any new transactions and products are in compliance with the Law and the relevant regulations as well as with the policies and rules of the company and the insurance practices.

## Risk Management Policies Implemented by Types of Risks

The Risk Management Activities of Bereket Sigorta A.Ş. Are carried out in accordance with the

principles set out in the "Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies" which was promulgated in the Official Gazette no. 26913, dated 21.06.2018.

The risk management has been established with the aim of identification, measuring, monitoring and controlling of all risks faced by the company. Accordingly, the risks faced by the company are identified, measured, assessed, monitored and reported.

Risk Management coordinates the management of the risks of each unit with the relevant units.

Possible risks faced by Bereket Sigorta A.Ş. are classified under "Company Risk Categories". The Risk Management Policy is the basic document that includes the types of risks that may be encountered, their definition, classification, measurement, monitoring, control and the measures taken against risks, and is updated based on changing conditions, economic circumstances and actual events.

## Insurance Risks

These are the risks arising from the insurance contracts accepted by Bereket Sigorta A.Ş. by the very nature of the insurance business. At the time of business acceptance, Bereket Sigorta A.Ş. takes the necessary measures to minimize the risks faced by it and monitors the practices. In order to ensure that the risks are understood and sufficiently assessed before the transaction of a business, the rules to be observed for business acceptance, the business acceptance limits, the level of risk to be undertaken in general and by line of business, and the implementation principles applicable to them are established with the "Risk

Acceptance Regulation", which is introduced every year, and monitored. The identified risks and their brief description are as follows:

### Exchange Rate Risk

The exchange rate risk is defined as the risk of loss that may result from the changes to the exchange rates depending on the difference between the foreign currency assets and the foreign currency liabilities of the company. Besides, the change of value of different foreign currencies against each other, too, is the other dimension of the exchange rate risk. The exchange rate risk is managed by maintaining a net exchange position without deficit.

### Credit Risk

As regards to the accounts receivable arising from the insurance transactions, there is the risk of breach of contractual obligations by the other party. This risk is managed by the credit ratings or the limitation of the credit allowed to a particular agent. The credit risk is managed also by holding the guarantee received as the security of the receivables until the payment of them in full.

### Liquidity Risk

The liquidity risk is the possibility of failure of the company to fulfill its net funding obligations. Occurrence of an event which leads to the lessening of funding resources, such as impairment of the markets or downgrading of the credit rating, may lead to the liquidity risk. The company manages the liquidity risk by maintaining cash and cashlike assets in an amount sufficient to meet its existing and potential liabilities by distributing the fund resources.

### Operational Risks

The operational risks can be defined as other risks which cannot be classified under the credit or market risks. This term also refers to the risk of direct or indirect loss resulting from any inadequate and unsuccessful internal processes, any employees and systems or any external events. In other words, the operational risks include the possibility of any loss or damage from any error or irregular transaction overlooked due to a breach in the internal controls, from failure of any employees or managers to act in accordance with any timeframe or condition, from any faults in the management of the company, or from any error or disruption in the information technology systems of the company.

### Catastrophic Risks

It is a kind of risk arising from an event occurred outside the control of the company which has a substantial adverse effect on the business. Catastrophic risks include the possibility of any negative developments which are of non-technical nature beyond the control of the company. This category includes the risk of inability of the company to continue its business as a result of a natural disaster which had an adverse impact on the operational system of the company.

### Strategic Risks

Strategic risks, which can be characterized as structural risks that may prevent the company from attaining its short-, mid- and long-term goals, include such risks arising from areas such as planning, business model, business portfolio, corporate governance, market analysis and so on. In other words, strategic risks arise from threats that may prevent the company from realizing its strategic objectives and goals.

## INTERNAL AUDIT ACTIVITIES

The Internal Audit Department reports to the Board of Directors pursuant to the "Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies" which came into effect upon its promulgation in the Official Gazette no. 26913, dated 21.06.2008.

The audit activities are carried out in order to give assurance to the Board of Directors that the activities of the Company are carried out in accordance with the Insurance Law and the other relevant regulations as well as with the internal strategies, policies, principles and targets.

One of the highest priority goals of the internal audit unit is to raise awareness and consciousness of the employees at all levels about the internal audit culture and the risks that may arise as a result of any shortcoming in it.

The working principles, duties, powers and responsibilities applicable to the Internal Audit are set out in the "Internal Audit Regulation" which was introduced on 30.03.2018 and revised on 25.06.2020.

Based on this regulation, the annual audit plan prepared by the Internal Audit Department is submitted to the Board of Directors for approval and the results of the audits carried out in accordance with the approved annual plan are also reported to the Board of Directors. The audit plan is prepared by taking into account the goals and strategies of the company, the results of the internal control, the risk management assessments, and the risk perception of the management. Apart from the audits under the annual plan, the inspection activities regarding the irregular and illegitimate acts of the employees or third parties within the framework of the above-mentioned Regulation are also carried out by the Internal Audit Department.

The "Internal Audit Reports" prepared by the Internal Audit Department are included on the agenda of the Board of Directors and the actions to be taken based on the report results are decided. The audits conducted are aimed at providing assurance that the company operations are carried out in line with the Insurance Law and other relevant legislation, as well as in-house strategies, policies, principles and targets.

# LEGISLATION AMENDMENTS

## Presidential Decrees - Decisions

### Decision on the Risks, Products and Regions to be Covered by the Agricultural Insurance Pool in 2021 and Premium Support Rates - 2020

Risks covered by the Agricultural Insurance Pool have been expanded by adding additional risk definitions in compliance with the Decisions of Presidential Decrees.

For the risks determined under this Decision, in 2021, premium support at the rate of 50% of the insurance premium will be covered by transferring from the relevant budget allocation of the Ministry of Agriculture and Forestry to the Agricultural Insurance Pool.

## Regulation

### Regulation on Insurance and Private Pension Activities In Accordance With Participation Principles

Pursuant to the participation principles, the necessary procedures and principles have been determined for the execution of insurance and private pension activities.

The working principles and terms of assignment for the Advisory Committee and Participation Compliance Unit and the Participation internal audit report have been established.

Also, the principles of information obligation have been re-evaluated in this context.

## Regulation

### Regulation on Information in Insurance Contracts

The purpose of the regulation is to determine the procedures and principles regarding the duties and obligations to be fulfilled by the insurer in order to ensure that the lack of information that may occur about the subject, guarantees and other features of the contract before and during the establishment of the contract are eliminated for those who want to join in a certain insurance relationship, and that the relevant persons are informed of the changes

and developments, which may occur during the continuation of the contract and may affect the policy owner, the insured or the beneficiary.

In this context, the general principles of the obligation to inform, text content and storage conditions have been determined.

In addition, information about the obligations and durations after the contract is established is included.

The obligation to establish a website and the conditions regarding website content have been determined.

## Circulars

### Circular on the Application of Premium/Equity Coefficient and Maximum Premium Increase in Highways Motor Vehicles Compulsory Third Party Liability Insurance (2020/8)

The Ministry of Treasury and Finance has issued a circular within the scope of the limitation of Highways Motor Vehicles Compulsory Third Party Liability insurance premium production.

In this context, the total of Highways Motor Vehicles Third Party Liability Insurance (HMTPLI) premiums produced by insurance companies in a calendar year will not exceed 5 times their equities at the end of the previous year.

Premium productions will be checked by the Insurance Information Center and necessary measures will be taken by the Ministry of Treasury and Finance.

## Circular

### Circular on The Projected Minimum Capital Amounts for Insurance Lines of Business (2020/9)

The "Circular no. 2020/9 of 9.10.2020 on the Projected Minimum Capital Amounts for Insurance Lines of Business", which was prepared by the Insurance and Private Pension Regulation and Supervision Board and accepted by its decision no. 33 of 9.10.2020, has been published.





# **Unconsolidated Financial Statements and Independent Auditor's Report for the Period Ended on 31.12.2020**



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bereket Sigorta Anonim Şirketi

### A) Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying balance sheet of Bereket Sigorta Anonim Şirketi ("the Company") as at 31 December 2020 and the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year ended in accordance with the accounting principles and standards in force as per the insurance legislation and that are not regulated by them for "Insurance Accounting and Financial Reporting Legislation" including Turkish Financial Reporting Standards ("TFRS").

#### *Basis for Opinion*

We conducted our audit in accordance with the accounting principles and standards in force as per the insurance legislation and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants "IESBA Code" together with the ethical requirements that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Key Audit Matters

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

#### *Estimations and assumptions used in calculation of insurance technical reserves*

Refer to Note 2.20 and 17 to the financial statements for details of accounting policies and significant accounting estimates and assumptions used in calculation of insurance technical reserve.

Key Audit Matter	How our audit addressed the key audit matter
<p>As at 31 December 2020, the Company's total technical reserves amounting to TL 772.876.191 and constitute 68 percent of total liabilities. The Company recognises provisions for outstanding claims amounting to TL 436.844.589. There are also incurred but not reported provisions ("IBNR") amounting to TL 341.109.303, net in the provision for outstanding claims for possible future claims. Company management used actuarial assumptions and estimations for calculating the outstanding claims reserve Company. Due to the nature of the technical reserves calculations which has uncertainty estimations and management judgments, this matter is determined to be a key audit matter.</p>	<p>Our auditing procedures for the matter are given –as below:</p> <p>We evaluated the assumptions and estimations of the company's outstanding claims provision calculations with the involvement of actuarial specialists.</p> <p>In this context, we evaluated the actual outstanding claims internal controls and effectiveness of the process with the involvement of our IT specialists. We chose samples and tested by obtaining supporting documents of the actual outstanding claims. We controlled the lawsuit files of the outstanding claims by obtaining letter of confirmation from company lawyer.</p> <p>We controlled the mathematical accuracy of the calculations and average file and opening amounts which are determined by company actuarial specialists. We evaluated the mathematical accuracy of technical reserves for each product.</p> <p>We recalculated the technical reserves and controlled the analyzes accuracy of the past experience of the company and legislation.</p> <p>Additionally, we evaluated the adequacy of financial statement disclosures relating to the technical reserves.</p>



### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles and standards, in force as per the insurance legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the accounting principles and standards, in force as per the insurance legislation and standards on auditing issued by the CMB and Standards on Auditing issued by POA. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the accounting principles and standards, in force as per the insurance legislation and the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2020, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ali Tuğrul Uzun, SMMM  
Sorumlu Denetçi

1 March 2021  
Istanbul, Turkey

BEREKET SİGORTA A.Ş.  
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Mersis No: 0467005844200011  
Büyük Mükellefler V.D. : 4670058442

**BEREKET**  
SİGORTA **b**

**BEREKET SİGORTA ANONİM ŞİRKETİ**  
**UNCONSOLIDATED FINANCIAL REPORT**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**


We confirm that the unconsolidated financial statements and related disclosures and footnotes which were prepared as of 31 December 2020 in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the "Code Related to the Financial Reporting of Insurance, Reinsurance and Individual Pension Companies" and the financial records of our Company.

Istanbul, 1 March 2021

  
Mahmut Güngör  
General Manager

  
Davut Menteş  
Deputy General Manager

  
Nevzat Şen  
Financial Affairs Manager

  
Orhan Emre Çelik  
Actuary (Registration no: 40)



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# Unconsolidated Balance Sheet

## As At 31 December 2020

(Currency: Turkish Lira (TL))

ASSETS			
	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>	4.2,14	692.865.479	542.825.220
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	598.609.436	458.025.892
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	14	94.256.043	84.799.328
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>	4.2,11	5.175.786	7.597.948
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments	4.2,11	3.507.786	-
3- Financial Assets Held for Trading	4.2,11	1.668.000	7.597.948
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Life Insurance Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
<b>C- Receivables from Main Operations</b>	12	147.072.618	112.229.928
1- Receivables from Insurance Operations	12	128.406.721	96.802.243
2- Provision for Receivables from Insurance Operations	12	(1.037.465)	(980.066)
3- Receivables from Reinsurance Operations	12	19.703.362	16.407.751
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance & Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations	4.2,12	54.771.741	40.417.797
10- Provision for Doubtful Receivables from Main Operations	4.2,12	(54.771.741)	(40.417.797)
<b>D- Due from Related Parties</b>	4.2	3.135.121	2.492.775
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures	4.2	3.132.904	2.490.582
5- Due from Personnel	4.2	2.217	2.193
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>E- Other Receivables</b>	12	174.256.919	25.727.699
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	12,47.1	174.256.919	25.727.699
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>F- Prepaid Expenses and Income Accruals</b>		84.598.159	63.920.705
1- Deferred Acquisition Costs	2.1.1	71.811.209	58.897.122
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47.1	12.786.950	5.023.583
<b>G- Other Current Assets</b>	47.1	6.515.734	8.300.744
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	47.1	6.197.968	8.110.849
3- Deferred Tax Assets		-	-
4- Job Advances	47.1	292.595	167.784
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets	47.1	25.171	22.111
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		1.113.619.816	763.095.019

The accompanying notes form an integral part of these financial statements

# Unconsolidated Balance Sheet As At 31 December 2020

(Currency: Turkish Lira (TL))

ASSETS			
II- Non-Current Assets	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>	12	224.156	211.248
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	12	224.156	211.248
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>		11.183.582	10.569.340
1- Investments in Equity Shares		-	-
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries	9	10.498.809	10.000.000
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets	11	684.773	569.340
10- Impairment in Value of Financial Assets		-	-
<b>E- Tangible Assets</b>	6	14.414.506	12.820.115
1- Investment Properties	6,7	81.829	96.829
2- Impairment for Investment Properties		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	10.839.496	8.704.472
6- Motor Vehicles	6	-	24.000
7- Other Tangible Assets (Including Leasehold Improvements)	6	856.607	815.012
8- Tangible Assets Acquired Through Finance Leases	6	13.689.510	10.678.568
9- Accumulated Depreciation	6	(11.052.936)	(7.498.766)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>	8	4.431.734	895.627
1- Rights	8	770.426	761.892
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	4.707.741	524.271
6- Accumulated Amortization	8	(1.046.433)	(390.536)
7- Advances Paid for Intangible Assets		-	-
<b>G- Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
<b>H- Other Non-Current Assets</b>	21	4.010.368	3.154.825
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	4.010.368	3.154.825
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		34.264.346	27.651.155
<b>Total Asset</b>		1.147.884.162	790.746.174

The accompanying notes form an integral part of these financial statements

# Unconsolidated Balance Sheet

## As At 31 December 2020

(Currency: Turkish Lira (TL))

LIABILITIES			
	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>4.612.108</b>	<b>3.927.407</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	5.361.267	4.676.566
3- Deferred Leasing Costs	20	(749.159)	(749.159)
4- Current Portion of Long-Term Debts		-	-
5- Principal Installments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>	<b>19</b>	<b>97.250.135</b>	<b>59.686.550</b>
1- Payables Arising from Insurance Operations	19	30.656.015	16.865.693
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations	19	66.594.120	42.820.857
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>	<b>19</b>	<b>17.120</b>	<b>82.633</b>
1- Due to Shareholders	19	2.127	2.127
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	19	14.993	80.506
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>19,47,1</b>	<b>10.756.158</b>	<b>8.936.632</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution Related to Treatment Expenses	19,47,1	7.528.181	8.107.851
3- Other Miscellaneous Payables	19,47,1	3.227.977	828.781
4- Discount on Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>	<b>17</b>	<b>755.419.994</b>	<b>550.008.727</b>
1- Reserve for Unearned Premiums - Net	2.1.1, 17	316.998.047	265.428.934
2- Reserve for Unexpired Risks- Net	2.1.1, 17	1.577.358	3.903
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	17	436.844.589	284.575.890
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>4.2.2</b>	<b>20.022.280</b>	<b>9.800.225</b>
1- Taxes and Funds Payable		12.943.813	9.311.827
2- Social Security Premiums Payable	23	634.327	488.398
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Provisions for Corporate Tax and Other Legal Liabilities Regarding Current Year Income	35	16.607.760	-
6- Prepaid Taxes and Other Liabilities Regarding Current Year Income	35	(10.163.620)	-
7- Provisions for Other Taxes and Similar Liabilities		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>4.258.548</b>	<b>1.449.748</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	4.258.548	1.449.748
<b>H- Deferred Income and Expense Accruals</b>	<b>2.1.1,10,19</b>	<b>48.100.869</b>	<b>25.209.246</b>
1- Deferred Commission Income	2.1.1,10,19	39.972.872	20.709.750
2- Expense Accruals	19	8.127.997	4.499.496
3- Other Deferred Income		-	-
<b>I- Other Short-Term Liabilities</b>			
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
<b>III – Total Short-Term Liabilities</b>		<b>940.437.212</b>	<b>659.101.168</b>

The accompanying notes form an integral part of these financial statements

# Unconsolidated Balance Sheet As At 31 December 2020

(Currency: Turkish Lira (TL))

LIABILITIES			
	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>4.058.408</b>	<b>3.632.950</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	4.397.712	3.972.254
3- Deferred Leasing Costs	20	(339.304)	(339.304)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
<b>B- Payables Arising from Operating Activities</b>		<b>-</b>	<b>-</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		<b>-</b>	<b>-</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>19,47,1</b>	<b>4.219.104</b>	<b>3.333.398</b>
1- Deposits and Guarantees Received	19,47,1	4.219.104	3.333.398
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>	<b>17</b>	<b>17.456.197</b>	<b>17.325.894</b>
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net	17	3.590.612	5.259.740
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net	2.1.1,17	13.865.585	12.066.154
<b>F-Other Liabilities and Relevant Accruals</b>		<b>-</b>	<b>-</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>	<b>22</b>	<b>2.613.824</b>	<b>2.081.104</b>
1- Provisions for Employment Termination Benefits	22	2.613.824	2.081.104
2- Provisions for Pension Fund Deficits		-	-
<b>H-Deferred Income and Expense Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV - Total Long-Term Liabilities</b>		<b>28.347.533</b>	<b>26.373.346</b>

The accompanying notes form an integral part of these financial statements

# Unconsolidated Balance Sheet

## As At 31 December 2020

(Currency: Turkish Lira (TL))

EQUITY			
V- Equity	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>A- Paid in Capital</b>	<b>1.1, 2.13, 15</b>	<b>100.000.000</b>	<b>100.000.000</b>
1- (Nominal) Capital	1.1, 2.13, 15	100.000.000	100.000.000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale Assets That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>24.743.780</b>	<b>24.250.673</b>
1- Legal Reserves	15	5.310.794	5.310.794
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	17.103.363	17.103.363
4- Special Funds	15	2.277.746	2.277.746
5- Valuation of Financial Assets	15	498.809	-
6- Other Profit Reserves	16.1	(446.932)	(441.230)
<b>D- Retained Earnings</b>		<b>-</b>	<b>-</b>
1- Retained Earnings		-	-
<b>E- Accumulated Losses</b>		<b>(18.979.013)</b>	<b>(28.031.682)</b>
1- Accumulated Losses		(18.979.013)	(28.031.682)
<b>F-Net Profit/(Loss) for the Year</b>		<b>73.334.650</b>	<b>9.052.669</b>
1- Net Profit for the Year		73.334.650	9.052.669
2- Net Loss for the Year		-	-
<b>V- Total Equity</b>		<b>179.099.417</b>	<b>105.271.660</b>
<b>Total Equity And Liabilities</b>		<b>1.147.884.162</b>	<b>790.746.174</b>

The accompanying notes form an integral part of these financial statements

# Unconsolidated Income Statement

## As At 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January 31 December 2019
<b>I-TECHNICAL SECTION</b>			
<b>A- Non-Life Technical Income</b>		<b>645.351.940</b>	<b>482.781.673</b>
1- Earned Premiums (Net of Reinsurer Share)		540.825.056	417.736.122
1.1- Written Premiums (Net of Reinsurer Share)	24	593.967.624	484.486.292
1.1.1- Written Premiums, gross		1.419.236.646	1.094.421.479
1.1.2- Written Premiums, ceded	10,17	(793.937.331)	(589.573.629)
1.1.3- Written Premiums, SSI share	17	(31.331.691)	(20.361.558)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17	(51.569.113)	(74.960.109)
1.2.1- Reserve for Unearned Premiums, gross	17	(175.412.234)	(141.590.226)
1.2.2- Reserve for Unearned Premiums, ceded	17	119.231.787	63.695.671
1.2.3- Reserve for Unearned Premiums SSI share	17	4.611.334	2.934.446
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(1.573.455)	8.209.939
1.3.1- Reserve for Unexpired Risks, gross	17	(3.045.141)	10.005.769
1.3.2- Reserve for Unexpired Risks, ceded	17	1.471.686	(1.795.830)
2- Investment Income - Transferred from Non-Technical Section	1.7	101.661.608	60.695.143
3- Other Technical Income (Net of Reinsurer Share)		265.415	-
3.1- Other Technical Income, gross		265.415	-
3.2- Other Technical Income, ceded		-	-
4- Accrued Salvage and Subrogation Income	29	2.599.861	4.350.408
4.1- Accrued Salvage and Subrogation Income Net (+)		16.787.865	4.350.408
4.2- Provision for Receivables from Salvage and Subrogation Operations (-)		(14.188.004)	-
<b>B- Non-Life Technical Expense</b>		<b>(561.743.107)</b>	<b>(462.660.285)</b>
1- Incurred Losses (Net of Reinsurer Share)		(427.419.934)	(367.105.965)
1.1- Claims Paid (Net of Reinsurer Share)		(275.151.235)	(254.231.913)
1.1.1- Claims Paid, gross		(323.499.109)	(282.068.435)
1.1.2- Claims Paid, ceded	10,17	48.347.874	27.836.522
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(152.268.699)	(112.874.052)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(177.042.635)	(127.216.177)
1.2.2- Change in Provisions for Outstanding Claims, ceded	17	24.773.936	14.342.125
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(1.799.431)	(2.611.064)
4- Operating Expenses	32	(116.426.859)	(80.144.378)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	1.669.128	2.022.547
5.1- Mathematical Provisions	17	1.704.280	2.065.681
5.2- Mathematical Provisions, ceded	17	(35.152)	(43.134)
6- Other Technical Expense		(17.766.011)	(14.821.425)
<b>C- Net Technical Income-Non-Life (A – B)</b>		<b>83.608.833</b>	<b>20.121.388</b>
<b>D- Life Technical Income</b>		<b>-</b>	<b>-</b>
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-

The accompanying notes form an integral part of these financial statements

# Statement of Unconsolidated Income Statement

## For the Year Ended 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>I-TECHNICAL SECTION</b>			
<b>E- Life Technical Expense</b>		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Change in Mathematical Provisions, gross		-	-
3.2- Change in Mathematical Provisions, ceded		-	-
4- Change in Provisions for Investment Risk Policy Policies Owned by Policyholders (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
4.1- Change in Provisions for Investment Risk Policy Policies Owned by Policyholders, gross		-	-
4.2- Change in Provisions for Investment Risk Policy Policies Owned by Policyholders, ceded		-	-
5- Change in Other Technical Reserves		-	-
6- Operating Expenses		-	-
7- Investment Expenses		-	-
8- Unrealized Losses on Investments		-	-
9- Investment Income Transferred to the Non-Life Technical Section		-	-
<b>F- Net Technical Income- Life (D – E)</b>		-	-
<b>G- Pension Business Technical Income</b>		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Private Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
5- Penalty Payments		-	-
<b>I- Net Technical Income - Pension Business (G – H)</b>		-	-

The accompanying notes form an integral part of these financial statements



# Statement of Unconsolidated Income Statement

## For the Year Ended 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>II-NON-TECHNICAL SECTION</b>			
<b>C- Net Technical Income – Non-Life (A-B)</b>		<b>83.608.833</b>	<b>20.121.388</b>
<b>F- Net Technical Income – Life (D-E)</b>		-	-
<b>I - Net Technical Income – Pension Business (G-H)</b>		-	-
<b>J- Total Net Technical Income (C+F+I)</b>		<b>83.608.833</b>	<b>20.121.388</b>
<b>K- Investment Income</b>		<b>136.705.322</b>	<b>65.964.587</b>
1- Income from Financial Assets		116.416.559	56.251.121
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	26	3.441.166	5.401.868
4- Foreign Exchange Gains	26,36	16.844.127	4.172.290
5- Income from Associates	26	3.470	139.308
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(125.886.867)</b>	<b>(73.148.716)</b>
1- Investment Management Expenses (Include Interest)	26	(6.271.949)	(3.205.801)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section	1.7	(101.661.608)	(60.695.143)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	26,36	(13.597.709)	(3.791.465)
7- Depreciation and Amortization Expenses	6,8	(4.348.101)	(5.456.307)
8- Other Investment Expenses		(7.500)	-
<b>M- Income and Expenses From Other and Extraordinary Operations</b>		<b>(4.484.878)</b>	<b>(3.884.590)</b>
1- Provisions	47.4	(3.448.521)	1.225.521
2- Rediscounts	47.4	(1.259.904)	(3.218.386)
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	21,35	861.245	-
6- Deferred Taxation (Deferred Tax Liabilities)	21,35	-	(1.928.663)
7- Other Income	47.1	310.107	389.149
8- Other Expenses and Losses	47.1	(947.805)	(352.211)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit for the Year</b>		<b>73.334.650</b>	<b>9.052.669</b>
1- Profit for the Year		89.942.410	9.052.669
2- Corporate Tax Provision and Other Fiscal Liabilities	35	(16.607.760)	-
3- Net Profit for the Year		73.334.650	9.052.669
4- Monetary Gains and Losses		-	-

The accompanying notes form an integral part of these financial statements

# Statement of Unconsolidated Cash Flows

## For the Year Ended 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>A. Cash flows from operating activities</b>			
1. Cash provided from insurance activities		885.673.481	687.864.907
2. Cash provided from reinsurance activities		-	-
3. Cash provided from private pension business		-	-
4. Cash used in insurance activities		(595.016.713)	(503.626.050)
5. Cash used in reinsurance activities		(3.295.611)	(13.334.571)
6. Cash used in private pension business		-	-
<b>7. Cash provided from operating activities</b>		<b>287.361.157</b>	<b>170.904.286</b>
8. Interest paid		-	-
9. Income taxes paid	35	(8.496.911)	(8.110.849)
10. Other cash inflows		80.658.329	47.375.657
11. Other cash outflows		(290.322.226)	(57.135.314)
<b>12. Net cash provided from operating activities</b>	<b>39</b>	<b>69.200.349</b>	<b>153.033.780</b>
<b>B. Cash flows from investing activities</b>			
1. Proceeds from disposal of tangible assets	6,7,8	211.215	4.147.364
2. Acquisition of tangible assets	6,7,8	(6.540.838)	(1.899.810)
3. Acquisition of financial assets	11	-	(6.621.948)
4. Proceeds from disposal of financial assets	11	-	33.310.484
5. Interests received		119.857.725	61.652.989
6. Dividends received		3.470	139.308
7. Other cash inflows		26.813.664	4.172.290
8. Other cash outflows		(131.246.093)	(74.706.398)
<b>9. Net cash provided by / (used in) investing activities</b>	<b>39</b>	<b>9.099.143</b>	<b>20.194.279</b>
<b>C. Cash flows from financing activities</b>			
1. Equity shares issued		-	40.000.000
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		(7.489.179)	(7.560.357)
4. Dividends paid		-	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
<b>7. Net cash provided by financing activities</b>		<b>(7.489.179)</b>	<b>32.439.643</b>
<b>D. Effect of exchange rate fluctuations on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>E. Net increase /(decrease) in cash and cash equivalents</b>		<b>70.810.313</b>	<b>205.667.702</b>
<b>F. Cash and cash equivalents at the beginning of the year</b>	<b>14</b>	<b>495.159.572</b>	<b>289.491.870</b>
<b>G. Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>565.969.885</b>	<b>495.159.572</b>

The accompanying notes form an integral part of these financial statements

# Statement of Unconsolidated Changes in Equity

## For the Year Ended 31 December 2020

(Currency: Turkish Lira (TL))

Audited Changes in Equity – 31 December 2019												
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I – Balance at the end of the previous year – 31 December 2018	15	60,000,000	-	-	-	-	5,310,794	-	19,065,098	(28,031,682)	-	56,344,210
II - Correction		-	-	-	-	-	-	-	-	-	-	-
III- Restated Balances 1 January 2019	15	60,000,000	-	-	-	-	5,310,794	-	19,065,098	(28,031,682)	-	56,344,210
A- Capital increase		40,000,000	-	-	-	-	-	-	-	-	-	40,000,000
1- In cash		40,000,000	-	-	-	-	-	-	-	-	-	40,000,000
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income	15	-	-	-	-	-	-	-	(125,219)	-	-	(125,219)
D- Change in the value of financial assets		-	-	-	-	-	-	-	-	-	-	-
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	9,052,669	-	9,052,669
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J- Dividends paid		-	-	-	-	-	-	-	-	28,031,682	(28,031,682)	-
II – Balance at the end of the year – 31 December 2019	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,052,669	(28,031,682)	105,271,660

Audited Changes in Equity – 31 December 2020												
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I – Balance at the end of the previous year – 31 December 2019	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,052,669	(28,031,682)	105,271,660
II - Correction		-	-	-	-	-	-	-	-	-	-	-
III- Restated Balances 1 January 2020	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,052,669	(28,031,682)	105,271,660
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets	15	-	-	498,809	-	-	-	-	-	-	-	498,809
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	(5,702)	-	-	(5,702)
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	73,334,650	-	73,334,650
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	(9,052,669)	9,052,669	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II – Balance at the end of the year – 31 December 2020	15	100,000,000	-	498,809	-	-	5,310,794	-	18,934,177	73,334,650	(18,979,013)	179,099,417

The accompanying notes form an integral part of these financial statements

# Statement of Unconsolidated Profit Distribution

## For the Year Ended 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>I. DISTRIBUTION OF THE PERIOD PROFIT</b>			
1.1. PERIOD PROFIT (*)		73.334.650	9.052.669
1.2. TAXES AND DUTIES PAYABLE	35	861.245	-
1.2.1. Corporate Tax (Income Tax)		-	-
1.2.2. Income Tax Deductions		-	-
1.2.3. Other Taxes and Legal Duties	35	861.245	-
<b>A. CURRENT PERIOD PROFIT (1.1 – 1.2)</b>		<b>74.195.895</b>	<b>9.052.669</b>
1.3. ACCUMULATED LOSSES (-)		(18.979.013)	-
1.4. FIRST LEGAL RESERVES (-)		(3.709.795)	-
1.5. OTHER STATUTORY RESERVES (-)		-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION</b>		<b>51.507.087</b>	<b>-</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To owners of ordinary shares		-	-
1.6.2. To owners of privileged shares		-	-
1.6.3. To owners of redeemed shares		-	-
1.6.4. To holders' profit-sharing bonds		-	-
1.6.5. To holders of profit and loss sharing certificates		-	-
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 owners of ordinary shares		-	-
1.10.2. To owners of privileged shares		-	-
1.10.3. To owners of redeemed shares		-	-
1.10.4. To holders' profit-sharing bonds		-	-
1.10.5. To holders of profit and loss sharing certificates		-	-
1.11. LEGAL RESERVES (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>		<b>-</b>	<b>-</b>
2.1. APPROPRIATED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To owners of ordinary shares		-	-
2.3.2. To owners of privileged shares		-	-
2.3.3. To owners of redeemed shares		-	-
2.3.4. To holders of profit-sharing bonds		-	-
2.3.5. To holders of profit and loss sharing certificates		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. EARNINGS PER SHARE</b>		<b>-</b>	<b>-</b>
3.1. TO OWNERS OF ORDINARY SHARES		0,7333	0,0905
3.2. TO OWNERS OF ORDINARY SHARES (%)		73,33	9,05
3.3. TO OWNERS OF PRIVILEGED SHARES		-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>		<b>-</b>	<b>-</b>
4.1. TO OWNERS OF ORDINARY SHARES		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO OWNERS OF PRIVILEGED SHARES		-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(\*) Since the profit distribution proposal for 2020 has not been prepared by the Board of Directors yet, the profit distribution table for 2020 has not been filled.

The accompanying notes form an integral part of these financial statements

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 1. General Information

### 1.1 Parent Company and the Ultimate Owner of the Company

Bereket Sigorta A.Ş. (the “Company” or the “Entity”), operating since 20 December 1995, as of 9 March 2017 the company registered to the Trade Registry Gazette with their new title of Bereket Sigorta Anonim Şirketi (the “Company” or the “Entity”), is the subsidiary of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği and its capital structure is detailed below:

	31 December 2020		31 December 2019	
	Participation Amount (TL)	Participation Rate (%)	Participation Amount (TL)	Participation Rate (%)
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	81.826.469	82	81.826.469	76
Tarım Kredi Koop. ve Birlikleri Personeli Sosyal				
Yardım Vakfı	9.900.000	10	9.900.000	10
Other	8.273.531	8	8.273.531	14
<b>Paid capital</b>	<b>100.000.000</b>	<b>100</b>	<b>100.000.000</b>	<b>100</b>

As of 31 December 2020, the Company’s nominal capital is TL 100.000.000 (31 December 2019: TL 100.000.000). TL 100.000.000 (31 December 2019: TL 100.000.000) of the paid-in capital consists of 100.000.000 shares (31 December 2019: 100.000.000 shares) having a nominal amount of TL 1 each.

The Company’s shares units of 10.008.660 and 1.203.990, which belongs to various individual shareholders, have been acquired by Türkiye Tarım Kredi Kooperatifleri Merkez Birliği in accordance with the decision of the Board of Directors dated 14 February 2017 and 20 April 2017 and numbered 765 and 798. The Company’s 5.940.000 shares that corresponding 9,90% of 86,21% ownership of the shares is transferred to Tarım Kredi Kooperatifleri ve Birlikleri Personel Sosyal Yardım Vakfı with the decision of the Board of Directors dated 6 June 2017 and numbered 803. Thus, 76,31% of the shares of the Company has appertained to Türkiye Tarım Kredi Kooperatifleri Merkez Birliği.

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

Bereket Sigorta A.Ş. locates at Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi B Blok No:8 Kat: 1-2 Ümraniye, İstanbul is a corporation established in accordance with the requirements of Turkish Commercial Code. The Company operates in accordance with the principles determined by Insurance Law No: 5684.

### 1.3 Main Operations of the Company

The Company’s main operation is insurance business on non-life insurance branches.

### 1.4 Details of the Company’s operations and nature of activities

Principles of operations are determined based on the Insurance Law No: 5684 and standards and policies set out in applicable regulations.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 1. General Information (continued)

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

	31 December 2020	31 December 2019
Top management personnel	4	4
Directors	52	60
Officers	-	14
Marketing and sales personnel	31	60
Other	83	47
<b>Total</b>	<b>170</b>	<b>185</b>

### 1.6 Remuneration and fringe benefits provided to top management

As of 31 December 2020, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount to TL 1.883.831 (January 1–31 December 2019: TL 1.584.169).

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

The procedures and principles related to the keys used in the financial statements to be prepared by the companies are determined with the 4 January 2008 dated "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Undersecretariat of the Treasury.

In accordance with that circular, companies can distribute the operating expenses of the technical department to the insurance departments by the method proposed by the Undersecretariat of Treasury or by a method that they can determine with the condition of obtaining approval from the Undersecretariat of Treasury. In that context, known and exactly distinguishable operating expenses are distributed to related branches directly. For the expenses recorded not directly under the related segment, Undersecretariat of the Treasury issued 9 August 2010 and 2010/9 numbered "Communiqué Related to the Changes in Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" effective from 1 January 2011. The distribution amount for the year ended 31 December 2020 is TL 101.661.608 (31 December 2019: TL 60.695.143).

### 1.8 Stand-alone or consolidated financial statements

The accompanying financial statements contains only the financial information of the Company, and as explained in more detail in the 2.2 - Consolidation note, the consolidated financial statements will be prepared separately as of 31 December 2020.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 1. General Information (continued)

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

Name / Trade Name	Bereket Sigorta A.Ş.
Headquarter address	Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi
Phone	B Blok No:8 Kat: 1-2 Ümraniye, İstanbul
Fax	0 216 633 71 00
Web page address	0 216 631 84 48
E-mail address	www.bereketsigorta.com
Central registration system no	bilgi@bereketsigorta.com.tr
Trade registration no	0467005844200011
	22172-8

### 1.9.1 Subsequent events

Explanations related to subsequent events are disclosed in Note 46 – Events after the reporting period.

## 2. Summary of Significant Accounting Policies

### 2.1 Basis of Preparation

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

The Company prepares its financial statements in accordance with the “Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies” as promulgated by the Turkish Treasury based on Article 18 of the Insurance Law and Article 11 of Individual Pension Savings and Investment System Law (“Individual Retirement Law”) and accounting and financial reporting principles, statements and guidance and issues are not regulated by these are prepared in accordance with the provisions of Turkish Financial Reporting Standards (“TFRS”) (collectively “the Reporting Standards”).

As of 31 December 2020, the Company calculates technical provisions according to the “Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” published in Official Gazette no 27655 dated 28 July 2010 and other related legislation and reflected to the financial statements.

The Company prepares its financial statements are regulated in form and content in order to compare the financial statements of prior period and with other companies according to “Communiqué on Presentation of Financial Statements” which is published in the Official Gazette dated 18 April 2008 and numbered 26851.

The balance sheet and the statement of income as of and for the period ended 31 December 2020 is approved by the Company on 1 March 2021. The Company’s General Assembly and/or legal authorities has the right to change the accompanying financial statements.

#### a. Preparation of Financial Statements in Hyperinflationary Periods

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

In accordance with the letter of the Republic of Turkey Ministry of Treasury and Finance dated 4 April 2005 and numbered 19387, the application of the restatement of financial statements according to inflation has been terminated since the beginning of 2005.



# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions

As of 31 December 2020, the Company has calculated its insurance technical reserves, and reflected to the financial statements within the framework of the "Regulations on the Technical Reserves of the Insurance and Reinsurance and Pension Companies and on which Assets These Reserves are to be Deposited" ("Technical Reserves Regulations") which have been issued within the framework of the Insurance Law No.5684 and first entered into force after being published in the Official Gazette dated 28 July 2010 and numbered 27655, as well as the Official Gazette dated 17 July 2012 and numbered 28356 following the relevant amendments, and within the framework of the other relevant legislation.

In this context, the Company prepares its financial statements in accordance with the Insurance Law No.5684 published in the Official Gazette dated 14 June 2007 and numbered 26522 and the regulations published by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRS") which established by the Presidential Decree dated 18 October 2019. The insurance legislation before the establishment of IPPRS and the initiation of regulatory activities regarding the insurance sector was published by the Republic of Turkey Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

#### Unearned Premium Reserve

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and 7 August 2007 dated Official Gazette and put into effect starting from 1 January 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance.

According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 27655 dated 28 July 2010 and entered into force from 30 September 2010; in the calculation of the reserve for unearned premiums, the day on which the insurance coverage start and the end date are considered as half a day.

According to the Regulation on the Amendment of the Technical Reserves of Insurance and Reinsurance Companies and Pension Funds and the Amendment of the Regulation on the Assets to be Invested in These Reserves, published in the Official Gazette dated July 28, 2010 and numbered 27655, all the policies are started at 12:00 pm and finished at 12:00 pm so provisions for unearned premiums have been calculated as half day for the starting day and end day for all the policies.

According to the Regulation on Technical Reserves, in the calculation of unearned premium reserves of foreign currency indexed insurance contracts, unless an exchange rate stated in the insurance contract, the selling exchange rate of accrual date of related premium declared by Central Bank of the Republic of Turkey in Official Gazette.

As of 31 December 2020, the Company's net unearned premium reserves amount is TL 316.998.047 (31 December 2019: TL 265.428.934) in its financial statements.

#### Deferred Commission Expense and Income

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium after 1 January 2008, are recorded as in deferred expenses and deferred income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement

Commissions paid to intermediaries, commissions received due to the premiums ceded to reinsurers, the amounts paid for the non-proportional reinsurance treaty agreements and receipts which extend to the next fiscal period or periods are recorded as deferred income and deferred expense or a related account only if accrued based on the premium production. In this context, the Company has calculated deferred commission expense amounting to TL 71.811.209 (31 December 2019: deferred commission expense TL 58.897.122) and deferred commission income amounting to 39.972.872 at 31 December 2020 (31 December 2019: deferred commission income amounting TL 20.709.750).

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Provision for Unexpired Risk Reserve

Within the framework of Regulation on Technical Reserves, effective from January 1, 2008, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch starting from 2009 is higher than 95%, the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premium reserve for the related branch.

In accordance with the Republic of Turkey Ministry of Treasury and Finance's announcement no: 2012/13, article of 7 in order to eliminate the misleading effect of changes in the claims provision calculation, the Company has recalculated the prior period claims provision with new method to calculate unexpired risk reserve. Turkish Treasury allows insurance companies with the circular 2016/37 to calculate their unexpired risks reserve on Motor Own Damage, Motor Third Party Liability (Compulsory and Facultative separately) and General Liability by considering only the last 4 accident quarters' loss ratios. According to this new method, loss ratios exceeding 95% in 2016, 90% in 2017 and 85% in 2018 and later years, will be multiplied by unearned premiums reserve. The company's direct production founded in 100% of Turkey make separate calculations for the work has been delegated to the pool, the 100% of the gross loss ratio, gross unearned premium is multiplied by the equivalent of the excess is for other work exceeding 85% of the gross loss ratio, the net provision for unexpired risks is calculated by multiplying the gross provision for unexpired risks and the net provision for unearned premiums.

As of December 31, 2020, the Company has calculated the provision for continuing risks under the Circular on Amendments to the calculation of provisions for ongoing risks with the number 2012/15; Under the Insurance Law no. 5684, calculation made in accordance with all main branches in the Insurance Uniform Chart of Accounts determined by the Ministry of Treasury and Finance, The company has calculated its Unexpired Risks. As a result of this new method, there is TL 1.577.358 risk reserve in this line of business (31 December 2019: TL 3.903).

As of December 31, 2020 and December 31, 2019, the Company did not employ the method that stated specified in the "Circular on Provision for Unexpired Risk Reserve" dated 11 November, 2016 no 2016/37 in accordance with "Circular on Provision for Unexpired Risk Reserve" dated 31 December, 2019 (2019/5) by Ministry of Treasury and Finance.

In accordance with amendment made with the circular numbered 2020/1 issued by Republic of Turkey Ministry of Treasury and Finance, in case of making separate calculation for the activities which are 100% of the production is transferred to pools established in Turkey, unexpired risk reserve is calculated if the gross loss premium rate is above 100%, and for other activities the provision is calculated if the gross loss premium rate is above 85%. For the Risky Insurance Pool and Greencard branches, if the gross loss premium rate exceeds 100%, the gross ongoing risks provision is calculated by multiplying the excess with the gross unearned premium provision, and the net unearned premiums reserve amount by multiplying the net unearned premium reserve amount.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Outstanding Claims Reserve

The Company allocates provision for outstanding claims for the claims that were accrued and determined on account, but not actually paid in the previous account periods or current account period, or if this amount was not calculated, for their estimate amounts and for the claims that were realized but not reported.

During the calculation of the provision for outstanding claims that was accrued and determined on account; in accordance with expert report, salvage and similar income items are not deducted in the relevant calculations.

The difference between accrued and determined on account outstanding claims reserve and the amount determined by using methods of actuarial chain which content and implementation principles is specified in Technical Provisions Regulation and "Circular of Outstanding Claims Reserve" dated 1 January 2015 and numbered 2014/16 and related regulations is recognized as realized but not reported claims amounts.

In accordance with the Circular which is effective from 1 January 2015; companies should make the Actuarial Chain Ladder Method ("ACLM") calculation via using one of the 6 different methods mentioned in the Circular, when calculating ACLM and the calculations should be based on the incurred claims (total of outstanding claims and paid claims). According to the Circular, companies are intitled to apply the most appropriate method mentioned in the Circular. Moreover, companies are also intitled to apply a different method as long as the method has an actuarial basis and the calculation result is over the amount calculated by ACLM methods. The Company eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Circular in order to perform the ACLM calculations with a homogeneous data. ACLM calculations are performed as gross amounts. Net amounts are determined in accordance with the terms of ongoing reinsurance agreements. Also, companies are allowed to interfere the development factors in ACLM tables.

Actuarial calculations are performed on a quarterly basis, by using past 7 years data of gross paid claims, outstanding claims, subrogation receivables accrued and collected subrogation income. The amounts related to the treatment files are excluded from these calculations. The Company's Actuary determined the peak claims on maximum incurred claims and by using Box-Plot method for other line of businesses.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

The Company has used Bornhuetter - Ferguson (BF) method is for IBNR calculation of General Liability line of business. Claim/premium ratio has considered as %140 in BF method. The Company has used Standard Chain method for other line of businesses.

When provision for incurred but not reported outstanding claims are calculated, the base should be the total amount with respect to the Turkish Treasury Decree.

IBNR calculation could be performed, quarterly, using the rates stated respectively. The company has performed the comparison of 31 December 2020 IBNR results by line of business with 31 December 2020 and used gradual transition in the lines of business which has increased. As of 31 December 2020 the Company has applied 100% of the increase in IBNR to current quarter's financials according to the gradual transition described.

As of 31 December 2020 and 2019, IBNR result should be additionally reserved, and when the result is negative, then, it should be deducted from the current reserve amount. The method's used by the actuary on the basis of line of business as of 31 December 2020 and 2019 are as follows:

31 December 2020			
Business Line	Method Used	Gross IBNR	Net IBNR
Compulsory traffic	Standard	344.517.615	322.769.470
General liability	Bornhuetter-Ferguson	10.663.888	5.163.472
Medical malpractice	Bornhuetter-Ferguson	(1.746.765)	(1.746.765)
Voluntary financial liability	Standard	4.078.879	4.066.594
Fire and natural disasters	Standard	(220.534)	(96.940)
Financial losses	Standard	34	-
General losses	Standard	600.907	294.756
Transportation	Standard	966.202	437.660
Accident	Standard	9.944.441	6.641.015
Legal protection	Standard	(6.112)	(6.112)
Water Vehicles	Standard	(83.289)	(33.781)
Motor vehicles	Standard	3.628.718	3.619.934
<b>Total</b>		<b>372.343.984</b>	<b>341.109.303</b>

31 December 2019			
Business Line	Method Used	Gross IBNR	Net IBNR
Compulsory traffic	Standard	222.104.427	206.349.443
General liability	Bornhuetter-Ferguson	4.026.986	1.227.727
Facultative public liability	Standard	4.795.582	4.756.648
Fire and natural disasters	Standard	503.280	381.150
Bail	Standard	7.908	921
Financial losses	Standard	2.401	(1)
General losses	Standard	(564.423)	(257.724)
Transportation	Standard	64.410	38.128
Accident	Standard	6.224.171	3.287.569
Legal protection	Standard	(845)	(845)
Motor vehicles	Standard	487.706	487.620
<b>Total</b>		<b>237.651.603</b>	<b>216.855.636</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

According to circular issued by Treasury dated 10 June 2016, numbered 2016/22 regarding "Discount of Net Cash Flows Form Outstanding Claim Files", best estimate regarding net cash flows that are expected to occur during the transition of outstanding claim reserves to claim payments, as of periods, is calculated by the Company actuary. Net cash flows are forecasted as per main branch basis that is determined via the template 57 (ACLM) provided by the Treasury and with the time limit that is no more than the time frame used by IBNR calculation (maximum of 10 years) considering legal warranty period of assurance. Nevertheless, it is essential that time frame of cash flows to not exceed the time frame that is used for IBNR calculation. Whereas the forecast of net cash flows performed quarterly, reinsurance companies might use longer time period for their forecasts with the condition that time period does not exceed a year. Legal interest rate published on official gazette as of the financial reporting date is used, with the condition of rate being up to date, for the discount of future net cash flows to present value. Discount amount calculated is distributed to sub-branches using the distribution ratio of outstanding claim reserve to sub-branches.

Net cash flows by line of business, determined by using the methods regarding the estimation of net cash flows from outstanding claim files as of 31 December 2020 and 2019 are as follows:

31 December 2020			
Branches	Gross Outstanding Claim <sup>(1)</sup>	Discount on Outstanding Claim	Gross Outstanding Claim after Discount <sup>(1)</sup>
Compulsory traffic	467.072.217	(74.100.748)	392.971.469
Surety ship	92.040.180	(16.963.284)	75.076.896
Fire and natural disaster	24.852.557	(1.249.296)	23.603.261
General liability	25.738.401	(4.164.632)	21.573.769
Motor vehicles	23.696.972	(587.798)	23.109.174
Facultative public liability	6.686.264	(1.069.177)	5.617.087
Accident	17.177.604	(1.777.693)	15.399.911
General losses	9.594.831	(698.913)	8.895.918
Financial losses	15.170	(971)	14.199
Health	400.846	(6.017)	394.829
Legal Protection	(6.112)	844	(5.268)
Water vehicles	(1.726)	(104)	(1.830)
Transportation	4.385.627	140.615	4.526.242
<b>Total (Note 17)</b>	<b>671.652.831</b>	<b>(100.477.174)</b>	<b>571.175.657</b>

31 December 2019			
Branches	Gross Outstanding Claim <sup>(1)</sup>	Discount on Outstanding Claim	Gross Outstanding Claim after Discount <sup>(1)</sup>
Compulsory traffic	(306.481.847)	48.623.175	(257.858.672)
Surety ship	(86.214.963)	15.889.678	(70.325.285)
Fire and natural disaster	(14.394.678)	723.596	(13.671.082)
General liability	(14.639.936)	2.763.811	(11.876.125)
Motor vehicles	(15.673.741)	388.784	(15.284.957)
Facultative public liability	(6.294.066)	1.006.462	(5.287.604)
Accident	(13.112.442)	1.356.993	(11.755.449)
General losses	(8.264.827)	602.032	(7.662.795)
Financial losses	(18.799)	1.203	(17.596)
Health	(68.880)	1.034	(67.846)
Transportation	(271.692)	(8.711)	(280.403)
Legal Protection	(1.226)	169	(1.057)
Water vehicles	(41.635)	(2.516)	(44.151)
<b>Total (Note 17)</b>	<b>(465.478.732)</b>	<b>71.345.710</b>	<b>(394.133.022)</b>

<sup>(1)</sup> Consist of case reserves, winning ratio deductions and IBNR.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

The Company eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Communique in order to perform the IBNR calculations with a homogeneous data.

In order to make calculations with a more homogeneous dataset, the peak claims which is considered as great damage, has been removed by Box-Plot method.

In the compulsory traffic branch IBNR calculation, the growth coefficients calculated according to the large damage factor, taking into account the 99.85% percentile of the maximum damage, were fitted to the power distribution and this development pattern was calculated by applying the triangle with no improvement.

Updating of open files, reopening of closed files and reopening of closed files and realized but not reported, starting from the 2016 damage year due to the decision of the Constitutional Court dated 17 July 2020, the basis of 2019/40 and numbered 2020/40, which was published in the Official Gazette dated 9 October 2020 and numbered 31269. It is predicted that a possible increase may occur in return for compensation. For these impacts, a gross reserve of 6.962.371 TL and a net 6.509.477 TL were reserved.

The peak claim limits which are used for the elimination in branch basis are as follow:

Line of Business	31 December 2020	31 December 2019
Facultative public liability	117.844.380	533.454.734
Accident	53.747.712	3.888.000
Transportation	7.890.552	24.664.267
General Liability	977.172	101.719
Financial Losses	466.227	4.508.175
Surety ship	1.167.841	312.458.206
Motor Vehicles	2.421.230	2.056.245
Fire and Natural Disasters	196.871	176.766
General Losses	2.407.944	598.190
Water Vehicles	8.083.042	294.610
Legal Protection	53.742	22.089

Republic of Turkey Ministry of Treasury and Finance has issued the Circular No: 2011/23 "Basis of Incurred But Not Reported Provision Calculation" as of 26 December 2011. The sections included in the Circular titled "Reflecting the negatively incurred but not reported test results fully" and "Reflecting the accrued subrogation, salvage and other claims to incurred but not reported test results" have come into effect as of 1 January 2012; and "Income from on trial litigations" have come into effect as of 31 December 2011.

- For every branch an additional triangle regarding accrued subrogation, salvage and similar income items will be included in the actuarial chain ladder method table, and the necessary calculations will be made automatically. In this calculation the receivables in relation to these income items as well as the doubtful provision for these receivables will be considered.
- According to the article no 7 of Communiqué on Technical Reserves for Insurance, Reinsurance and Individual Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves, without evaluating the winning or losing probability, for the claims that lawsuits are filed against the Company, outstanding claim reserve amount should be determined primarily according to the amount of lawsuit or despite the lawsuit amount, the reserve amount should be determined according to certain proofs like an expert report or the expertise report an invoice.
- In accordance with Turkish Financial Reporting Standards issued by Turkish Accounting Standards Board ("TASB"), provision should be provided for the lawsuits filed by evaluating the winning or losing of the probability court in order to give a true view of the financial statements.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

In this context, for giving an actual view of the financial statements prepared by the companies, outstanding claims reserve can be provided based on items stated below:

- a. It is possible that a winning ratio over the cases filed against the Company is calculated for each sub-branch for the previous five years. This winning ratio can be used to reduce the outstanding claims reserve for the files that are under legal process. The calculations are performed quarterly.
- b. The winning ratio is calculated based on the proportion of the litigation amount concluded in favor of the Company (increased litigation amount) compared to the lawsuits concluded in favor of the Company through the completion of all proceedings phases (including the revision of decision) or the conciliation or dismissal and the lawsuits concluded in favor of the Company through the system of arbitration to the total of all of the lawsuits concluded as explained above (irrespective of finalized against off in favor of the Company).
- c. The calculations are performed over the amount of the files; therefore some portion of this amount which corresponds to the unpaid amount due to partially accepted files should be considered as won case.
- d. During the winning ratio calculation, only the principal amount of claim should be included in the calculation; additional costs like; interest, attorneys' fee, expert fee, litigation costs should not be taken into account. However, the total reserve amount including all costs that are related to the file is considered during the calculation of reduction in the reserve amount.
- e. The case files are considered as non-deductible while calculating IBNR.
- f. The reduction amount in outstanding claim provision should not be more than 25% of the total outstanding claims provision provided for the case files. As indicated in the first article, the companies which do not have five-year data for the sub-branch, the winning ratio can be calculated based on the years they have operated not exceeding 15%. The same principle is applied for the new branches.
- g. Ratio can be calculated separately for each file or can be calculated for the files in aggregate. However, total reduction amount cannot exceed the upper limits mentioned in Article 6.
- h. Regarding with the winning ratio, periodic reports and detailed explanations in the footnotes must be prepared for the Turkish Republic Ministry of Treasury and Finance. In addition, all information and documentation should be ready for auditing related to calculation of winning ratio.



# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

According to the method described above, as of 31 December 2020 the reduction amount for the case files for outstanding claims provision is amounting to TL 18.264.615 (31 December 2019: TL 17.722.906) in the accompanying financial statements. According to the last five-years data, using the winning ratios, Company have deducted the following amounts from outstanding claims, are as follows:

<b>31 December 2020</b>		
<b>Line of business</b>	<b>Gross</b>	<b>Net</b>
Motor vehicles liability	16.651.287	15.569.991
General liability	1.653.338	498.255
Motor vehicles	769.304	769.304
Accident	234.302	58.432
Fire and natural disaster	2.539.656	1.341.089
General losses	108.052	2.551
Financial losses	5.045	-
Transportation	61.582	3.349
Suretyship	16.242.385	21.644
<b>Total</b>	<b>38.264.951</b>	<b>18.264.615</b>

<b>31 December 2019</b>		
<b>Line of business</b>	<b>Gross</b>	<b>Net</b>
Motor vehicles liability	17.119.880	16.326.333
Suretyship	13.155.173	19.913
Fire and natural disaster	990.095	179.742
General liability	804.301	326.430
Motor vehicles	645.557	645.557
Accident	278.103	201.280
General losses	80.254	23.024
Financial losses	2.791	-
Transportation	764	627
<b>Total</b>	<b>33.076.917</b>	<b>17.722.906</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

**New regulation about treatment costs of traffic accidents that is under scope of “2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts”**

59<sup>th</sup> substance of 6111 numbered Law, enacted in Official Gazette that is 25 February 2011 dated and 27857 numbered, “The Re-Configuration of Some Receivables, Legislation of Social Insurance and General Health Insurance and Some Other Legislations and Legislation Regarding to the Changes in Legislation” and 98<sup>th</sup> substance of 2918 numbered “Highways Traffic Law” have been changed.

59<sup>th</sup> substance of proper Law, as of 25 February 2011, health guarantee provided by mandatory insurance on traffic accident; not exceed of 15 percent of premium set by insurance company, the amount specified by Undersecretariat of Treasury is charged to Social Security Institution (SSI) and liability of treatment expenses as result of the accident is reflected to SSI. Also, as temporary 1st article and 59th article of the same law, not exceed of 20 percent of the chargeable amount, treatment services of injuries because of traffic accidents incurred before 25 February 2011 will be covered by SSI.

On this context, procedures and principles of treatment expense payments related with Mandatory Traffic Insurance, Mandatory Transportation Insurance and Mandatory Personal Accident Insurance are arranged in regulation about “Procedures and Principles regarding to Collection of Health Service Cost that is resulted from the traffic accidents” which is published on notice of official journal numbered: 28038 of 27 August 2011 and circular numbered 2011/17. Procedures and principles regarding to accounting of such applications are clarified under scope of “2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts”.

According to the Circular Numbered 2011/18, all data regarding to treatment costs under the scope of Law has been removed from ACLM development triangles because the Company has not been responsible for payment of treatment costs related to guarantees given in related branches, anymore. Based on same circular, according to temporary 1st substance of the law, regarding to traffic accidents that had occurred before publish of law, the Company needs to book IBNR that is going to be liquidated under accounts of claims paid regarding such treatment costs and outstanding claim files related to claims occurred before effective date of law, regarding to treatment costs accounted by the Company. For conservatism purposes, the Company had not liquidated files that had ongoing legal process under mentioned scope previously, however after related circular, by closing these files, the Company has transferred payables to Social Security Institution. IBNR amount to be liquidated is discussed as both data related to treatment costs and difference between the two calculations done except for these data in the table of ACLM prepared as of 31 March 2011. In accordance with Circular numbered 17, the difference between obligations declared by Ministry of Treasury and Finance and relevant parts of the amounts that are obtained from calculation stated over the related periods have been reflected to balance sheet.

In accordance with circular no 2011/18 The Company, separated treatment costs associated with death and disability benefits and prepare financial statements only subject to calculation of treatment costs.

Under the scope of the Mandatory Traffic Insurance, for year 2011, amounts to be transferred to Social Security Institution in terms of traffic accidents occurred before the publication of Law numbered 6111 and parameters to be used for calculation of amount to be transferred to Social Security Institution in terms of traffic accidents occurred before the publication of Law numbered 6111 has been declared by Ministry of Treasury and Finance.

In accordance with this, according to explanations in Circular numbered 2011/18, the Company has transferred amounts declared and calculated for before and after of the publication date of the Law to financials.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

In accordance with laws and regulations mentioned above, because of transfers to Social Security Institution as of 31 December 2020, the Company has reflected TL 31.331.691 as expense (31 December 2019: TL 20.361.558) in its income statement as to the premiums to be transferred to SSI. Net effect of this treatment in the next years is going to be clarified depending on declarations of Undersecretariat of Treasury.

In accordance with 2 May 2012 dated, 28280 numbered and published Official Gazette that the first clause of the legislation "Procedures and Principles regarding to Collection of Health Service Cost that is resulted from the traffic accidents (Health Services Legislation) " with the headline "Appendix 1 – Calculation Method" in "a-) Mandatory Traffic Insurance" section, it is stated that 10% of each written Premium, for the year 2012 and the ongoing years in respect to the year 2012 calculation, is transferred to Social Security Institution (SSI). In 2nd clause of Health Services Legislation, it is mentioned that the implementation date is 1 January 2012. For this reason, this application is implemented on 2 May 2012 instead of the date of the publication of Health Services Legislation which is 1 January 2012.

Turkey Insurance Association ("TIA") applied to state council fifteenth board for the suspension of the related execution, however; the board rejected this apply with the decision dated 10 December 2013 and E:2013/10984 numbered. TIA forwarded this subject to Plenary Session of Administrative Law Divisions of the Council of State and the Council suspended the execution by accepting the request of TIA with the majority of votes on 11 June 2014.

##### Equalization Reserve

In accordance with Article 9 of the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 27655 on 28 July 2010, insurance companies are required to provide equalization reserves for earthquake and credit insurances in order to equalize the possible fluctuations in the claims compensation rates and to cover the catastrophic risks in subsequent periods. Also, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and credit net premiums of each year and amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium, and companies should continue to provide reserves to the extent that reserves exceed 150 % of the maximum amount of net premiums received in the last five financial periods. If reserve amount is less than the reserve amount reflected in the prior year's balance as a result of the premium production following the related 5 year-period, the difference is recognized under the other reserve account in equity. The amount recorded in equity can be classified as reserve, used for capital increase or used in claim payments. Where there is an earthquake or a technical claim in any branch in the related period, reserves for credit and earthquake coverage can be used for claim payments and if claim is incurred, reinsurers share and the amount(s) less than the exemption limit set out in the agreement will not be deducted against equalization reserves.

According to Circular No:2012/1, "The Circular on the Use of Equalization Reserve and Additional Information about some other Circulars", it is possible to use the equalization reserve provided for catastrophic claims on the reimbursement of catastrophic claims. Additionally, it is possible to net off the outstanding claims provided, based on expertise report or the documents provided from legal authorities in case of catastrophe, from the equalization reserve. However, the related net off should not be done from current year equalization reserve. Besides, incurred catastrophic claims should be recorded to related technical accounts that incurred catastrophic claims covered from the equalization reserve should be debited from balance sheet account of equalization reserve and credited to the changes in other technical reserves account. On the other hand, it is possible to not to include paid catastrophic claims provided from the equalization reserve to the calculation of IBNR

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### b. Technical Provisions (continued)

##### Equalization Reserve (continued)

As of December 31, 2020, the Company used a gross equalization provision of 1.512.569 TL for the damage payments due to the Izmir Earthquake in 2020 (31 December 2019: None). As of 31 December 2020, the Company's equalization reserve amount is TL 13.865.585 in accordance with the above-mentioned calculation (31 December 2019: TL 12.066.154).

##### Subrogation Income Accruals

Republic of Turkey Ministry of Treasury and Finance Treasury issued Circular No: 2010/13 "Subrogation and Salvage Income" as at 20 September 2010.

1. Accrued or collected subrogation, salvage and similar income items are not subject to any deductions in accrued and calculated outstanding claims reserve calculations; accrued subrogation, salvage and similar income items are recognized under the related receivable account and statement of income in the assets of balance sheet, as detailed below.
2. For subrogation and salvage receivable or income accrual, subrogation rights should be obtained, exact amounts should be calculated and they should not be collected as of period-end.
3. Irrespective of obtaining certificate of release from insurance companies, insurance companies should obtain certificate of release from policyholders following the settlement of the claim payment and subrogation receivables can be accrued up to the amount of the debtor insurance company's coverage limit upon the notification to the other insurance company or third parties. However, insurance companies should provide allowance for receivables, if the related amount cannot be collected from the other insurance company within six months following the claim payment or from third parties within four months.
4. Accrual transactions are performed by at the date of which subrogation is required means of legal litigation and execution and allowance for doubtful receivables is provided for the related amount as of this date.
5. For subrogation income accrual, the entire insurance amount of the partially damaged goods should be paid and they should be accrued in the related periods like subrogation receivables of sale proceeds of such goods if the ownership of these goods is transferred to the insurance company or the insurance company has secondary possession on them. In this regard, subrogation income should also be accrued and should not be deducted against claims paid or outstanding claims when the company goods in derivative possession are disposed of through a third party (real/legal) or are ceded to the policyholder or disposed of by the company itself.
6. Accrued and collected subrogation and salvage income for each segment are disclosed separately in notes to the financial statements.

As of 31 December 2020 the Company has accounted its' total subrogation receivables amounting to TL 14.263.166 (31 December 2019: TL 10.918.082) and reinsurer's share amounting to TL 1.550.564 (31 December 2019: TL 779.319), in the receivables from operating activities and technical income, respectively. The Company has also provided allowance amounting to TL 52.484.908 regarding to the subrogation receivables in legal proceedings (31 December 2019: TL 38.270.882). The related amount has accounted in doubtful receivables from main operations and technical income.

#### d. Premium Income and Claims

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

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

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### e. *Receivables from Insurance Operations*

Reserve for receivables are required if any evidence exists about uncollectibility of the receivables from insurance operations. When collection of receivables is not possible, they are written off completely.

The Company has provided allowance for the receivables that are subject to legal follow-up and which are closely monitored by the management. As of 31 December 2020 the Company has set allowance amounting to TL 54.771.741 for these receivables (31 December 2019: TL 40.417.797). TL 52.484.908 (31 December 2019: TL 38.270.882) of this provision is provided for subrogation transactions under litigation.

#### f. *Discount of Receivables and Payables*

Receivables and payables are discounted in the accompanying financial statements. As of the balance sheet date, the Company has used 16,75% discount rate (31 December 2019: 12,75%) for receivables and payables in Turkish Lira. The libor rates used to discount receivables and payables in foreign currencies vary on the currency type.

#### g. *Financial Leasing Agreements*

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

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

The payment of the operational lease is charged to the income statement on a straight-line basis over the lease period (The incentives received or to be received from the lessor are also charged to the income statement on a straight-line basis over the lease period). Contingent rents are recorded as costs in the period they are created.

#### h. *Impact of exchange rate differences*

The Company values its foreign currency assets and liabilities based on Republic of Turkey Central Bank currency buying rate as of the balance sheet date. The foreign exchange gains and losses arising from these transactions are presented in income statement.

#### i. *Earnings per share*

The companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share according to TAS 33. Since the Company's shares are not traded in the stock market, earnings per share are not calculated in the accompanying financial statements.

#### j. *Subsequent events*

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

The Company adjusts its financial statements in the occurrence of any adjusting subsequent events.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

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

#### k. Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

If provision is measured using the cash flows estimated to settle the present obligation, it carries amount will be equal to the present value of such cash flows.

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

All accounting policies are explained in Note 2.1.1. and the following notes numbered 2.

### 2.1.2. Other related accounting policies for the understanding of financial statements

All accounting policies are explained in Note 2.1.1. and the following notes numbered 2.

### 2.1.3 Functional currency

The Company's financial statements are presented in the currency of the primary economic environment in which the Company operates. The results and financial position of the Company are expressed in Turkish Lira, which is the functional and presentation currency of the Company.

### 2.1.4 Rounding degree used in the financial statements

All the balances presented in the financial statements are expressed in full in Turkish Lira (TL).

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

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

### 2.1.6 New and Revised International Financial Reporting Standards

#### Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date but earlier application is permitted; however the Company has not early adopted are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

#### Amendments to TFRS 4: Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts

TFRS 4 has also been amended by POA within the amendments issued by IASB in order to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognized in profit or loss under TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to TFRS 4.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of significant accounting policies (continued)

### 2.1.6 New standards and interpretations not yet adopted (continued)

#### Standards issued but not yet effective and not early adopted (continued)

##### TFRS 17 – Insurance Contracts

On 16 February 2019, POA issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 17.

##### TFRS 15 Revenue from Contracts with Customers

As issued in September 2016 by Turkish Public Oversight Authority ("POA"), the new standard replaces existing TFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. In accordance with the letter submitted by Turkey Insurance Association dated 7 May 2018 and numbered 2018-354, the request of postponement of implementation of TFRS 15 in line with TFRS 17 and TFRS 9 transition is evaluated positively by the Republic of Turkey Ministry of Treasury and Finance and the announcement about the issue will be made with the circular after official approval.

The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 15.

##### Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1.



# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of significant accounting policies (continued)

### 2.1.6 New standards and interpretations not yet adopted (continued)

#### Standards issued but not yet effective and not early adopted (continued)

##### Covid-19 related rent concession (Amendments to TFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends TFRS 16 Leases which is also issued by POA on 5 June 2020.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Company shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

##### Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

##### Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

##### Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of significant accounting policies (continued)

### 2.1.6 New standards and interpretations not yet adopted (continued)

#### Standards issued but not yet effective and not early adopted (continued)

##### Annual Improvements to TFRS Standards 2018–2020

##### Improvements to TFRS's

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

##### *TFRS 1 First-time Adoption of International Financial Reporting Standards*

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

##### *TFRS 9 Financial Instruments*

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

##### *IFRS 16 Leases, Illustrative Example 13*

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

#### **IBOR Reform and its Effects on Financial Reporting—Phase 2**

In August 2020, IASB issued amendments that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project.

The objectives of the Phase 2 amendments are to assist companies in:

- applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements.

In Phase 2 of its project, the Board amended requirements in IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of significant accounting policies (continued)

### 2.1.6 New standards and interpretations not yet adopted (continued)

#### Standards issued but not yet effective and not early adopted (continued)

##### Amendments are effective on 1 January 2020

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2020 are as follows:

1-) The revised Conceptual Framework (Version 2018)

2-) Amendments to IAS 1 and IAS 8 - Definition of Material

The application of the amendment to IAS 1 and IAS 8 is not expected to have a significant effect on the financial statements of the Company.

4-) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The application of this amendment did not have a significant impact on the financial statements of the Company.

### 2.1.7 Accounting Policies, Changes and Mistakes in Accounting Estimates

Significant changes in accounting policies and significant accounting errors detected are applied retrospectively and the financial statements of the previous period are rearranged. There is no change in accounting policy and no significant accounting errors detected in the current period.

Changes in the accounting estimates are applied in the current period in which the change is made, if the change relates only to one period, and are applied prospectively in future periods, if they are related to future periods. The accounting estimates have not been changed in the current period.

The Covid-19 pandemic that enounced by the World Health Organization at 11 March 2020 and preventive actions that have been taken into place to respond the pandemic, causes disruptions to business activities in all countries and affect the economic conditions adversely both locally and globally. However, any negative significant effect identified of this pandemic for the Company as of the reporting date, based on the evaluation made by the Company's management.

## 2.2 Consolidation

"Circular Related to the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies" issued by the Turkish Treasury in the Official Gazette dated 31 December 2008 and numbered 27097 ("the Circular for Consolidation") requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from 31 March 2009.

The Company does not have any subsidiaries or affiliates that should be subject to consolidation.

Bereket Katılım Sigorta A.Ş. which is dominated by the Company has started to insurance operations as of 3 February 2020 by receiving their license from Ministry of Treasury and Finance.

## 2.3 Segment Reporting

The Company has no different operations which require the segment reporting. Activities in different geographic segments are presented in Note 4.1.2.2.

## 2.4 Translation of Foreign Currencies

For the purpose of the financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date.

Gains and losses arising from exchange rate transactions are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit and loss in the period in which they are incurred.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of the Accounting Policies (Continued)

### 2.5 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less any accumulated depreciation and impairment loss.

Assets held for use in the construction, or leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs.

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.

	<u>Useful Life</u>
Investment Properties	50 years
Furnitures and Fixtures	3-5 years
Vehicles	5 years
Other Fixed Assets	5-10 years
Right of Use Assets	2-10 years

Assets acquired under finance lease are depreciated as the same basis as property, plant and equipment using shorter of the term of the relevant lease and useful life of the assets.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized to profit or loss.

### 2.6 Investment Properties

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight-line basis. Depreciation period for investment property is 50 years for buildings, lands are not subject to depreciation.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal. Transfers are made to or from investment property only when there is a change in use.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.7 Intangible Assets

Intangible assets acquired are initially measured at cost value. Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. These costs will be redeemed in terms of their estimated useful lives (15 years). Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are amortized over their estimated useful lives (3-5 years).

### 2.8 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" ("FVTPL"), "held-to-maturity investments", "available for sale" ("AFS") financial assets 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.

#### *Financial assets at fair value through profit and loss*

Income related to the financial assets except for the financial assets at fair value through profit and loss is calculated by using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset can be classified as financial asset at fair value through profit and loss, if it is acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets at fair value through profit and loss are classified as current assets.

#### *Held to maturity investments*

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

#### *Available for sale financial assets*

Investments are classified as available-for-sale that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.8 Financial Assets (continued)

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and receivables are initially recognized at cost plus transaction costs that reflect their fair value and after deducting the cost, if any, from the cost values, provision is made for impairment. Fees paid for the assets received as collateral for related receivables and other similar expenses are not recognized as transaction costs and reflected in the expense accounts.

### 2.9 Impairment on Assets

#### *Impairment of non-financial assets*

Assets that have an indefinite useful life, are not subject to amortization and are tested annually for impairment. 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 suffered impairment 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 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. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

### 2.10 Derivative Financial Instruments

None (31 December 2019: None).

### 2.11 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### 2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (Note 14).

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.13 Share Capital

As of 31 December 2020, the Company's nominal capital is TL 100.000.000 (31 December 2019: TL 100.000.000). TL 100.000.000 (31 December 2019: TL 100.000.000) of the paid-in capital consists of 100.000.000 shares (31 December 2019: 100.000.000 shares) having a nominal amount of TL 1 each.

The Company is not subject to the registered capital system.

### 2.14 Insurance and Investment Contracts – Classification

#### *Insurance Contracts*

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insure) when any uncertain case affects the insure. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included with insurance contracts. Insurance contracts are accounted when the insurance risk is transferred and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

#### *Investment Contracts:*

The Company has no investment contracts as of 31 December 2020 (31 December 2019: None).

### 2.15 Insurance and Investment Contracts with Discretionary Participation Features

The Company neither has investment contracts nor insurance contracts with discretionary participation feature as of 31 December 2020 (31 December 2019: None).

### 2.16 Investment Contracts Without Discretionary Participation Features

The Company has no investment contracts as of 31 December 2020 (31 December 2019: None).

### 2.17 Borrowings

The Company has no short term and long-term borrowings as of 31 December 2020 (31 December 2019: None).

### 2.18 Taxes

#### **Corporate Tax**

Corporate income is subject to corporate tax at 20% in Turkey to be effective from January 1, 2006. However, according to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax-deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.



# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.18 Taxes

#### Corporate Tax (continued)

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. As at of balance sheet date, the Company doesn't have deductible tax losses (31 December 2019: None).

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

#### Deferred Tax

Deferred tax assets and liabilities are recognized according to TAS 12 – *Income Taxes* standard, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

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

If transactions and events are recorded in the statement of operations, then the related tax effects are also recognized in the statement of operations. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

Since the effective corporate tax rate is 20% as of January 1, 2021, a 20% tax rate has been used for temporary differences expected to be realized / closed after 2020.

#### Transfer Pricing

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

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

### 2.19 Financial Leases – The Company As Lessee

The Company has no financial lease receivables as of 31 December 2020 (31 December 2019: None).

### 2.20 Employee Benefits

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan in accordance with TAS 19 "Employee Benefits". The retirement benefit obligation recognized in the balance sheet represents the net present value of the total defined benefit obligation due to retirement of all employees. Recognized actuarial gains and losses are presented in the other comprehensive income under shareholders' equity.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.21 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured over expenditures expected to be required to settle the obligation by considering the risks and uncertainties related to the obligation at the balance sheet date. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to present value of the related cash outflows.

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognized as an asset if and only if it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the financial statements.

As of the balance sheet date, total amount of lawsuits filed against the entity for claim payments is TL 221.785.600 (31 December 2019: TL 177.174.755). Outstanding claim reserves were provided for lawsuits filed against the Company. Other lawsuits filed against to the Company is amounting to TL 730.050 (31 December 2019: TL 952.984). The company has provided provision for all these lawsuits.

### 2.22 Accounting of Income

#### *Premium and Commission Income*

Premium income represents premiums on policies written during the year. Unearned premium reserve is provided for the period of risk extending beyond the end of the financial year, are determined from premiums written during the year on a daily basis.

Commissions received in the current period but relate to subsequent financial periods in return for the premiums ceded to the reinsurance companies are accounted as deferred commission income.

#### *Interest Income and Expense*

Interest income and expense are accounted in the income statement in the related period on an accrual basis.

#### *Dividend income*

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

### 2.23 Profit Share Distribution

The General Assembly Meeting for 2020 has not been held yet, and no decision has been taken regarding the distribution of dividends.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.24 Related Parties

Parties are considered related to the Company if;

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

A transaction with related parties is charged its price regardless of the transfer of resources, services or liabilities between related parties.

### 2.25 Earnings per share

The companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share according to TAS 33. Since the Company's shares are not traded in the stock market, earnings per share are not calculated in the accompanying financial statements.

### 2.26 Going Concern

Financial statements are prepared in accordance to the historical cost base and going concern assumption.

### 2.27 Leasing Transactions

The company accounts for its contracts longer than 12 months within the scope of TFRS 16.

Lease payments made for contracts with a duration of less than 12 months or with low value that are not considered within the scope of TFRS 16 are recorded as expense in equal amounts throughout the lease term.

The company rents real estate and cars.

The duration of the lease contracts is a maximum of 5 years. Tangible fixed assets acquired through leasing are recorded as assets in the Company's assets and as liabilities from leasing transactions in liabilities. In determining the amounts included in the balance sheet as assets and liabilities, based on the lower of the fair values of the assets and the present value of the lease payments, the financing costs arising from the lease are spread over the periods to form a fixed interest rate throughout the lease term.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.27 Leasing Transactions (continued)

The maximum period of the financial lease contracts is 5 years. Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

Lease liability is measured at the present value of unpaid lease payments at the commencement date in accordance with TFRS 16. Lease payments are discounted using alternative borrowing interest rate. The calculated duration weighted average of alternative borrowing interest rates applied by the Company to TL lease liabilities reflected on its balance sheet as of December 31, 2020 is 13.25%. The relevant ratio has been determined by considering the duration on a contract basis.

Book value of the lease liability after the lease actually started; remeasured as reflectable to increase the interest in the lease liability, decreased as reflectable the lease payments made, to reflect all reassessments and changes made in the lease, or to reflect fixed lease payments of its revised core.

The interest on the lease liability for each period in the lease term is the amount found as calculated by fixed periodic interest rate to the remaining balance of the lease liability.

After the lease actually starts, the lease liability is remeasured to reflect changes in lease payments. The remeasured amount of the lease liability is reflected in the financial statements as a correction in the right of use.

In case of a change in the duration of the first lease or use of the purchase option, a revised discount rate is used to reflect the changes in the interest rate. However, if there is a change in the lease liabilities arising from a change in an index used in determining the future lease payments or the amounts expected to be paid within the context of the residual value commitment, the unmodified discount rate is used.

Regarding a change that is not recognized as a separate lease, the lease liability is remeasured by reducing the revised lease payments at a revised discount rate at the date of implementation of the change. The revised discount rate is determined as the incremental borrowing rate at the date of application of the change. For changes that narrow the scope of the lease, the carrying amount of the right of use is reduced to reflect the partial or complete termination of the lease. Gains or losses related to the partial or complete termination of the lease are recognized in profit or loss. Corrections are made on the right of use for all other changes.

Based on the evaluation made by the company's senior management, it has been evaluated that the economic effects of the Covid-19 outbreak do not have a negative impact on the Company's rental payment terms and payment schedule as of the reporting date.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 3. Significant Accounting Estimates and Requirements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Note 4.1 – Insurance and financial risk management

Note 4.2 – Financial risk

Note 6 – Tangible assets

Note 7 – Investment properties

Note 8 – Intangible assets

Note 11 – Financial assets

Note 12 – Receivables and payables

Note 21 – Deferred income taxes

Note 22 – Retirement benefits

Note 23 – Other liabilities and expense accruals

## 4. Insurance and Financial Risk Management

### 4.1 Insurance Risk

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

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and hard to anticipate. Maximum risk that the Company bears is limited to the coverage amount specified in the insurance contract.

Company has adopted central risk assessment policy and this policy is applied in relation to the Company's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

#### 4.1.2 Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance)

##### 4.1.2.1 Sensitivity to insurance risk

There are many reasons for the risk tolerance. One of the most important one is the increases in the amount of indemnity to be paid for the damages occurred. The main reason for these increases is the increase in the overdue interest calculated for the pending lawsuits for claims or the increase in claim after the claim amount finalizes subsequently. Company manages these risks based on the policy production strategy, adequate reinsurance commitments and effective clearance and payment transactions.

The Company's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, geographical area and accurate distribution of the risk incurred.

Reinsurance commitments include claims surplus, quota surplus reinsurance, excess loss reinsurance and insurance coverage. Outstanding claims are revised and updated periodically by the claims department specialist.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4.1. Insurance Risk (continued)

### 4.1.2. Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance) (continued)

#### 4.1.2.2. Insurance risk concentration including the explanation of management method of how to determine concentration and common characteristics (nature of the event insured, geographical region or currency unit) determining each concentration

The Company makes insurance agreements on non-life branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

31 December 2020	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor vehicles liability	398.588.556	23.773.075	374.815.481
Suretyship	75.076.897	74.976.855	100.042
Fire and natural disasters	23.603.261	16.132.986	7.470.275
General liability	21.573.768	7.544.419	14.029.349
Motor vehicles	23.109.174	8.566	23.100.608
Accident	15.399.910	4.057.278	11.342.632
Transportation	4.526.242	2.867.415	1.658.827
General losses	8.895.919	4.535.143	4.360.776
Health	394.829	394.829	-
Financial losses	14.200	14.200	-
Legal Protection	(5.268)	-	(5.268)
Water vehicles liability	(1.831)	26.302	(28.133)
State supported agriculture and animal farming	398.588.556	23.773.075	374.815.481
Theft	75.076.897	74.976.855	100.042
<b>Total (Note 17)</b>	<b>571.175.657</b>	<b>134.331.068</b>	<b>436.844.589</b>

31 December 2019	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor vehicles liability	263.146.276	15.008.092	248.138.184
Suretyship	70.325.285	70.230.441	94.844
Fire and natural disasters	13.671.083	7.666.681	6.004.402
General liability	11.876.125	4.490.535	7.385.590
Motor vehicles	15.284.957	86	15.284.871
Accident	11.755.449	5.998.678	5.756.771
Transportation	280.403	122.024	158.379
General losses	6.549.957	5.915.050	634.907
Health	67.846	67.881	(35)
Financial losses	17.597	17.597	-
State supported agriculture and animal farming	1.112.492	-	1.112.492
Water vehicles liability	44.151	39.736	4.415
Legal Protection	1.057	-	1.057
Theft	344	331	13
<b>Total (Note 17)</b>	<b>394.133.022</b>	<b>109.557.132</b>	<b>284.575.890</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4.1 Insurance Risk (continued)

### 4.1.2 Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance) (continued)

#### 4.1.2.2 Insurance risk concentration including the explanation of management method of how to determine concentration and common characteristics (nature of the event insured, geographical region or currency unit) determining each concentration (continued)

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) based on geographical regions are summarized as below:

Incurring and reported claims (*) 31 December 2020	Gross	Reinsurance share	Net
Turkey	298.886.027	147.455.960	151.430.067
<b>Total</b>	<b>298.886.027</b>	<b>147.455.960</b>	<b>151.430.067</b>

Incurring and reported claims (*) 31 December 2019	Gross	Reinsurance share	Net
Turkey	260.904.046	125.417.666	135.486.380
<b>Total</b>	<b>260.904.046</b>	<b>125.417.666</b>	<b>135.486.380</b>

(\*) The figures exclude net incurred but not reported claims amounting to TL 341.109.303 (31 December 2019: TL 216.855.636), winning ratio deductions on reserves for the files which are under legal follow up amounting to TL 18.264.615 (31 December 2019: TL 17.722.906) and discount effect of net cash flow from outstanding claim files amounting to TL 75.717.090 (31 December 2019: TL 50.043.220).

Total claims liability of the Company based on geographical regions in Turkey is as follows:

Incurring and reported claims 31 December 2020	Gross	Reinsurance share	Net
South East Anatolian Region	12.157.572	926.519	11.231.053
Marmara Region	184.954.866	134.615.244	50.339.622
Aegean Region	21.133.321	1.011.699	20.121.622
Black Sea Region	10.401.242	976.431	9.424.811
Middle Anatolian Region	26.540.015	4.714.615	21.825.400
Mediterranean Region	43.699.011	5.211.452	38.487.559
<b>Total (*)</b>	<b>298.886.027</b>	<b>147.455.960</b>	<b>151.430.067</b>

Incurring and reported claims 31 December 2019	Gross	Reinsurance share	Net
South East Anatolian Region	13.982.893	3.149.842	10.833.052
Marmara Region	30.519.999	8.543.307	21.976.692
Aegean Region	125.345.474	106.251.122	19.094.352
Black Sea Region	14.785.924	1.018.102	13.767.822
Middle Anatolian Region	22.714.193	3.107.259	19.606.934
Mediterranean Region	23.536.975	3.027.945	20.509.030
East Anatolian Region	5.846.161	251.209	5.594.952
<b>Total (*)</b>	<b>236.731.619</b>	<b>125.348.786</b>	<b>111.382.834</b>

(\*) As of 31 December 2020, greencard pool retro account in motor vehicles responsibility has TL 1.017.269, traffic pool outstanding damage has TL 22.022.619 and medical pool in general responsibility has TL 9.128.369 not included in the table. (31 December 2019: greencard pool retro account in motor vehicles responsibility has TL 661.416, traffic pool outstanding damage has TL 16.299.647 and medical pool in general responsibility has TL 6.029.991 not included in the table).



# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.1 Insurance Risk (continued)

#### 4.1.2 Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance) (continued)

##### 4.1.2.2 Insurance risk concentration including the explanation of management method of how to determine concentration and common characteristics (nature of the event insured, geographical region or currency unit) determining each concentration (continued)

Gross and net (reinsurance deducted) insurance risk concentrations of the Company based on the type of currency are summarized as below:

Incurring and reported claims 31 December 2020	Gross	Reinsurance Share	Net
TL	298.886.027	147.455.960	151.430.067
<b>Total</b>	<b>298.886.027</b>	<b>147.455.960</b>	<b>151.430.067</b>

Incurring and reported claims 31 December 2019	Gross	Reinsurance Share	Net
TL	260.904.046	125.417.666	135.486.380
<b>Total</b>	<b>260.904.046</b>	<b>125.417.666</b>	<b>135.486.380</b>

#### 4.1.2.3 Comparison of incurred claims with past estimations

		31 December 2020			31 December 2019		
	Effect on Current Period (Net)	Total Gross Claim Liability	Total Claim Liability Reinsurer Share	Net Total Claim Liability	Total Gross Claim Liability	Total Claim Liability Reinsurer Share	Net Total Claim Liability
Unpaid Claims	(54.230.611)	337.573.798	147.856.807	189.716.991	260.904.046	125.417.666	135.486.380
Claim Provisions <sup>(*)</sup>	(98.038.088)	233.601.859	(13.525.739)	247.127.598	133.228.976	(15.860.534)	149.089.510
<b>Total</b>	<b>(152.268.699)</b>	<b>571.175.657</b>	<b>134.331.068</b>	<b>436.844.589</b>	<b>394.133.022</b>	<b>109.557.132</b>	<b>284.575.890</b>

<sup>(\*)</sup> Claim reserves include all of the additional reserves except unpaid claims stated under the total outstanding claim reserve and its discount as of the balance sheet date.

	31 December 2020		
	Total gross claim liability (***)	Total claim liability reinsurer share	Net total claim liability
Beginning of the Period - 1 January	236.731.620	125.348.785	111.382.835
Opening within the period <sup>(*)</sup>	229.426.618	33.783.373	195.643.245
Payment for current period (-)	(243.230.723)	(27.717.970)	(215.512.753)
Payment for previous periods (-)	(68.386.241)	(14.090.072)	(54.296.169)
Collection of Subrogation and Salvage	28.445.419	264.183	28.181.236
Cancelled and corrected amount <sup>(**)</sup>	236.731.620	125.348.785	111.382.835
<b>Claims reported at the end of the period <sup>(****)</sup></b>	<b>115.899.333</b>	<b>29.867.660</b>	<b>86.031.673</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.1. Insurance Risk (continued)

#### 4.1.2. Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance) (continued)

##### Comparison of incurred claims with past estimations (continued)

	31 December 2019		
	Total gross claim liability ( <sup>(*)</sup> )	Total claim liability reinsurer share	Net total claim liability
Beginning of the Period - 1 January	227.909.499	112.933.859	114.975.639
Opening within the period ( <sup>(*)</sup> )	237.139.932	20.296.150	216.843.782
Payment for current period (-)	(227.859.538)	(18.386.691)	(209.472.846)
Payment for previous periods (-)	(56.805.489)	(5.977.000)	(50.828.489)
Collection of Subrogation and Salvage	41.597.880	250.433	41.347.447
Cancelled and corrected amount ( <sup>(*)</sup> )	14.749.335	16.232.034	(1.482.699)
<b>Claims reported at the end of the period (<sup>(****)</sup>)</b>	<b>236.731.619</b>	<b>125.348.785</b>	<b>111.382.834</b>

(<sup>(\*)</sup>) Total gross claim liability ceded to the reinsurer in health branch amounting to TL 400.846 (31 December 2019: TL 68.880) and reinsurance share of outstanding claims amounting to TL 400.846 (31 December 2019: TL 68.880) are excluded from the figures on the table above. Outstanding claim reserve for green card pool retro account in motor vehicle liability branch amounting to TL 1.002.092 (31 December 2019: 661.416), for traffic pool amounting to TL 24.466.946 (31 December 2019: 16.299.647) and medical pool in general liability branch amounting to TL 10.558.300 (31 December 2019: 6.029.991) are excluded as well. Tarsim pool outstanding damage is TL 2.259.586 TL (31 December 2019: 1.112.491 TL) not included in the tables.

(<sup>(\*\*)</sup>) Cancelled portion of unpaid outstanding claim files included in the ceded outstanding claim reserve is presented in this row.

(<sup>(\*\*\*)</sup>) Paid claims of gross payment of TL 53.402.379 (31 December 2019: TL 38.968.970) and reinsurance share of TL 6.965.899 (31 December 2019: TL 2.309.960) for health and motor vehicle liability branches are excluded from the figures on the table above.

(<sup>(\*\*\*\*)</sup>) The figures exclude net incurred but not reported claims amounting to TL 341.109.303 (31 December 2019: TL 216.855.636) and deductions on reserves for the files which are under legal follow up amounting to TL 18.264.615 (31 December 2019: TL 17.722.906) and discount effect of net cash flow from outstanding claim files amounting to TL 75.717.090 (31 December 2019: TL 50.043.220).

# Notes to the Unconsolidated Financial Statements

## As at 31 December 2020

(Currency: Turkish Lira (TL))

### 4. Insurance and Financial Risk Management (continued)

#### 4.1.2.3. Comparison of incurred claims with past estimation

##### Claims Development Table

Period of Claims Incurred	Paid in the period following the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Paid in after 6 period following the incurred period	Total Payment
1 January 2014 - 31 December 2014	41,279,840	17,083,860	2,749,686	2,942,891	2,283,747	1,887,500	2,130,272	70,357,796
1 January 2015 - 31 December 2015	43,389,943	11,125,867	3,533,520	2,618,012	2,816,878	3,129,916	-	66,614,136
1 January 2016 - 31 December 2016	43,412,309	9,516,507	2,429,437	2,806,031	1,201,010	-	-	59,365,294
1 January 2017 - 31 December 2017	45,018,822	18,650,653	6,871,333	1,994,630	-	-	-	72,535,438
1 January 2018 - 31 December 2018	97,503,082	33,109,622	7,736,453	-	-	-	-	138,349,157
1 January 2019 - 31 December 2019	175,548,942	51,274,756	-	-	-	-	-	226,823,698
1 January 2020 - 31 December 2020	192,641,467	-	-	-	-	-	-	192,641,467
<b>Total Payment<sup>(*)</sup></b>	<b>638,794,405</b>	<b>140,761,265</b>	<b>23,320,429</b>	<b>10,361,564</b>	<b>6,301,635</b>	<b>5,017,416</b>	<b>2,130,272</b>	<b>826,686,986</b>

(\*) In 2020, collection of subrogation and salvage amounting to TL 42,283,595 is presented in the income statement as a deduction from the paid claims. The table above excludes the figures related to the claims paid in 2020 amounting to TL 4,402,555 of which the date of claims are in or before the date 1 January 2011; and the claims paid in 2020 amounting to TL 802,671 for the green card pool retro account in motor vehicle liability branch and the claims amounting to TL 31,003,846 for the traffic and medical pool accounts, health branch amounting TL 6,965,899 and the claims paid in 2020 amounting to 14,629,962 for TARSIM pool account.

##### Claims Development Table

Period of Claims Incurred	Paid in the period following the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Paid in after 6 period following the incurred period	Total Payment
1 January 2012 - 31 December 2012	39,587,334	11,910,997	11,672,811	4,069,721	3,401,301	4,036,197	3,975,893	78,654,255
1 January 2013 - 31 December 2013	34,475,853	10,830,580	4,488,644	5,189,770	2,740,250	2,996,088	-	60,721,185
1 January 2014 - 31 December 2014	41,279,840	17,083,860	2,749,686	2,942,891	2,281,489	-	-	66,337,766
1 January 2015 - 31 December 2015	43,389,943	11,125,867	3,533,520	2,564,448	-	-	-	60,613,777
1 January 2016 - 31 December 2016	43,412,309	9,516,507	2,405,377	-	-	-	-	55,334,194
1 January 2017 - 31 December 2017	45,018,822	18,547,140	-	-	-	-	-	63,565,962
1 January 2018 - 31 December 2018	97,417,486	-	-	-	-	-	-	97,417,486
<b>Total Payment<sup>(*)</sup></b>	<b>344,581,587</b>	<b>79,014,951</b>	<b>24,850,038</b>	<b>14,766,830</b>	<b>8,423,040</b>	<b>7,032,285</b>	<b>3,975,893</b>	<b>482,644,625</b>

(\*) In 2019, collection of subrogation and salvage amounting to TL 41,940,665 is presented in the income statement as a deduction from the paid claims. The table above excludes the figures related to the claims paid in 2019 amounting to TL 7,015,033 of which the date of claims are in or before the date 1 January 2011; and the claims paid in 2019 amounting to TL 533,678 for the green card pool retro account in motor vehicle liability branch and the claims amounting to TL 27,573,904 for the traffic and medical pool accounts and the claims paid in 2019 amounting to 8,551,427 for TARSIM pool account.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

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

None (31 December 2019: None).

## 4.2 Financial Risk

### 4.2.1 Capital structure and management

While the Company maintains to continue its capital management on a going concern basis, it expects to boost its earnings by optimizing its technical reserve and equity balance.

In accordance with the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" published in the Official Gazette No: 262761 on January 19, 2008, all insurance and reinsurance companies and pension funds should provide adequate equity for their current liabilities and possible losses that may arise from their potential risks. The present amount of shareholders' equity of the company satisfies minimum capital requirements of both of the methods mentioned in the regulatory framework. Capital adequacy tables prepared as of 31 December 2020 and 2019 are stated below. As of 31 December 2020, the amount of required share capital for the first method is TL 56.495.936 (31 December 2019: TL 46.418.534), and for the second method it is TL 218.310.367 (31 December 2019: TL 127.968.852). As of 31 December 2020, the Company's capital is TL 35.345.364 lower than required capital amount (31 December 2019: TL 20.631.038 higher).

The company's main shareholder, the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği has declared it would take the necessary actions to complete the remaining unpaid capital.

The Company's capital structure is reviewed by the Board of Directors annually in order to determine the amount of dividends paid to shareholders and the value of shares to be issued. Based on the recommendations of the council, the company aims to balance the fund structure by profit payments, dismissal of new shares, and buying the shares back.

### CAPITAL ADEQUACY TABLES

	31 December 2020	31 December 2019
1. METHOD		
Required capital for non-life branches	56.495.936	46.418.534
Required capital for life branches	-	-
Required capital for retirement branch	-	-
<b>TOTAL REQUIRED CAPITAL</b>	<b>56.495.936</b>	<b>46.418.534</b>
2.METHOD		
Required capital for asset risk	111.379.893	41.235.124
Required capital for reinsurance risk	6.376.606	2.843.774
Required capital for outstanding claims risk	37.123.915	24.384.579
Required capital for underwriting risk	60.378.011	59.076.739
Required capital for interest and exchange rate risk	3.051.942	428.636
<b>TOTAL REQUIRED CAPITAL</b>	<b>218.310.367</b>	<b>127.968.852</b>
<b>CAPITAL</b>	<b>182.965.002</b>	<b>107.337.814</b>
<b>REQUIRED CAPITAL</b>	<b>218.310.367</b>	<b>127.968.852</b>
<b>CAPITAL ADEQUACY RESULT</b>	<b>(35.345.364)</b>	<b>(20.631.038)</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.2.2 Financial Risk Factors

The Company is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk due to its assets and liabilities as well as reinsurance assets and liabilities at a specific time. The Company risk management program generally focuses on minimizing the potential negative effects of the uncertainty of financial markets on the Company financial performance. The Company is subject to interest rate risk because of its financial investments and to liquidity risk because of insurance receivables.

The risk management department is directed by a central treasury department according to the policies approved by Board of Directors. Related to risk policies, financial risk is determined and evaluated by the Company's treasury department and some implementations are used in order to reduce the risk providing working with Company operation units. A documented policy related to risk management or written procedures comprising various risks such as the foreign currency risk, interest rate risk, credit risk, use of derivative and other non-derivative financial instruments, and the evaluation of liquidity surplus is formed by Board of Directors.

#### Credit Risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Risk management under this group is maintained by considering the due receivables, doubtful receivables, guarantees received for receivables, technical performances of the debtors and related parties with deposit and partnership relations. The Company's credit risk is mainly in Turkey where it operates.

The carrying values of assets subject to credit risk are presented in the following table:

	31 December 2020	31 December 2019
Cash and cash equivalents (Note 14)	692.865.479	542.825.220
Receivables from main operations (Note 12)	147.072.618	112.229.928
Financial assets (Note 11) (*)	3.507.786	7.597.948
Outstanding claims reserve, ceded (Note 10), (Note 17)	134.331.068	109.557.132
Receivables from related parties (Note 12)	3.135.121	2.492.775
Other receivables (Note 12)	174.481.075	25.938.947
Prepaid taxes and funds (Note 35)	6.197.968	8.110.849
Other current assets	25.171	22.111
<b>Total</b>	<b>1.161.616.286</b>	<b>808.774.910</b>

(\*) As of 31 December 2020 shares amounting to 1.668.000 is excluded. (31 December 2019: None).

As of 31 December 2020, TL 54.771.741 (31 December 2019: TL 40.417.797) of receivables from main operations is classified as doubtful receivable. As of balance sheet date there is TL 54.771.741 under administrative follow-up (31 December 2019: None). The total amount of the receivable is unsecured. (31 December 2019: The total amount of the receivable is unsecured.) of such receivable amount is guaranteed. A provision is not set for the guaranteed portion of receivables. All of the guarantees received for doubtful receivables is real estate mortgage.

<u>Provision for doubtful receivables</u>	<u>Total Receivable TL</u>	<u>Guaranteed Portion TL</u>
Agency receivables under legal follow-up	696.339	-
Other receivables under legal follow-up	1.590.494	-
Subrogation receivables under litigation and execution (Note 2.1.1.e), (Note 12)	52.484.908	-
<b>Total (Note 12)</b>	<b>54.771.741</b>	<b>-</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.2.2 Financial Risk Factors (continued)

#### Credit Risk (continued)

<u>Provision for doubtful receivables</u>	<u>Total Receivable TL</u>	<u>Guaranteed portion TL</u>
Agency receivables under legal follow-up	621.695	-
Other receivables under legal follow-up	1.525.220	-
Subrogation receivables under litigation and execution (Note 2.1.1.e), (Note 12)	38.270.882	-
<b>Total (Note 12)</b>	<b>40.417.797</b>	<b>-</b>

Aging table of due receivables and movement table of doubtful receivables past due but not impaired and guarantees received for not impaired receivables as of 31 December 2020 and 2019 are presented in Note 12.

#### Interest rate risk

Interest rate risk is not calculated because the Company has no asset with yielding interest classified as a financial asset in the balance sheet, and no liability requiring interest payment.

#### Market risk

The stock price risks of the company were determined on the reporting date. Accordingly, if there is a 10% increase / decrease in BIST Stock Market indexes as of December 31, 2020 and all other variables are kept constant, the profit / loss of the Company is TL 166,800 (31 December 2019: Due to the fact that the Company does not have shares at the reporting date, There are no stock price risks to which it is exposed) there will be an increase / decrease.

#### Liquidity risk

Liquidity risk is the possibility of non-performance of the Company's due liabilities. Events that give rise to funding shortages, such as; market deteriorations and decrease in credit ratings, are the main reasons of liquidity risk. The Company management manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds.

As of 31 December 2020, the distribution of the Company's assets and liabilities into remaining maturities are presented in the below table:

	No maturity	Up to one month	1-3 Months	3-12 Months	1 - 5 Years	5 Years and Over	Undistribut ed	Total
Cash and cash equivalents	5.374.630	258.376.652	429.114.197	-	-	-	-	692.865.479
Financial assets	1.668.000	3.507.786	-	-	-	-	-	5.175.786
Receivables from main operations	7.507.687	29.972.288	44.137.618	65.455.025	-	-	-	147.072.618
Receivables from related parties	3.135.121	-	-	-	-	-	-	3.135.121
Other receivables	62.498.329	61.930.251	5.355.856	44.472.483	224.156	-	-	174.481.075
Deferred expense and income accruals	-	-	-	12.786.950	-	-	71.811.209	84.598.159
Other current assets	25.171	292.595	-	-	-	-	6.197.968	6.515.734
<b>Total assets</b>	<b>80.208.938</b>	<b>354.079.572</b>	<b>478.607.671</b>	<b>122.714.458</b>	<b>224.156</b>	<b>-</b>	<b>78.009.177</b>	<b>1.113.843.972</b>
Payables from main operations	-	-	43.898.863	52.854.138	497.134	-	-	97.250.135
Payables to related parties	2.127	14.993	-	-	-	-	-	17.120
Other liabilities	3.480.909	-	7.275.246	-	-	-	4.219.107	14.975.262
Provisions for outstanding claims <sup>(1)</sup>	-	-	436.844.589	-	-	-	-	436.844.589
Taxes and funds payable and related provisions	-	6.444.140	13.578.140	-	-	-	-	20.022.280
Income and expense accruals	-	-	11.047.383	-	-	-	37.053.486	48.100.869
Other liabilities	-	-	-	-	6.872.372	-	-	6.872.372
Financial liabilities	-	-	-	4.612.108	4.058.408	-	-	8.670.516
<b>Total liabilities</b>	<b>2.728.405</b>	<b>6.459.133</b>	<b>512.644.221</b>	<b>58.220.877</b>	<b>11.427.914</b>	<b>-</b>	<b>41.272.593</b>	<b>632.753.143</b>

<sup>(1)</sup>All outstanding claims and compensation provisions are classified as short term in the balance sheet.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.2.2 Financial Risk Factors (continued)

As of 31 December 2019, the distribution of the Company's assets and liabilities into remaining maturities are presented in the below table:

	No maturity	Up to one month	1-3 Months	3-12 Months	1 - 5 Years	5 Years and Over	Undistributed	Total
Cash and cash equivalents	12.287.195	371.581.108	158.956.917	-	-	-	-	542.825.220
Financial assets	7.597.948	-	-	-	-	-	-	7.597.948
Receivables from main operations	95.626.933	11.968.366	4.528.950	105.679	-	-	-	112.229.928
Receivables from related parties	2.492.775	-	-	-	-	-	-	2.492.775
Other receivables	784.326	24.457.646	696.975	-	-	-	-	25.938.947
Deferred expense and income accruals	-	1.065.832	2.816.625	55.028.983	-	-	5.009.265	63.920.705
Other current assets	189.896	-	-	-	-	-	8.110.848	8.300.744
<b>Total assets</b>	<b>118.979.073</b>	<b>409.072.952</b>	<b>166.999.467</b>	<b>55.134.662</b>	<b>-</b>	<b>-</b>	<b>13.120.113</b>	<b>763.306.267</b>
Payables from main operations	-	15.732.926	6.356.912	8.394.793	-	-	-	30.484.631
Payables to related parties	82.633	-	-	-	-	-	-	82.633
Other liabilities	1.000	5.795.510	1.118.810	564.945	-	-	2.892.126	10.372.391
Provisions for outstanding claims	-	-	284.575.890	-	-	-	-	284.575.890
Taxes and funds payable and related provisions	-	6.447.637	3.352.588	-	-	-	-	9.800.225
Income and expense accruals	-	2.258.462	1.229.494	20.645.777	830.512	245.000	-	25.209.246
Provisions related to other risks	-	-	-	-	-	-	3.530.852	3.530.852
Financial liabilities	-	-	-	3.927.407	3.632.950	-	-	7.560.357
<b>Total liabilities</b>	<b>83.633</b>	<b>30.234.535</b>	<b>296.633.694</b>	<b>33.532.922</b>	<b>4.463.462</b>	<b>245.000</b>	<b>6.422.978</b>	<b>371.616.225</b>

### Exchange rate risk

Exchange rate risk is defined as the loss risk exposure due to changes from exchange rates based on the differences between the Company's foreign currency denominated assets and liabilities. On the other hand, value changes of different currency types compared to each other is another aspect of an exchange rate risk. Exchange rate risk is managed by keeping the net foreign currency position close.

Foreign currency rates used for the translation of foreign currency as of balance sheet date, are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
USD	7,3405	5,9402
EUR	9,0079	6,6506
GBP	9,9438	7,7765

The details of foreign currency denominated assets and liabilities as of 31 December 2020 and 2019 are presented below:

	<u>31 December 2020</u>	<u>31 December 2019</u>
A. Foreign currency dominated assets	54.640.929	6.484.996
B. Foreign currency dominated liabilities	(14.041.473)	(5.705.015)
<b>Net foreign currency position (A-B)</b>	<b>40.599.456</b>	<b>779.981</b>



# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.2.2 Financial Risk Factors (continued) Exchange rate risk (continued)

31 December 2020	Currency type	Amount in original currency	Amount in TL
Banks	USD	4.761.834	34.954.242
	EUR	435.888	3.926.437
			<b>38.880.679</b>
Receivables	USD	1.719.785	12.624.081
	EUR	348.112	3.135.758
	GBP	41	411
			<b>15.760.250</b>
Payables	USD	1.513.336	11.128.620
	EUR	317.595	2.866.008
	GBP	4.681	46.785
	CHF	7	60
			<b>14.041.473</b>
31 December 2019	Currency type	Amount in original currency	Amount in TL
Banks	EUR	2.383	14.367
			<b>14.367</b>
Receivables	USD	819.372	4.310.634
	EUR	358.327	2.159.995
			<b>6.470.629</b>
Payables	USD	848.765	4.465.270
	EUR	205.664	1.239.745
			<b>5.705.015</b>

#### Sensitivity to exchange rate risk

The Company's sensitivity to a 10% increase/decrease in USD, Euro and GBP currencies are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets outstanding at the end of period and indicates the effects of 10% changes in exchange rates. Positive value indicates an increase in profit/loss and other equity items.

#### 31 December 2020

Currency	Net Asset / (Liability) Amount	Increase in income /expense before taxation	Decrease in income /expense before taxation
USD	36.449.703	3.644.970	(3.644.970)
EUR	4.196.187	419.619	(419.619)
GBP	(46.374)	(4.637)	4.637
CHF	(60)	(6)	6
<b>Total</b>	<b>40.599.456</b>	<b>4.059.946</b>	<b>(4.059.946)</b>

#### 31 December 2019

Currency	Net Asset / (Liability) Amount	Increase in income /expense before taxation	Decrease in income /expense before taxation
USD	(154.636)	(15.464)	15.464
EUR	934.617	93.462	(93.462)
<b>Total</b>	<b>779.981</b>	<b>77.998</b>	<b>(77.998)</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.2.2. Financial Risk Factors (continued)

#### Other Risks

#### Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions.

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. "Category 1", was organized market obtained from fair values (market data), the "Category 2" precedent that has truth according to processes and "Category 3" is the future cash flows to their present reduced according to the values that are valued financial assets represents.

As of 31 December 2020, The Company have TL of 3.507.786 held to maturity financial assets. (31 December 2019: None).

#### Categories of Financial Assets:

#### 31 December 2020

Categories of financial assets	Book value	Category 1	Category 2	Category 3
Financial assets available for sale	1.668.000	1.668.000	-	-
Financial assets held for trading	3.507.786	3.507.786	-	-
Financial assets	-	-	-	10.498.809
<b>Total (Note 11), (Note 9)</b>	<b>5.175.786</b>	<b>5.175.786</b>	<b>-</b>	<b>10.498.809</b>

#### 31 December 2019

Categories of financial assets	Book value	Category 1	Category 2	Category 3
Financial assets held for trading	7.597.948	7.597.948	-	-
<b>Total (Note 11)</b>	<b>7.597.948</b>	<b>7.597.948</b>	<b>-</b>	<b>-</b>

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

#### Financial assets

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short-term nature and having insignificant potential losses.

#### Financial liabilities

It is anticipated that fair value of monetary liabilities will approximate to their carrying value based on their short-term nature.

## 5. Segment Information

The Company has no operational or geographical segments in order to present information on segmental reporting. Activities in different geographic segments are disclosed in Note 4.1.2.2 although these are insignificant.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 6. Tangible Assets

Movement in tangible assets in the period from 1 January to 31 December 2020 is presented below:

	Investment Properties <sup>(*)</sup>	Motor vehicles	Furniture and fixtures (leasing included)	Other properties (Leasehold Improvements)	Right of Use Assets	Total
<b>Cost</b>						
1 January 2020	96.829	24.000	8.704.472	815.012	10.678.568	20.318.881
Additions	-	-	2.307.239	41.595	3.010.942	5.359.776
Disposals	(15.000)	(24.000)	(172.215)	-	-	(211.215)
<b>31 December 2020</b>	<b>81.829</b>	<b>-</b>	<b>10.839.496</b>	<b>856.607</b>	<b>13.689.510</b>	<b>25.467.442</b>
<b>Accumulated Depreciation</b>						
1 January 2020	13.088	24.000	3.184.039	413.451	3.864.188	7.498.766
Current year charge	1.635	-	1.567.825	114.364	2.008.380	3.692.204
Disposals	-	(24.000)	(114.034)	-	-	(138.034)
<b>31 December 2020</b>	<b>14.723</b>	<b>-</b>	<b>4.637.830</b>	<b>527.815</b>	<b>5.872.568</b>	<b>11.052.936</b>
<b>Net book value</b>	<b>67.106</b>					<b>14.414.506</b>

<sup>(\*)</sup> Information about Investment Properties is presented in Note 7.

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

	Investment Properties <sup>(*)</sup>	Motor vehicles	Furniture and fixtures (leasing included)	Other properties (Leasehold Improvements)	Right of Use Assets	Total
<b>Cost</b>						
1 January 2019	96.829	24.000	10.608.305	644.741	-	11.373.875
Additions	-	-	1.680.314	170.271	10.678.568	12.529.153
Disposals	-	-	(3.584.147)	-	-	(3.584.147)
<b>31 December 2019</b>	<b>96.829</b>	<b>24.000</b>	<b>8.704.472</b>	<b>815.012</b>	<b>10.678.568</b>	<b>20.318.881</b>
<b>Accumulated Depreciation</b>						
1 January 2019	11.457	24.000	5.339.859	302.995	-	5.678.311
Current year charge	1.631	-	1.299.965	110.456	3.864.188	5.276.240
Disposals	-	-	(3.455.785)	-	-	(3.455.785)
<b>31 December 2019</b>	<b>13.088</b>	<b>24.000</b>	<b>3.184.039</b>	<b>413.451</b>	<b>3.864.188</b>	<b>7.498.766</b>
<b>Net book value</b>	<b>83.741</b>					<b>12.820.115</b>

<sup>(\*)</sup> Information about Investment Properties is presented in Note 7.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 7. Investment Properties

<b>Cost</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
Opening balance as of January 1	96.829	96.829
Cancellation of impairment	-	-
Additions	-	-
Disposals	(15.000)	-
<b>Closing balance as of December 31 (Note 6)</b>	<b>81.829</b>	<b>96.829</b>
<b>Accumulated Depreciation</b>		
Opening balance as of January 1	13.088	11.457
Current year charge	1.635	1.631
Disposals	-	-
<b>Closing balance as of December 31 (Note 6)</b>	<b>14.723</b>	<b>13.088</b>
<b>Net book value</b>	<b>67.106</b>	<b>83.741</b>

There is no realized rent income from the Company's investment properties in the current period (1 January - 31 December 2019: TL None).

The total fair value of the 2 investment properties in the valuation report of the Company dated December 24, 2020 prepared by Anka Gayrimenkul Değerleme ve Danışmanlık A.Ş. is 280.000 TL. The fair value of the real estates obtained according to the valuation performed in December 2020 by an independent expertise company that is not affiliated with the Company. The company making the valuations with an independent valuation company authorized by the Prime Ministry Capital Markets Board. The valuation has been determined by taking the market transaction prices for similar properties as a reference.

## 8. Intangible Assets

Movement in intangible assets in the period from 1 January to 31 December 2020 is presented below:

<b>Cost</b>	<b>Rights</b>	<b>Other Intangible Assets (*)</b>	<b>Total</b>
1 January 2020	761.892	524.271	1.286.163
Additions	8.534	4.183.470	4.192.004
Disposals	-	-	-
<b>31 December 2020</b>	<b>770.426</b>	<b>4.707.741</b>	<b>5.478.167</b>
<b>Accumulated amortization</b>			
1 January 2020	87.129	303.407	390.536
Current year charge	50.944	604.953	655.897
Disposal	-	-	-
Transfers	(1.031)	1.031	-
<b>31 December 2020</b>	<b>137.042</b>	<b>909.391</b>	<b>1.046.433</b>
<b>Net book value</b>	<b>633.384</b>		<b>4.431.734</b>

(\*) Other intangible assets consist of software and computer programs.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 8. Intangible Assets (continued)

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

<u>Cost</u>	<u>Rights</u>	<u>Other Intangible Assets (*)</u>	<u>Total</u>
1 January 2019	765.483	1.076.622	1.842.105
Additions	-	49.225	49.225
Disposals	(3.591)	(601.576)	(605.167)
<b>31 December 2019</b>	<b>761.892</b>	<b>524.271</b>	<b>1.286.163</b>
<u>Accumulated amortization</u>			
1 January 2019	38.312	781.041	819.353
Current year charge	48.817	123.411	172.228
Disposal	-	(601.045)	(601.045)
<b>31 December 2019</b>	<b>87.129</b>	<b>303.407</b>	<b>390.536</b>
<b>Net book value</b>	<b>674.763</b>	<b>220.864</b>	<b>895.627</b>

(\*) Other intangible assets consist of software and computer programs.

## 9. Investment in Subsidiaries

The company decided to establish Bereket Katılım Hayat A.Ş with a capital of 10.000.000 TL on 30 May 2019, with the title of single shareholder. The company paid a total capital amount of 10.000.000 TL to Bereket Katılım Hayat Anonim Şirketi, which was 2.500.000 TL on 17 July 2019 and 7.500.000 TL on 27 August 2019.

The company made an appraisal by Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. on 25 January 2021 regarding the financial value of Bereket Katılım Sigorta A.Ş. In the company valuation, the addition method, the discounted cash flow method and the guiding equivalents method in the stock market are used. According to the valuation, the fair value of the company has been determined as 10.498.809 TL.

	<b>31 December 2020</b>	<b>31 December 2019</b>
Bereket Katılım Hayat Anonim Şirketi	10.498.809	10.000.000
<b>Subsidiaries, net</b>	<b>10.498.809</b>	<b>10.000.000</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 10. Reinsurance Assets

As at 31 December 2020 and 2019, outstanding reinsurance assets and liabilities of the Company in accordance with existing reinsurance contracts is presented below:

<u>Reinsurance assets</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Outstanding claims reserve, ceded (Note 4.2), (Note 17)	134.331.068	109.557.132
Unearned Premium reserve, ceded (Note 17)	261.915.520	138.072.399
Receivables from reinsurance companies	19.703.362	16.407.751
Deferred acquisition cost	71.811.209	58.897.122
<b>Total</b>	<b>487.761.159</b>	<b>322.934.404</b>

<u>Reinsurance liabilities</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Payables to be paid on premiums written to reinsurance companies (Note 19)	22.085.301	5.593.226
Deferred commission income (Note 19)	39.972.872	20.709.750
<b>Total</b>	<b>62.058.173</b>	<b>26.302.976</b>

Gain and losses recognized in income statement of the Company in accordance with existing reinsurance contracts is presented below:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Premiums ceded during the period (Note 17)	(825.269.022)	(609.935.187)
Reserve for unearned premiums, ceded at the beginning of the period (Note 17)	(138.072.399)	(71.442.282)
Reserve for unearned premiums, ceded at the end of the period (Note 17)	261.915.520	138.072.399
<b>Premiums earned, ceded (Note 17)</b>	<b>(701.425.901)</b>	<b>(543.305.070)</b>
Claims paid, ceded during the period (Note 17)	48.347.874	27.836.522
Provision for outstanding claims, ceded at the beginning of the period (Note 17)	(109.557.132)	(95.215.007)
Provision for outstanding claims, ceded at the end of the period (Note 17)	134.331.068	109.557.132
<b>Claims incurred, ceded (Note 17)</b>	<b>73.121.810</b>	<b>42.178.647</b>
Commission income accrued from reinsurers during the period	90.524.745	76.559.236
Deferred commission income at the beginning of the period (Note 19)	(20.709.750)	(11.106.378)
Deferred commission income at the end of the period (Note 19)	39.972.872	20.709.750
<b>Commission income earned from reinsurers (Note 32)</b>	<b>109.787.867</b>	<b>86.162.608</b>
<b>Total</b>	<b>(518.516.224)</b>	<b>(414.963.815)</b>

## 11. Financial Assets

As at 31 December 2020 and 2019, the details of the Company's financial assets are as follows:

<u>Financial assets</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Financial assets available for sale	1.668.000	7.597.948
Held to maturity investments	3.507.786	-
<b>Total (Note 4.2)</b>	<b>5.175.786</b>	<b>7.597.948</b>

Detail of financial assets is presented below:

	<u>31 December 2020</u>				
<u>Financial assets available for sale</u>	<u>Cost Value</u>		<u>Market Value</u>		<u>Book Value</u>
Equity shares (*)	1.946.400	1.668.000	1.668.000	1.946.400	1.668.000
<b>Total (Note 4.2)</b>	<b>1.946.400</b>	<b>1.668.000</b>	<b>1.668.000</b>	<b>1.946.400</b>	<b>1.668.000</b>

(\*) The company does not have any financial assets for trading as of 31.12.2019.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 11. Financial Assets (continued)

	31 December 2019		
	Cost Value	Market Value	Book Value
<b>Financial assets available for sale</b>			
Equity shares	5.856.192	7.597.948	7.597.948
<b>Total (Note 4.2)</b>	<b>5.856.192</b>	<b>7.597.948</b>	<b>7.597.948</b>

The details of securities classified as financial assets to be held to maturity as of 31 December 2020 are given below.

	31 December 2020			
	Maturity	Nominal	Weighted average effective profit share rate	Balance
<b>Held to maturity financial assets</b>				
Ziraat Katılım Bankası A.Ş. (**)	22.01.2021	3.500.000	%10,15	3.507.786
<b>Total (Note 4.2)</b>		<b>3.500.000</b>		<b>3.507.786</b>

31 December 2019: None

(\*\*) The lease certificate issued by Ziraat Katılım Bankası A.Ş., which is included in the securities group, has been accounted for under the financial assets to be held to maturity in the records. As of 31 December 2020, the redemption date of 1 lease certificate amounting to 3.500.000 TL is 22 January 2021.

	31 December 2020	31 December 2019
<b>Other Financial Assets</b>		
Tarım Sigortaları Havuz İşletmesi A.Ş.(***)	684.773	569.340
<b>Total</b>	<b>684.773</b>	<b>569.340</b>

(\*\*\*) The Company's Tarım Sigortaları Havuz İşletmesi A.Ş. and the shares it owns.

Value increases/(decreases) of financial assets in the last three periods:

<b>Type of financial asset</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Financial assets held for trading	(278.400)	1.741.756	(478.360)
<b>Total</b>	<b>(278.400)</b>	<b>1.741.756</b>	<b>(478.360)</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Held to maturity investments	7.786	-	1.760.484
<b>Total</b>	<b>7.786</b>	<b>-</b>	<b>1.760.484</b>

There is no blockage on financial assets of the company (31 December 2019: None).

There are no mortgages or collaterals on the assets of the company other than TL 55.500.000 in favor of X, 1.683.814 TL for various lawsuits, 66.000.000 TL in favor of the Ministry of Treasury and Finance and 261.924 TL in Birleşik Fon Bankası A.Ş. (31 December 2019: There are no mortgages or guarantees, except for Tarsim Tarım Sigortaları Havuz İşletmeleri A.Ş., TL 4.043.647, TL 1.948.232 for various lawsuits and TL 44.000.000 in favor of the Ministry of Treasury and Finance and Birleşik Fon Bankası A.Ş. 265.264 TL blockage).



# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 12. Receivables

	31 December 2020	31 December 2019
Receivables from insurance operations (Note 4.2)	128.406.721	96.802.243
Provision for receivables from insurance operations (Note 4.2)	(1.037.465)	(980.066)
Receivables from reinsurance operations (Note 4.2)	19.703.362	16.407.751
Doubtful receivables from operating and insurance operations (Note 4.2)	54.771.741	40.417.797
Provision for doubtful receivables from operating and insurance operations (-) (Note 4.2) (Note 2.1.1)	(54.771.741)	(40.417.797)
Other receivables (Note 47.1)	174.256.919	25.727.699
Given deposits and guarantees – long term	224.156	211.248
Receivables from other related parties (Note 4.2)	3.135.121	2.492.775
<b>Total</b>	<b>324.688.814</b>	<b>140.661.650</b>

Aging of past due but not impaired receivables from insurance and reinsurance operations are stated below:

<b>Overdue receivables</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Undue receivables	109.594.400	95.626.933
0-30 days	25.484.303	11.968.366
31-60 days	2.286.417	4.457.242
61-90 days	8.255.664	71.708
91 days and above	1.451.834	105.679
<b>Total</b>	<b>147.072.618</b>	<b>112.229.928</b>

Guarantees for undue receivables and past due but not impaired receivables are stated below:

	31 December 2020	31 December 2019
Letters of guarantees	5.607.000	4.501.000
Mortgages	1.494.000	1.797.000
Cash, cheque and note amounts	8.510.000	6.057.605
<b>Total</b>	<b>15.611.000</b>	<b>12.355.605</b>

For warranty calculations, agency-based amount of warranty is calculated as checking account debts. %30 of mortgages is taken (31 December 2019: %30).

The details and movement of provisions for doubtful receivables resulting from insurance operations is stated below:

	31 December 2020	31 December 2019
Provisions for receivables from sellers	80.000	80.000
Provisions for receivables from insured	428.561	363.286
Provisions for receivables from agencies	1.778.272	1.703.629
Provision for subrogation receivables under litigation (Note 2.1.1.c), (Note 4.2)	52.484.908	38.270.882
<b>Total</b>	<b>54.771.741</b>	<b>40.417.797</b>

	2020	2019
Opening balance, January 1	40.417.797	31.770.088
Current year charge	538.361.570	504.100.238
Collections	-	2.669
Evaluation of foreign exchange	119.035	40.954
Amounts written off during the year	(524.126.661)	(495.496.152)
<b>Closing balance, December 31</b>	<b>54.771.741</b>	<b>40.417.797</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 12. Receivables (continued)

Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

		<b>31 December 2020</b>	
		<b>Amount in original</b>	
		<b>currency</b>	<b>Amount TL</b>
<b>Foreign currency receivables</b>			
Receivables from insurance companies			
USD	1.694.261		12.436.964
EUR	467.223		4.208.891
GBP	41		411
<b>Total</b>			<b>16.646.266</b>
Receivables from insurance companies			
USD	43.887		322.155
EUR	106.809		962.122
CHF	6		46
<b>Total</b>			<b>1.284.323</b>
<b>Total foreign currency receivables</b>			<b>17.930.589</b>
		<b>31 December 2019</b>	
		<b>Amount in original</b>	
		<b>currency</b>	<b>Amount TL</b>
<b>Foreign currency receivables</b>			
Receivables from agencies			
USD	886.088		5.263.543
EUR	469.157		3.120.173
<b>Total</b>			<b>8.383.716</b>
Receivables from insurance companies			
USD	(160.417)		(952.908)
EUR	(144.375)		(960.178)
<b>Total</b>			<b>(1.913.086)</b>
<b>Total foreign currency receivables</b>			<b>6.470.630</b>

## 13. Derivative Financial Instruments

As of the balance sheet date, Company has no derivative financial instruments (31 December 2019: None).

## 14. Cash and Cash Equivalents

	<b>31 December 2020</b>	<b>31 December 2019</b>
Cash at banks	598.609.436	458.025.892
Demand deposits	5.374.630	12.287.194
Profit sharing accounts	593.234.806	445.738.698
Bank guaranteed credit card receivables with maturity less than three months	94.256.043	84.799.328
<b>Total</b>	<b>692.865.479</b>	<b>542.825.220</b>
Income accrual (-)	(3.711.780)	(2.952.713)
Blocked amounts	(123.183.814)	(44.712.935)
<b>Total for cash flow purposes</b>	<b>565.969.885</b>	<b>495.159.572</b>

Information about guarantees given in the name of Republic of Turkey Ministry of Treasury and Finance is presented in Note 17.1.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 14. Cash and Cash Equivalents (continued)

The maturity details of profit-sharing accounts as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Up to 1 month	258.366.479	25.018.579
1-3 month	334.868.327	360.866.926
3+ month	-	59.853.193
<b>Total</b>	<b>593.234.806</b>	<b>445.738.698</b>

As of 31 December 2020 and 2019, cash and cash equivalents denominated in foreign currency are disclosed in Note 4.2.2 "Foreign Exchange Risk".

## 15. Share Capital

As of balance sheet date the capital structure of the Company is disclosed in Note 1.1.

As of 31 December 2020, the Company's nominal capital is TL 100.000.000 (31 December 2019: TL 100.000.000). TL 100.000.000 (31 December 2019: TL 100.000.000) of the paid-in capital consists of 100.000.000 shares (31 December 2019: 100.000.000 shares) having a nominal amount of TL 1 each. The Company is not subject to the registered capital system.

The Company does not possess its own stock. There are not any stock sales required by future contracts. As of 31 December 2020 the related party transactions have been disclosed in Note 45.

### Legal Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% p.a., until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% p.a. of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

The movement table for legal reserves is as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
<b>Legal reserves at the beginning of the year</b>	<b>5.310.794</b>	<b>5.310.794</b>
Transfer to profit and other reserves	-	-
<b>Legal reserves at the end of the period</b>	<b>5.310.794</b>	<b>5.310.794</b>

### Extraordinary reserves

The movement table for extraordinary reserves is as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
<b>Extraordinary reserves at the beginning of the year</b>	<b>17.103.363</b>	<b>17.103.363</b>
Transfer to profit and other reserves	-	-
<b>Extraordinary reserves at the end of the period</b>	<b>17.103.363</b>	<b>17.103.363</b>

### Special funds

The movement table for special funds is as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
<b>Special funds at the beginning of the term</b>	<b>2.277.746</b>	<b>2.277.746</b>
Reserves allocated during the period	-	-
<b>Special funds at the end of the term</b>	<b>2.277.746</b>	<b>2.277.746</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 16. Other Provisions and Capital Component of Discretionary Participation

### 16.1. Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

TAS 19 states that actuarial gains/losses resulting from the changes in actuarial presumptions within the scope of the amendments effective as of January 1, 2013 shall be recognized under equity. Within this scope, the Company has evaluated the impact of the amendment on the financials. The current year actuarial loss amounting to TL (7.128) calculated as of 31 December 2020 (31 December 2019: 156.524 TL (actuarial gain)), net of the deferred tax effect of TL 1.426 (31 December 2019: 31.305 TL actuarial loss), net 5.702 TL expense was recognized as (31 December 2019: 125.219 TL income) under other profit reserves account under equity in the balance sheet.

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

None (31 December 2019: None).

## 16. Other Provisions and Capital Component of Discretionary Participation (continued)

### 16.3. Hedging for forecasted transactions and net investment hedging

None (31 December 2019: None).

### 16.4. Hedging transactions

None (31 December 2019: None).

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

None (31 December 2019: None).

### 16.6. Revaluation increases in tangible fixed assets

None (31 December 2019: None).

### 16.7. Current and deferred tax in relation to debit and credit items directly charged to equity

These disclosures in Note 16.1.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 17. Insurance Liabilities and Reinsurance Assets

### 17.1 Guarantees to be provided for life and non-life insurances and guarantees provided for life and non-life insurances based on assets

	31 December 2020	31 December 2019
<b>Current Blockage</b>		
Minimum guarantee to be provided for non – life branches	76.416.543	48.007.010
Current blockage	66.809.363	44.000.000

Guarantees provided for non-life branches consist of profit share accounts.

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

None (31 December 2019: None).

### 17.3. Insurance Guarantees given to non-life insurances based on branches

	31 December 2020	31 December 2019
Motor vehicles liability	1.975.284.328.000	1.200.848.274.000
Fire and natural disasters	353.410.805.046	239.550.601.305
General liability	12.860.290.383	6.920.968.167
Accident	4.302.615.281	4.966.967.802
Transportation	11.859.810.960	3.924.885.828
General losses	63.841.482.729	33.495.227.960
Motor vehicles	15.724.852.918	11.007.889.356
Financial losses	1.547.276.214	1.564.603.409
Legal protection	926.853.000	929.703.000
Illness	268.312.266	617.025.439
Water Vehicles	1.716.872.449	77.689.125
Suretyship	116.411.781	101.378.789
<b>Total</b>	<b>2.441.859.911.027</b>	<b>1.504.005.214.180</b>

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

None (31 December 2019: None).

### 17.5. Number and amount of participation certificates in portfolio and circulation

None (31 December 2019: None).

### 17.6. Numbers and portfolio amount of additions, disposals, reversals and current individual and group pension participants

None (31 December 2019: None).

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

None (31 December 2019: None).

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

None (31 December 2019: None).

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 17. Insurance Liabilities and Reinsurance Assets (continued)

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

None (31 December 2019: None).

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

None (31 December 2019: None).

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

None (31 December 2019: None).

### 17.12. Number of additions of life insurances and their group or individual allocation and gross and net premiums

None (31 December 2019: None).

### 17.13. Number of disposals of life insurances and their group or individual allocation and gross net premiums and net mathematical reserves

None (31 December 2019: None).

### 17.14. Profit share distribution rate of life insurances in the current period

None (31 December 2019: None).

### 17.15. Amounts from insurance contracts in the financial statements

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Company. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Company makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in Note 2 – *Summary of significant accounting policies*.

As of 31 December 2020 and 2019, the details of the Company's technical provisions are as follows:

	31 December 2020	31 December 2019
Reserve for unearned premiums, gross	578.913.567	403.501.333
Reserve for unearned premiums, ceded (Note 10)	(244.965.115)	(125.733.328)
Reserve for unearned premiums, SGK (Note 10)	(16.950.405)	(12.339.071)
<b>Reserve for unearned premiums, net</b>	<b>316.998.047</b>	<b>265.428.934</b>
Provision for outstanding claims, gross	571.175.657	394.133.022
Provision for outstanding claims, ceded (Note 10)	(134.331.068)	(109.557.132)
<b>Provision for outstanding claims, net</b>	<b>436.844.589</b>	<b>284.575.890</b>
Provision for unexpired risks, gross	3.067.963	22.822
Provision for unexpired risks, cede	(1.490.605)	(18.919)
<b>URR, net</b>	<b>1.577.358</b>	<b>3.903</b>
Equalization provision, net	13.865.585	12.066.154
<b>Other technical provisions, net</b>	<b>13.865.585</b>	<b>12.066.154</b>
Mathematical provisions, gross	3.646.421	5.350.701
Mathematical provisions, ceded	(55.809)	(90.961)
<b>Mathematical provisions, net</b>	<b>3.590.612</b>	<b>5.259.740</b>
<b>Total technical provisions, net</b>	<b>772.876.191</b>	<b>567.334.621</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## Bereket Sigorta Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As at 31 December 2020

(Currency: Turkish Lira (TL))

## Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Note 2.1.1

### 17. Insurance Liabilities and Reinsurance Assets (continued)

#### 17.15. Amounts from insurance contracts in the financial statements (continued)

The movement of outstanding claim reserve:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	394.133.022	109.557.132	284.575.890	266.916.845	95.215.007	171.701.838
Net Change	76.565.461	13.852	76.551.609	175.903.485	29.593.206	146.310.279
Discount Effect <sup>(1)</sup>	100.477.174	24.760.084	75.717.090	(48.687.308)	(15.251.081)	(33.436.227)
<b>Ending Balance</b>	<b>571.175.657</b>	<b>134.331.068</b>	<b>436.844.589</b>	<b>394.133.022</b>	<b>109.557.132</b>	<b>284.575.890</b>

The movement of unearned premium reserve is as follows:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	403.501.333	138.072.399	265.428.934	261.911.107	71.442.282	190.468.825
Net Change	175.412.234	123.843.121	51.569.113	141.590.226	66.630.117	74.960.109
<b>Ending Balance</b>	<b>578.913.567</b>	<b>261.915.520</b>	<b>316.998.047</b>	<b>403.501.333</b>	<b>138.072.399</b>	<b>265.428.934</b>

The movement of ongoing risks reserve is as follows:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	22.822	18.919	3.903	10.028.591	1.814.749	8.213.842
Net Change	3.045.141	1.471.686	1.573.455	(10.005.769)	(1.795.830)	(8.209.939)
<b>Ending Balance</b>	<b>3.067.963</b>	<b>1.490.605</b>	<b>1.577.358</b>	<b>22.822</b>	<b>18.919</b>	<b>3.903</b>

The movement of total Equalization provision reserve is as follows:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	28.227.893	16.161.739	12.066.154	22.630.111	13.175.021	9.455.090
Net Change	8.270.621	6.471.190	1.799.431	5.597.782	2.986.718	2.611.064
<b>Ending Balance</b>	<b>36.498.514</b>	<b>22.632.929</b>	<b>13.865.585</b>	<b>28.227.893</b>	<b>16.161.739</b>	<b>12.066.154</b>

The movement of provision for actuarial mathematical reserve:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	5.350.701	90.961	5.259.740	7.416.382	134.095	7.282.287
Net Change	(1.704.280)	(35.152)	(1.669.128)	(2.065.681)	(43.134)	(2.022.547)
<b>Ending Balance</b>	<b>3.646.421</b>	<b>55.809</b>	<b>3.590.612</b>	<b>5.350.701</b>	<b>90.961</b>	<b>5.259.740</b>



# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## Bereket Sigorta Anonim Şirketi

Notes to the Unconsolidated Financial Statements  
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(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

### 17. Insurance Liabilities and Reinsurance Assets (continued)

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

	1 January- 31 December 2020	1 January- 31 December 2019
<u>Reinsurance agreements income and expenses</u>		
Ceded premium to reinsurers (-) <sup>(*)</sup>	(825.269.022)	(609.935.187)
Reinsurance commissions received	109.787.867	86.162.608
Reinsurance share of claims paid	48.347.874	27.836.522
Reinsurance share of unearned premiums reserve <sup>(**)</sup>	261.915.520	138.072.399
Reinsurance share of unearned premiums reserve carried forward (-) <sup>(***)</sup>	(138.072.399)	(71.442.282)
Reinsurance share of unexpired risks reserve carried forward (-)	1.490.605	18.919
Reinsurance share of outstanding claim reserve	134.331.068	109.557.132
Reinsurance share of outstanding claim reserve carried forward (-)	(109.557.132)	(95.215.007)
Reinsurance share of equalization reserve	6.471.190	2.986.718
Reinsurance share of mathematical reserve	55.809	90.961
Reinsurance share of mathematical reserve carried forward (-)	(90.961)	(134.095)
Reinsurance share of accrued subrogation and salvage income	2.227.366	972.462
<b>Total</b>	<b>(508.362.215)</b>	<b>(411.028.850)</b>

<sup>(\*)</sup> TL 31.331.691 (31 December 2019: TL 20.361.558) of ceded Premium to Social Security Institution ("SSI") is included in the total ceded Premium to reinsurers.

<sup>(\*\*)</sup> TL 16.950.405 (31 December 2019: TL 12.339.071) of SSI share is included in reinsurance share of unearned premiums reserve.

<sup>(\*\*\*)</sup> TL 12.339.071 (31 December 2019: TL 9.404.625) of SSI share is included in the reinsurance share of unearned premiums reserve carried forward.

#### 17.17. Comparison of the incurred claims with past estimates

Disclosed in Note 4.1.2.3.

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

Disclosed in Note 4.1.2.4.

#### 17.19. Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs

None (31 December 2019: None).

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 18. Investment Contract Liabilities

The Company has no investment contracts (31 December 2019: None).

## 19. Trade and Other Payables, Deferred Income

	31 December 2020	31 December 2019
Payables for insurance operations <sup>(*)</sup>	30.656.015	16.865.693
Other payables for main activities	66.594.120	42.820.857
Payables to SSI related to treatment expenses <sup>(**)</sup>	7.528.181	8.107.851
Guarantees and deposits received (Note 47.1)	4.219.104	3.333.398
Other payables <sup>(***)</sup>	3.480.912	828.781
Deferred Income (short term) (Not 10)	39.972.872	20.709.750
Allowance for cost expenses <sup>(****)</sup>	4.258.548	1.449.748
Expense accruals	8.127.997	4.499.496
Other payables to affiliates	17.120	82.633
<b>Total</b>	<b>164.854.869</b>	<b>98.698.207</b>

<sup>(\*)</sup> As of 31 December 2020, Liabilities to reinsurance companies amounting to TL 22.085.301 (31 December 2019: TL 5.593.226) is classified under this amount.

<sup>(\*\*)</sup> Since the treatment cost payment obligation related to the guarantees given under the "Compulsory Land Transportation Liability", "Compulsory Traffic" and "Compulsory Personal Seat Bus Accident" branches by the insurance companies in accordance with the Circular No: 2011/17 has been revoked, there is no possibility for any claims demand for indemnification in relation to treatment costs. The amounts calculated based on the related context should be transferred to the Social Security Institution ("SSI") simultaneously with the written premiums. The related amounts should be followed under the "Due to SSI Treatment Expenses" account to the extent that the related payment is made in cash to the SSI.

<sup>(\*\*\*)</sup> Other Payables are composed of payables to suppliers.

<sup>(\*\*\*\*)</sup> Provisions for cost expenses consist of 609.112 TL of personnel leave provisions, 730.050 TL of provisions for personnel lawsuits filed against the Company (31 December 2019: 496.764 TL of personnel leave provisions, 952.984 TL of provisions for personnel lawsuits filed against the Company).

Transactions between the Company and its related parties and their balances as of the period-end are presented in "Related Parties".

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 19. Trade and Other Payables, Deferred Income (continued)

<u>Foreign currency payables</u>	<b>31 December 2020</b>	
	<b>Amount in original currency</b>	<b>Amount TL</b>
Insured and agency payables		
CHF	2	14
GBP	389	3.884
<b>Total</b>		<b>3.897</b>
Insurance Companies		
EUR	622	5.610
<b>Total</b>		<b>5.610</b>
Reinsurance Companies		
USD	1.295.184	9.524.396
EUR	115.363	1.041.047
<b>Total</b>		<b>10.565.443</b>
Other payables (*)		
USD	225.490	1.658.187
EUR	213.912	1.930.362
GBP	4.292	42.902
<b>Total</b>		<b>3.631.451</b>
<b>Total foreign currency payables</b>		<b>14.206.401</b>

<u>Foreign currency payables</u>	<b>31 December 2019</b>	
	<b>Amount in original currency</b>	<b>Amount TL</b>
Insured and agency payables		
USD	13.514	80.274
EUR	6.350	42.233
CHF	2	10
GBP	45	353
<b>Total</b>	<b>19.911</b>	<b>122.870</b>
Insurance Companies		
USD	5.114	30.377
EUR	1.496	9.953
<b>Total</b>	<b>6.610</b>	<b>40.330</b>
Reinsurance Companies		
USD	511.109	3.036.087
EUR	73.863	491.238
<b>Total</b>	<b>584.972</b>	<b>3.527.325</b>
Other payables (*)		
USD	221.968	1.318.532
EUR	104.701	696.320
<b>Total</b>	<b>326.669</b>	<b>2.014.852</b>
<b>Total foreign currency payables</b>		<b>5.705.377</b>

(\*) Includes guarantees received, outstanding claims and deferred expense payables.

## 20. Payables

As a result of initial measurement of TFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised TL 13.689.510 (31 December 2019: TL 10.678.569) of right of use assets and TL 8.670.516 lease liabilities as at 31 December 2020. (31 December 2019: 7.560.357)

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 21. Deferred Income Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements. These differences usually arise from the recognition of revenue and expenses in different reporting periods for TAS and tax purposes and they are stated below.

Since the corporate tax rate of 22% is entered into force with the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation", in deferred tax calculations, the rate of 22% is used for temporary differences that would be recovered in 2019, 2020 and 2021 and the rate of 20% is used for the portion exceeding three years in 31 December 2019 financial statements.

<b>Deferred tax assets/(liabilities)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Insurance technical provisions	2.438.832	2.163.965
Retirement pay provision	522.765	416.221
Depreciation differences of tangible assets/amortization differences of intangible assets	421.210	382.832
Receivable-payable discount	185.557	209.838
Provisions for lawsuits	146.010	209.656
Provisions for unused vacations	121.822	109.288
Premium receivables reserves	21.936	5.777
Financial assets	(55.675)	(383.076)
Other expense, accruals	37.196	-
Rental expense	170.715	40.324
<b>Total</b>	<b>4.010.368</b>	<b>3.154.825</b>

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate earnings, provided that they do not exceed 5 years.

The company has no deductible financial losses as of 31 December 2020 (31 December 2019: None).

As of 31 December 2020 and 31 December 2019, the Company has no unused financial losses.

Movement of deferred tax assets/ (liabilities) as of 31 December 2020 is stated below:

<b>Movement of deferred tax assets/(liabilities)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Opening balance at January 1	3.154.825	5.052.183
Charge to income statement	861.245	(1.928.663)
Charge to other comprehensive income	(5.702)	31.305
<b>Closing balance at December 31</b>	<b>4.010.368</b>	<b>3.154.825</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 22. Retirement Benefits

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and 25 August 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of 23 May 2002.

Retirement pay liability is not subject to any funding requirement legally. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 8,50% and a discount rate of 12,80%, resulting in a real discount rate of approximately 3,96% (31 December 2019: 4,11%). As the maximum liability is updated semiannually, the maximum amount of TL 7.117 (31 December 2019: TL 6.379,86) effective from 1 January 2021 has been taken into consideration in calculation of provision from employment termination benefits.

<b>Retirement pay provision</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Provision at January 1	2.081.104	1.661.433
Service cost	407.659	364.926
Interest cost	234.591	207.471
Payment/diminishing benefits/ gain/ (loss) due to dismissal	-	449.896
Retirement pay paid	(223.726)	(293.371)
Actuarial loss/(gain)	7.128	(374.153)
Termination cost	107.068	64.902
<b>Provision at December 31</b>	<b>2.613.824</b>	<b>2.081.104</b>

## 23. Other liabilities and expense accruals

### 23.1. Provisions related to employee benefits and others

	<b>31 December 2020</b>	<b>31 December 2019</b>
Performance premium provision <sup>(*)</sup>	2.919.386	-
Unused vacation provision	609.112	496.764
Social security withholdings payable	634.327	488.398
Other provisions <sup>(**)</sup>	730.050	952.984
<b>Unused vacation provision</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Opening at January 1	496.764	508.599
Current year charge (Note 47.4)	112.348	(11.835)
<b>Closing at December 31</b>	<b>609.112</b>	<b>496.764</b>

<sup>(\*)</sup> Consists of personnel premium reserves.

<sup>(\*\*)</sup> Consists of personnel lawsuit provisions.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 23. Other liabilities and expense accruals

### 23.2. Off-balance sheet commitments

As of 31 December 2020, TL 57.034.923 (31 December 2019: TL 36.857.475) of given commitments amounting to TL 46.161.831 (31 December 2019: TL 36.326.431) consists of commitments given for lawsuits and enforcement offices.

As of the balance sheet date, total amount of litigations filed against the Company for claim payments is TL 221.785.600 (31 December 2019: TL 177.174.755) Outstanding claims reserve is provided for the litigations filed against the Company. Except these cases, lawsuits filed against the Company are amounting to TL 730.050 (31 December 2019: TL 952.984). The Company opened provisions for all these cases.

## 24. Net Insurance Premium Income

	1 January- 31 December 2020	1 January- 31 December 2019
Motor vehicles liability	164.134.871	228.897.273
State supported agriculture and animal farming	32.011.928	24.327.245
Motor vehicles	2.164.085	143.939.485
Fire and natural disasters	25.020.076	27.547.759
General losses	4.486.766	7.104.191
Accident	893	(51.635)
General liability	2.036.728	44.515.159
Legal protection	24.385.989	3.807.115
Transportation	(2.441)	2.268.486
Illness/Health	4.680.696	1.929.757
Financial losses	1.850.443	89.523
Suretyship (Breach of Trust)	317.478	76.353
Water Vehicles	332.880.112	35.581
<b>Total</b>	<b>593.967.624</b>	<b>484.486.292</b>

Net amounts are calculated by subtracting reinsurance share amount from gross premiums.

## 25. Fee Income/(Expense)

<b>Service Income/(Expense)</b>	1 January- 31 December 2020	1 January- 31 December 2019
Commissions received from reinsurers	109.787.867	86.162.608
Commissions paid to agencies (-)	(162.244.833)	(119.938.973)
<b>Total</b>	<b>(52.456.966)</b>	<b>(33.776.365)</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 26. Investment Income/ (Expense)

	1 January- 31 December 2020	1 January- 31 December 2019
Financial assets held-for-trading		
<i>Dividend Income</i>	68.655.262	472.750
<i>Sales profits/losses</i>	-	-
<i>Value increase/(decrease)</i>	3.441.166	5.401.868
Held to maturity investments		
<i>Realized sukook income</i>	4.313.013	2.527.611
<i>Investment management expenses</i>	(6.271.949)	(3.205.801)
Foreign exchange gain	16.844.127	4.172.290
Foreign exchange loss	(13.597.709)	(3.791.465)
Profit shares of participation accounts	43.448.284	53.250.760
Other Financial Assets		
<i>Dividend Income</i>	3.470	139.308
Other investment expenses	(7.500)	-
<b>Total <sup>(*)</sup></b>	<b>116.828.164</b>	<b>58.967.321</b>

<sup>(\*)</sup> Investment income/ (expense) also exclude investment income and expenses and depreciation expense transferred from non-technical part.

## 27. Net Income Accrual on Financial Assets

In Note 26, the profit-sharing income amounting to TL 43.448.284 (31 December 2019: TL 53.250.760) reported under investment income account, includes accrued income amounting to TL 3.711.780 (31 December 2019: TL 2.952.713).

Held to maturity financial assets revaluation amounting to TL 4.313.013 (31 December 2019: TL 2.527.611) includes accrued income amounting to TL 7.786 (31 December 2019: None).

## 28. Assets Held at Fair Value Through Profit and Loss

Net profit of financial assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TL 3.441.166 net profit (31 December 2019: TL 5.401.868 net profit).

## 29. Insurance Rights and Demands

The subrogation income/ (expense) for the period between 1 January – 31 December 2019 based on each branch are presented in the below table:

	1 January- 31 December 2020	1 January- 31 December 2019
Motor vehicles liability	2.286.691	(6.325)
Motor vehicles	590.340	3.829.264
Natural disasters other than earthquakes and floods	32.961	-
Machine Breakage	14.244	(92)
Electronic device	5.631	-
Breach of safety	590	-
Fire and natural disasters	(321.446)	542.954
Motor road vehicles optional discretion	(7.150)	(18.203)
Voluntary earthquake	(2.000)	-
Transportation	-	2.000
General losses	-	810
<b>Total <sup>(*)</sup></b>	<b>2.599.861</b>	<b>4.350.408</b>

<sup>(\*)</sup> The above amounts are presented as gross accruals less reinsurance shares.



# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 30. Investment Agreement Rights

None (31 December 2019: None).

## 31. Other expenses

Grouping of expenses based on qualifications and functions within the company is disclosed in Note 32.

## 32. Expense by nature

	1 January- 31 December 2019	1 January- 31 December 2019
Personnel wages and expenses (Note 33)	(33.454.908)	(22.812.008)
Commission expense	(162.244.833)	(119.938.973)
Rent expenses	(1.254.343)	(703.232)
Transportation expenses	(3.459.238)	(1.013.394)
Communication expense	(992.016)	(888.790)
Advertising expenses	(5.343)	(267.910)
Administrative expenses	(6.261.671)	(5.183.852)
Marketing expenses	(3.837.241)	(7.115.136)
Outsourced benefits and services	(14.099.740)	(8.383.691)
Reinsurance commissions (+)	109.787.867	86.162.608
Assistance service expense	(605.393)	-
<b>Total</b>	<b>(116.426.859)</b>	<b>(80.144.378)</b>

Depreciation and amortization expenses, assistance and other technical expenses are included separately in the income statement.

## 33. Employee benefit expenses

	1 January- 31 December 2020	1 January- 31 December 2019
Personnel salary and expenses	(22.702.476)	(13.856.108)
Insurance payments	(6.876.677)	(5.556.665)
Food and transportation expenses	(2.755.943)	(2.423.525)
Retirement pay provision expense	(1.205.294)	(463.767)
Other payments	85.482	(511.943)
<b>Total (Note 32)</b>	<b>(33.454.908)</b>	<b>(22.812.008)</b>

Total salaries and benefits paid to the members of the Board of Directors, General Manager, and General Coordinator, Assistant General Manager and other executive management are explained in Note 1.6.

The Company has no share based payments within the scope of TFRS 2 in the current year (1 January – 31 December 2019: None).

## 34. Finance Costs

Intermediary commissions and brokerage fees directly expensed in the year amounting to TL (6.271.949) (1 January – 31 December 2019: (3.205.801)).

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 35. Income Tax

	31 December 2020	31 December 2019
<b>Corporate tax liability:</b>		
Corporate tax liability provision	16.607.760	-
Prepaid taxes and funds	(16.361.588)	(8.110.849)
	<b>246.172</b>	<b>(8.110.849)</b>
<b>Income tax expense:</b>		
Corporate tax expense	(16.607.760)	-
Deferred tax expense/ (income)	861.245	1.928.663
<b>Total tax expense/ (income)</b>	<b>(15.746.515)</b>	<b>1.928.663</b>

### Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

The effective tax rate used in 2020 is 22% (2019: 22%).

In Turkey, advance tax returns are filed and accrued on a quarterly basis. The advance corporate income tax rate used in 2020 is 22% (2019: 22%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 years.

### Income Withholding Taxes

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 23 April 2003 by the end of 22 July 2006. However, this rate was changed to 15% commencing from 22 July 2006 upon the order no: 2006/10731 of the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

### Provision for tax and other liabilities

Reconciliation of tax and other liabilities with profit for the year is as below:

	31 December 2020	31 December 2019
	<b>Tax Rate(%)</b>	<b>Tax Rate (%)</b>
<b>Profit before tax</b>	<b>89.942.410</b>	<b>9.052.669</b>
Income tax provision based on statutory tax rate	(19.787.330) (22,00)	(1.991.587) (22,00)
Current year financial losses unrecognized under deferred tax	4.058.518 4,51	424.306 3,86
Net impact of non-taxable income and expenses	(17.703) (0,02)	62.924 (0,57)
<b>Tax Expense/(Income)</b>	<b>(15.746.515) (17,51)</b>	<b>(1.928.663) (17,56)</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 36. Net Foreign Exchange Gains

Recognized in profit/loss	31 December 2020	31 December 2019
Foreign exchange gains	16.844.127	4.172.290
Foreign exchange losses	(13.597.709)	(3.791.465)
<b>Total</b>	<b>3.246.418</b>	<b>380.825</b>

## 37. Earnings per Share

The companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share per TAS 33. Since the Company's shares are not traded in the stock market, earnings per share are not calculated in the accompanying financial statements.

## 38. Dividend per Share

	31 December 2020	31 December 2019
Profit/ (loss) for the period	73.334.650	9.052.669
Weighted average number of shares	100.000.000	100.000.000
Earnings per share (TL)	0,7333	0,0905

## 39. Cash Generated from the Operations

The cash flow statement is presented within the accompanying financial statements. Net cash generated from the operating activities and cash flows from the investing activities are, respectively, TL 69.200.349 and TL 9.099.143 (January 1 – 31 December 2019: TL 153.033.780 and TL 20.194.279).

## 40. Bonds convertible into Common Stock

None (31 December 2019: None).

## 41. Preferred Stocks convertible into cash

None (31 December 2019: None).

## 42. Risks

Reserve for receivables are required if any evidence exists about uncollectibility of the receivables from insurance operations. When collection of receivables is not possible, they are written off completely.

For allowance for doubtful receivables, the Company has provided provision for receivables that are subject to legal follow-up and for receivables which are closely monitored by the management. As of 31 December 2020, the Company provided TL 54.771.741 provision for the impaired receivables (31 December 2019: TL 40.417.797). TL 52.484.908 (31 December 2019: TL 38.270.882) of this provision is provided for subrogation transactions under litigation, TL 1.778.272 (31 December 2019: TL 1.703.629) is provided for receivables from agencies, remaining part amounting to TL 428.561 (31 December 2019: TL 363.286) is provided for receivables from insured.

Moreover the Company has set a provision amounting to TL 1.037.465 (31 December 2019: TL 980.066) for the receivables from agencies which has no guarantee.

Disclosed in Note 2.1.1.

## 43. Commitments

As of 31 December 2020, commitments given amounting to TL 57.034.923 (31 December 2019: TL 36.857.475) is given for lawsuits and foreclosure out of the total commitments of TL 46.161.831 (31 December 2019: TL 36.326.431). The Company has no tangible and intangible assets held for commitment (31 December 2019: None).

## 44. Business Combinations

None (31 December 2019: None).

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 45. Related Parties

### Receivables from related parties

	31 December 2020	31 December 2019
Tarım Kredi Koop. Merkez Birliği Genel Müdürlüğü	135.618.630	-
Bereket Emeklilik ve Hayat A.Ş.	10.167.494	-
Bereket Katılım Sigorta A.Ş.	1.605.258	-
<b>Total</b>	<b>147.391.382</b>	<b>-</b>

### Due to related parties

	31 December 2020	31 December 2019
Tarım Kredi Koop. Bilişim ve İletiş. Hiz. ve Tic. A.Ş.	799.122	-
Tarım Kredi Holding A.Ş.	277.982	-
Tarım Kredi Merkez Birliği	117.902	-
TK Taşımacılık ve Lojistik A.Ş.	7.080	-
Tarım İletişim Hizmetleri A.Ş.	2.510	-
Company shareholders (Other) <sup>(*)</sup>	-	2.127
<b>Total</b>	<b>1.204.596</b>	<b>2.127</b>

(\*) The Company has payable to shareholders amounting to TL 2.127 (31 December 2019: TL 2.127) due to the dividends cannot be paid.

### Premiums from Related Parties

	1 January- 31 December 2020	1 January- 31 December 2019
Tarım Kredi Koop. Merkez Birliği Genel Müdürlüğü	672.002.101	67.763
Gübre Fabrikaları T.A.Ş.	7.626.020	5.362.786
Tareks Hayvancılık A.Ş.	3.206.455	1.739.231
Tarım Kredi Birlik Tarım Ürün. Hay. Amb. Petrol. İth. İhr. San. ve Tic. A.Ş.	2.833.718	857.596
Tarım Kredi Yem San. ve Tic. A.Ş.	1.170.448	232.056
Bereket Emeklilik ve Hayat A.Ş.	385.112	19.615
Tarım Kredi Bilişim Ve İletişim Hiz. San ve Tic. A.Ş.	286.869	160.599
Tarım Kredi Tarım Ürünleri Lisanslı Depoculuk A.Ş.	362.719	225.565
İmece Plas. Tarım İnş. T. P. Ü. ve Gıda San. Tic. A.Ş.	214.397	214.431
Tareks Tarım Ürünleri Araç Gereç İth. İhr. ve Tic. A.Ş.	223.602	183.637
Tarkim Bitki Koruma San. ve Tic. A.Ş.	188.379	157.857
Tarım Kredi Gıda San. ve Tic. A.Ş.	116.639	94.009
TK Taşımacılık Ve Lojistik A.Ş.	2.280.010	-
TKT Hayvancılık ve Tarım Ürünleri A.Ş.	76.856	-
Çankırı Tarım Ürünleri Lisanslı Depoculuk San. Tic. A.Ş.	-	7.137
TK Kooperatifleri Sera A.Ş.	26.080	-
Bereket Katılım Hayat A.Ş.	21.020	-
Tarım Kredi Holding A.Ş.	18.258	-

### Paid commissions to related parties

	1 January- 31 December 2020	1 January- 31 December 2019
Tarım Kredi Koop. Merkez Birliği	71.958.601	11.238
Bereket Emeklilik ve Hayat A.Ş.	3.150.763	14.873.457
Bereket Katılım Sigorta A.Ş.	346.664	-
Tarım Kredi Birlik Tarım Ürünleri Hayvancılık Ambalaj Petrol Nak. İht. İhr. San. ve Tic. A.Ş.	-	145.537
Tareks Hayvancılık Anonim Şirketi	-	(12.220)
Tarım Kredi Yem Sanayi ve Tic. A.Ş.	-	109.446
TK Tarım Ürünleri Lisanslı Depoculuk A.Ş.	-	313
Tareks Tarım Ürünleri Araç Gereç İth. İhr. Ve Tic. A.Ş.	-	31.748
İmece Plastik Tarım İnş. Taah. Pet. Ü. ve Gıda San. A.Ş.	-	36.616
Tarım Kredi Bilişim ve İletiş. Hiz. Ve Tic. A.Ş.	-	359
Tarkim Bitki Koruma San. ve Tic. A.Ş.	-	17.240
Tarım Kredi Gıda Sanayi ve Tic. A.Ş.	-	11.099
TK Taşımacılık Ve Lojistik A.Ş.	-	-
Gübre Fabrikaları T.A.Ş.	-	3.067
Tarım Kredi Birlik A.Ş.	-	145.537

# Notes to the Unconsolidated Financial Statements

## As at 31 December 2020

(Currency: Turkish Lira (TL))

### 45. Related Parties (continued)

	1 January- 31 December 2020	1 January- 31 December 2019
<b>Claims paid to related parties</b>		
Gübre Fabrikaları T.A.Ş.	423.126	-
Tarım Kredi Yem San. ve Tic. A.Ş.	385.620	-
Tarım Kredi Gıda San. ve Tic. A.Ş.	83.286	18.458
Tarım Kredi Birlik Tarım Ürünleri Hayvancılık Ambalaj Petrol Nak. İht. İhr. San. ve Tic. A.Ş.	48.949	5.650
İmece Plastik Tarım İnş. Taah. Pet. Ürn.ve Gıd. San. A.Ş.	40.739	(1.763)
Tareks Tarım Ürünleri Araç Gereç İht.İhr. ve Tic. A.Ş.	-	10.880
TK Tarım Ürünleri Lisanslı Depoculuk A.Ş.	10.000	5.658
TK Taşımacılık Ve Lojistik A.Ş.	655.472	8.908
Tareks Hayvancılık A.Ş.	2.000	1.678
Tarım Kredi Holding A.Ş.	1.781	-
Tarım Kredi Koop.Merkez Birliği	-	45.337
Bereket Emeklilik ve Hayat A.Ş.	6.392.190	1.842.400
	<b>1 January-31 December 2020</b>	<b>1 January-31 December 2019</b>
<b>Other expenses paid to related parties</b>		
Tarım Kredi Bilişim ve İht. Hiz. San. Tic. A.Ş.	4.182.862	1.726.945
Bereket Katılım Sigorta A.Ş.	793.635	-
Bereket Emeklilik ve Hayat A.Ş.	4.542	2.434.173
Bereket Katılım Hayat A.Ş.	204.671	312.273
Tarım Kredi Birlik A.Ş.	111.037	-
Tarım Kredi Holding A.Ş.	479.443	60.699
Tarım Kredi Kooperatifleri (Merkez, Şanlıurfa, İzmir)	25.525	7.530
Tarım Kredi Yem Sanayi ve Ticaret A.Ş.	-	-
Tarım Kredi Merkez Birliği	49.066	-
TK Taşımacılık Ve Lojistik A.Ş.	24.032	-
	<b>1 January-31 December 2020</b>	<b>1 January-31 December 2019</b>
<b>Other income from related parties</b>		
Bereket Emeklilik ve Hayat A.Ş.	1.167.741	7.461.891
Bereket Katılım Sigorta A.Ş.	305.699	60.216
Bereket Katılım Hayat A.Ş.	32.633	-
	<b>1 January-31 December 2020</b>	<b>1 January-31 December 2019</b>
<b>Reinsurance premiums received from related parties</b>		
Bereket Emeklilik ve Hayat A.Ş.	7.876.907	37.180.653
Bereket Katılım Sigorta A.Ş.	1.215.385	(281.916)
	<b>1 January-31 December 2020</b>	<b>1 January-31 December 2019</b>
<b>Paid Reinsurance commissions to related parties</b>		
Bereket Emeklilik ve Hayat A.Ş.	-	3.150.763
Bereket Katılım Sigorta A.Ş.	-	(102.335)
	<b>1 January-31 December 2020</b>	<b>1 January-31 December 2019</b>
<b>Premiums Paid to Related Parties</b>		
Bereket Emeklilik ve Hayat A.Ş.	-	457.151

### 46. Subsequent events

None.

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 47. Other

47.1. Items and amounts classified under the “other” account in financial statements either exceeding 20 % of the total amount of the group to which they relate or 5 % of the total assets in the balance sheet

Other receivables	31 December 2020	31 December 2019
Marketable securities receivables	61.807.164	171.758
Receivables from TARSİM	879.431	543.496
Receivables from DASK	117.002.350	27.588.194
Other receivables rediscount	(5.432.026)	(2.575.749)
<b>Total (Note 12)</b>	<b>174.256.919</b>	<b>25.727.699</b>

Other deferred expenses	31 December 2020	31 December 2019
Deferred assistance expense	7.731.095	4.529.954
Advertising expenses	3.160.152	4.861
Consulting expense	560.396	-
Maintenance and repair expenses	459.112	68.504
Dues expenses	316.298	-
Insurance expenses	240.281	2.093
Other	98.173	105.466
IT expenses	90.765	28.452
Rent expenses	87.018	83.826
Promotion expenses	43.660	-
Eye check-up	-	200.427
<b>Total</b>	<b>12.786.950</b>	<b>5.023.583</b>

Other current assets	31 December 2020	31 December 2019
Prepaid taxes and funds	6.197.968	8.110.849
Business advances	292.595	167.784
Other current assets	25.171	22.111
<b>Total</b>	<b>6.515.734</b>	<b>8.300.744</b>

Other short-term payables	31 December 2020	31 December 2019
Payables to SSI related to treatment expenses	7.528.181	8.107.851
Payables to suppliers	3.227.977	828.781
<b>Total</b>	<b>10.756.158</b>	<b>8.936.632</b>

Provisions for other current liabilities	31 December 2020	31 December 2019
Performance premium provision	2.919.386	-
Employee termination benefits	2.613.824	2.081.104
Unused vacation provision	609.112	496.764
Litigations provision (excluding those for main operations)	730.050	952.984
<b>Total</b>	<b>6.872.372</b>	<b>3.530.852</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 47. Other (continued)

### Other technical reserves

Equalization reserve , net	
Equalization reserve , gross	
Equalization reserve , reinsurance share (-)	
<b>Total (Note 17)</b>	

<b>31 December 2020</b>	<b>31 December 2019</b>
13.865.585	12.066.154
36.498.514	28.227.893
(22.632.929)	(16.161.739)
<b>13.865.585</b>	<b>12.066.154</b>

### Long term provisions for other risks

Deposits and guarantees received (Note 19)	
<b>Total</b>	

<b>31 December 2020</b>	<b>31 December 2019</b>
4.219.104	3.333.398
<b>4.219.104</b>	<b>3.333.398</b>

### Other income and profits

Other	
Incomes from returned parts	
Agent penalty fee	
Fixed asset sales profit	
<b>Total</b>	

<b>1 January- 31 December 2020</b>	<b>1 January- 31 December 2019</b>
234.207	172.667
-	143.903
-	72.579
75.900	-
<b>310.107</b>	<b>389.149</b>

### Other expenses and losses

Donations	
Other	
Special communication tax	
Fixed asset sales loss	
<b>Total</b>	

<b>1 January- 31 December 2020</b>	<b>1 January- 31 December 2019</b>
(851.671)	(162.734)
(38.581)	(34.976)
(40.935)	(154.501)
(16.618)	-
<b>(947.805)</b>	<b>(352.211)</b>

# Notes to the Unconsolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

**47. Other (continued)**

**47.2. Total amount of each due to/from personnel items classified under “Other Receivables” and “Other Short- and Long-Term Payables” exceeding one percent of total assets in the balance sheet**

None (31 December 2019: None).

**47.3. Subrogation receivables followed under the off-balance sheet accounts**

There are no subrogation receivables followed under the off-balance sheet accounts. (31 December 2019: None)

**47.4. Descriptive disclosure in relation to amounts and resources of income, expenses, and losses for the prior periods**

None (31 December 2019: None).

**For the year ended 31 December 2020 and 2019, details of discount and provision expenses are as follows:**

	1 January– 31 December 2020	1 January– 31 December 2019
Unused vacation provision income/(expense)	(112.348)	11.835
Retirement pay provision income/(expense)	(532.720)	(419.671)
Doubtful receivables provision income/(expense)	(104.304)	(78.677)
Other provision income/(expense)	(2.697)	153.855
BSMV provisions	-	327.521
Litigation expense	222.934	1.230.658
Personnel promotion provision <sup>(*)</sup>	(2.919.386)	-
<b>Total provision expenses</b>	<b>(3.448.521)</b>	<b>1.225.521</b>

<sup>(\*)</sup> It consists of the performance premium provision allocated to the personnel for the 2020 fiscal year, taking into account the working hours and performance.

	1 January– 31 December 2020	1 January– 31 December 2019
Receivable discount (expense)/income from insurance operations	(6.208.219)	(17.495.425)
Payable discount income/(expense) to reinsurance and insurance companies	5.487.446	15.479.887
Payable rediscount (expense)/income from other operations	(539.131)	(1.202.848)
<b>Total</b>	<b>(1.259.904)</b>	<b>(3.218.386)</b>





# **Consolidated Financial Statements and Independent Auditor's Report for the Period Ended on 31.12.2020**



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## INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Bereket Sigorta Anonim Şirketi

### A) Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the accompanying consolidated balance sheet of Bereket Sigorta Anonim Şirketi ("the Group") as at 31 December 2020 and consolidated the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year ended in accordance with the accounting principles and standards in force as per the insurance legislation and that are not regulated by them for "Insurance Accounting and Financial Reporting Legislation" including Turkish Financial Reporting Standards ("TFRS").

#### *Basis for Opinion*

We conducted our audit in accordance with the accounting principles and standards in force as per the insurance legislation and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants "IESBA Code" together with the ethical requirements that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Key Audit Matters

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

#### *Estimations and assumptions used in calculation of insurance technical reserves*

Refer to Note 2.26 and 17 to the consolidated financial statements for details of accounting policies and significant accounting estimates and assumptions used in calculation of insurance technical reserve.

Key Audit Matter	How our audit addressed the key audit matter
<p>As at 31 December 2020, the Group's total technical reserves amounting to TL 787.085.233 and constitute 67 percent of total liabilities. The Group recognises provisions for outstanding claims amounting to TL 437.897.835. There are also incurred but not reported provisions ("IBNR") amounting to TL 341.934.075, net in the provision for outstanding claims for possible future claims. Group management used actuarial assumptions and estimations for calculating the outstanding claims reserve Group. Due to the nature of the technical reserves calculations which has uncertainty estimations and management judgments, this matter is determined to be a key audit matter.</p>	<p>Our audit procedures for the matter are included below:</p> <p>We evaluated the assumptions and estimations of the Group's outstanding claims provision calculations with the involvement of our actuarial specialists.</p> <p>In this context, we evaluated design, implementation and operating effectiveness of internal controls on recognition of the actual outstanding claims with the involvement of our IT specialists.</p> <p>We tested actual outstanding claims by comparing the transaction details with the supporting documents obtained on sample basis of from the files.</p> <p>We have obtained confirmation letter from Group's lawyer for the lawsuit files of the outstanding claims</p> <p>We controlled the mathematical accuracy of the calculations and average file and opening amounts which are determined by Group with the involvement of actuary. We evaluated the mathematical accuracy of technical reserves for each product.</p> <p>We recalculated the technical reserves and controlled the analyzes made by the Group's registered actuary for accuracy of the past experience and legislation.</p> <p>Additionally, we evaluated the adequacy of consolidated financial statement disclosures, related to the technical reserves.</p>



### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting principles and standards, in force as per the insurance legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting processes.

#### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the accounting principles and standards, in force as per the insurance legislation and standards on auditing issued by the CMB and Standards on Auditing issued by POA. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the accounting principles and standards, in force as per the insurance legislation and the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

#### B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2020, the Group's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Group's articles of association in relation to financial reporting

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ali Tugrul Uzun, SMMM  
Sorumlu Denetçi

10 March 2021  
Istanbul, Turkey

BEREKET SİGORTA A.Ş.  
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**BEREKET**  
SİGORTA 

**BEREKET SİGORTA ANONİM ŞİRKETİ**  
**CONSOLIDATED FINANCIAL REPORT**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**

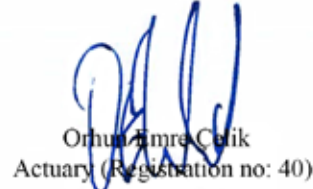
We confirm that the consolidated financial statements and related disclosures and footnotes which were prepared as of 31 December 2020 in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the "Code Related to the Financial Reporting of Insurance, Reinsurance and Individual Pension Companies" and the financial records of our Company.

Istanbul, 10 March 2021

  
Mahmut Güngör  
General Manager

  
Davut Menteş  
Deputy General Manager

  
Nevzat Şen  
Financial Affairs Manager

  
Orhan Emre Çelik  
Actuary (Registration no: 40)



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# Consolidated Balance Sheet As At 31 December 2020

(Currency: Turkish Lira (TL))

ASSETS			
	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>	<b>4.2,14</b>	<b>710.733.402</b>	<b>551.463.395</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	615.399.830	466.664.067
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	14	95.333.572	84.799.328
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>	<b>4.2,11</b>	<b>5.175.786</b>	<b>7.597.948</b>
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments	4.2,11	3.507.786	-
3- Financial Assets Held for Trading	4.2,11	1.668.000	7.597.948
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Life Insurance Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
<b>C- Receivables from Main Operations</b>	<b>12</b>	<b>155.453.783</b>	<b>112.229.928</b>
1- Receivables from Insurance Operations	12	136.590.206	96.802.243
2- Provision for Receivables from Insurance Operations	12	(1.049.035)	(980.066)
3- Receivables from Reinsurance Operations	12	19.912.612	16.407.751
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance & Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations	4.2,12	54.771.741	40.417.797
10- Provision for Doubtful Receivables from Main Operations	4.2,12	(54.771.741)	(40.417.797)
<b>D- Due from Related Parties</b>	<b>4.2</b>	<b>2.378.848</b>	<b>2.492.775</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures	4.2	2.376.532	2.490.582
5- Due from Personnel	4.2	2.316	2.193
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>E- Other Receivables</b>	<b>12</b>	<b>174.256.919</b>	<b>25.727.699</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	12,47.1	174.256.919	25.727.699
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>F- Prepaid Expenses and Income Accruals</b>		<b>90.991.961</b>	<b>65.513.705</b>
1- Deferred Acquisition Costs	2.1.1	76.815.031	58.897.122
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47.1	14.176.930	6.616.583
<b>G- Other Current Assets</b>	<b>47.1</b>	<b>6.640.763</b>	<b>8.371.176</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	47.1	6.322.997	8.181.281
3- Deferred Tax Assets		-	-
4- Job Advances	47.1	292.595	167.784
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets	47.1	25.171	22.111
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>1.145.631.462</b>	<b>773.396.626</b>

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

# Consolidated Balance Sheet As At 31 December 2020

(Currency: Turkish Lira (TL))

ASSETS			
	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>II- Non-Current Assets</b>			
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>	12	224.156	211.248
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	12	224.156	211.248
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>		684.773	569.340
1- Investments in Equity Shares		-	-
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets	11	684.773	569.340
10- Impairment in Value of Financial Assets		-	-
<b>E- Tangible Assets</b>	6	14.484.065	12.820.115
1- Investment Properties	6,7	81.829	96.829
2- Impairment for Investment Properties		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	10.918.403	8.704.472
6- Motor Vehicles	6	-	24.000
7- Other Tangible Assets (Including Leasehold Improvements)	6	856.607	815.012
8- Tangible Assets Acquired Through Finance Leases	6	13.689.510	10.678.568
9- Accumulated Depreciation	6	(11.062.284)	(7.498.766)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>	8	4.620.664	895.627
1- Rights	8	938.310	761.892
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	4.761.965	524.271
6- Accumulated Amortization	8	(1.079.611)	(390.536)
7- Advances Paid for Intangible Assets		-	-
<b>G- Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
<b>H- Other Non-Current Assets</b>	21	4.243.016	3.155.565
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	4.243.016	3.155.565
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		24.256.674	17.651.895
<b>Total Asset</b>		1.169.888.136	791.048.521

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

# Consolidated Balance Sheet As At 31 December 2020

(Currency: Turkish Lira (TL))

LIABILITIES			
	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>4.612.108</b>	<b>3.927.407</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	5.361.267	4.676.566
3- Deferred Leasing Costs	20	(749.159)	(749.159)
4- Current Portion of Long-Term Debts		-	-
5- Principal Installments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>	<b>19</b>	<b>104.745.779</b>	<b>59.686.550</b>
1- Payables Arising from Insurance Operations	19	38.046.697	16.865.693
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations	19	66.699.082	42.820.857
6- Discount on Payables from Other Operations		-	-
<b>C-Due to Related Parties</b>	<b>19</b>	<b>17.860</b>	<b>82.633</b>
1- Due to Shareholders	19	2.127	2.127
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		392	-
5- Due to Personnel	19	15.341	80.506
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>19,47.1</b>	<b>11.035.305</b>	<b>9.056.632</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution Related to Treatment Expenses	19,47.1	7.528.181	8.107.851
3- Other Miscellaneous Payables	19,47.1	3.507.124	948.781
4- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>	<b>17</b>	<b>769.444.463</b>	<b>550.008.727</b>
1- Reserve for Unearned Premiums - Net	2.1.1, 17	329.114.479	265.428.934
2- Reserve for Unexpired Risks- Net	2.1.1, 17	2.432.149	3.903
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	17	437.897.835	284.575.890
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>4.2.2</b>	<b>20.515.718</b>	<b>9.820.718</b>
1- Taxes and Funds Payable		13.382.015	9.319.437
2- Social Security Premiums Payable	23	689.743	488.398
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Provisions for Corporate Tax and Other Legal Liabilities Regarding Current Year Income	35	16.607.760	45.668
6- Prepaid Taxes and Other Liabilities Regarding Current Year Income	35	(10.163.800)	(32.785)
7- Provisions for Other Taxes and Similar Liabilities		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>4.642.153</b>	<b>1.449.748</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	4.642.153	1.449.748
<b>H- Deferred Income and Expense Accruals</b>	<b>2.1.1,10,19</b>	<b>51.638.713</b>	<b>25.212.611</b>
1- Deferred Commission Income	2.1.1,10,19	42.714.899	20.709.750
2- Expense Accruals	19	8.923.814	4.502.861
3- Other Deferred Income		-	-
<b>I- Other Short-Term Liabilities</b>		<b>2.235</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		2.235	-
<b>III – Total Short-Term Liabilities</b>		<b>966.654.334</b>	<b>659.245.026</b>

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

# Consolidated Balance Sheet As At 31 December 2020

(Currency: Turkish Lira (TL))

LIABILITIES			
	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>4.058.408</b>	<b>3.632.950</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	4.397.712	3.972.254
3- Deferred Leasing Costs	20	(339.304)	(339.304)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
<b>B- Payables Arising from Operating Activities</b>		<b>-</b>	<b>-</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		<b>-</b>	<b>-</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>19,47.1</b>	<b>4.273.467</b>	<b>3.333.398</b>
1- Deposits and Guarantees Received	19,47.1	4.273.467	3.333.398
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>	<b>17</b>	<b>17.640.770</b>	<b>17.325.894</b>
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net	17	3.590.612	5.259.740
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net	2.1.1,17	14.050.158	12.066.154
<b>F-Other Liabilities and Relevant Accruals</b>		<b>-</b>	<b>-</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>	<b>22</b>	<b>2.715.510</b>	<b>2.081.104</b>
1- Provisions for Employment Termination Benefits	22	2.715.510	2.081.104
2- Provisions for Pension Fund Deficits		-	-
<b>H-Deferred Income and Expense Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV - Total Long-Term Liabilities</b>		<b>28.688.155</b>	<b>26.373.346</b>

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

# Consolidated Balance Sheet As At 31 December 2020

(Currency: Turkish Lira (TL))

EQUITY			
V- Equity	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>A- Paid in Capital</b>	<b>1.1, 2.13, 15</b>	<b>100.000.000</b>	<b>100.000.000</b>
1- (Nominal) Capital	1.1, 2.13, 15	100.000.000	100.000.000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale Assets That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>24.322.111</b>	<b>24.250.673</b>
1- Legal Reserves	15	5.318.718	5.310.794
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	17.253.928	17.103.363
4- Special Funds	15	2.277.746	2.277.746
5- Valuation of Financial Assets	15	-	-
6- Other Profit Reserves	16.1	(528.281)	(441.230)
<b>D- Retained Earnings</b>		<b>-</b>	<b>-</b>
1- Retained Earnings		-	-
<b>E- Accumulated Losses</b>		<b>(18.979.013)</b>	<b>(28.031.682)</b>
1- Accumulated Losses		(18.979.013)	(28.031.682)
<b>F-Net Profit/(Loss) for the Year</b>		<b>69.202.549</b>	<b>9.211.158</b>
1- Net Profit for the Year		69.202.549	9.211.158
2- Net Loss for the Year		-	-
<b>V- Total Equity</b>		<b>174.545.647</b>	<b>105.430.149</b>
<b>Total Equity And Liabilities</b>		<b>1.169.888.136</b>	<b>791.048.521</b>

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

# Statement of Consolidated Income Statement

## As At 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January 31 December 2019
<b>I-TECHNICAL SECTION</b>			
<b>A- Non-Life Technical Income</b>		<b>649.453.465</b>	<b>482.781.673</b>
1- Earned Premiums (Net of Reinsurer Share)		543.841.335	417.736.122
1.1- Written Premiums (Net of Reinsurer Share)	24	609.955.126	484.486.292
1.1.1- Written Premiums, gross		1.447.038.859	1.094.139.563
1.1.2- Written Premiums, ceded	10,17	(805.752.042)	(589.291.713)
1.1.3- Written Premiums, SSI share	17	(31.331.691)	(20.361.558)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17	(63.685.545)	(74.960.109)
1.2.1- Reserve for Unearned Premiums, gross	17	(196.649.325)	(141.590.226)
1.2.2- Reserve for Unearned Premiums, ceded	17	128.352.446	63.695.671
1.2.3- Reserve for Unearned Premiums SSI share	17	4.611.334	2.934.446
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(2.428.246)	8.209.939
1.3.1- Reserve for Unexpired Risks, gross	17	(3.901.796)	10.005.769
1.3.2- Reserve for Unexpired Risks, ceded	17	1.473.550	(1.795.830)
2- Investment Income - Transferred from Non-Technical Section	1.7	102.496.253	60.695.143
3- Other Technical Income (Net of Reinsurer Share)		265.415	-
3.1- Other Technical Income, gross		265.415	-
3.2- Other Technical Income, ceded		-	-
4- Accrued Salvage and Subrogation Income	29	2.850.462	4.350.408
4.1- Accrued Salvage and Subrogation Income Net (+)		17.082.469	4.350.408
4.2- Provision for Receivables from Salvage and Subrogation Operations (-)		(14.232.007)	-
<b>B- Non-Life Technical Expense</b>		<b>(570.326.024)</b>	<b>(463.026.281)</b>
1- Incurred Losses (Net of Reinsurer Share)		(429.994.079)	(367.105.965)
1.1- Claims Paid (Net of Reinsurer Share)		(276.672.134)	(254.231.913)
1.1.1- Claims Paid, gross		(325.456.203)	(282.068.435)
1.1.2- Claims Paid, ceded	10,17	48.784.069	27.836.522
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(153.321.945)	(112.874.052)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(178.575.455)	(127.216.177)
1.2.2- Change in Provisions for Outstanding Claims, ceded	17	25.253.510	14.342.125
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(1.984.004)	(2.611.064)
4- Operating Expenses	32	(121.786.115)	(80.510.374)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	1.669.128	2.022.547
5.1- Mathematical Provisions	17	1.704.280	2.065.681
5.2- Mathematical Provisions, ceded	17	(35.152)	(43.134)
6- Other Technical Expense		(18.230.954)	(14.821.425)
<b>C- Net Technical Income-Non-Life (A - B)</b>		<b>79.127.441</b>	<b>19.755.392</b>
<b>D- Life Technical Income</b>		<b>-</b>	<b>-</b>
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

# Statement of Consolidated Income Statement

## As At 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>I-TECHNICAL SECTION</b>			
<b>E- Life Technical Expense</b>		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Change in Mathematical Provisions, gross		-	-
3.2- Change in Mathematical Provisions, ceded		-	-
4- Change in Provisions for Investment Risk Policy Policies Owned by Policyholders (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
4.1- Change in Provisions for Investment Risk Policy Policies Owned by Policyholders, gross		-	-
4.2- Change in Provisions for Investment Risk Policy Policies Owned by Policyholders, ceded		-	-
5- Change in Other Technical Reserves		-	-
6- Operating Expenses		-	-
7- Investment Expenses		-	-
8- Unrealized Losses on Investments		-	-
9- Investment Income Transferred to the Non-Life Technical Section		-	-
<b>F- Net Technical Income- Life (D – E)</b>		-	-
<b>G- Pension Business Technical Income</b>		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Private Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
5- Penalty Payments		-	-
<b>I- Net Technical Income – Pension Business (G – H)</b>		-	-

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

# Statement of Consolidated Income Statement

## As At 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>II-NON-TECHNICAL SECTION</b>			
C- Net Technical Income – Non-Life (A-B)		79.127.441	19.755.392
F- Net Technical Income – Life (D-E)		-	-
I - Net Technical Income – Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		79.127.441	19.755.392
K- Investment Income		137.919.488	66.501.426
1- Income from Financial Assets		117.224.258	56.720.667
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	26	3.619.788	5.469.161
4- Foreign Exchange Gains	26,36	17.071.972	4.172.290
5- Income from Associates	26	3.470	139.308
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
L- Investment Expense		(127.019.112)	(73.172.193)
1- Investment Management Expenses (Include Interest)	26	(6.315.699)	(3.229.278)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section	1.7	(102.496.253)	(60.695.143)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	26,36	(13.809.033)	(3.791.465)
7- Depreciation and Amortization Expenses	6,8	(4.390.627)	(5.456.307)
8- Other Investment Expenses		(7.500)	-
M- Income and Expenses From Other and Extraordinary Operations		(4.217.508)	(3.827.799)
1- Provisions	47.4	(3.689.375)	1.222.156
2- Rediscounts	47.4	(1.305.683)	(3.218.386)
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	21,35	1.113.490	740
6- Deferred Taxation (Deferred Tax Liabilities)	21,35	-	(1.928.663)
7- Other Income	47.1	615.806	449.365
8- Other Expenses and Losses	47.1	(951.746)	(353.011)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year		69.202.549	9.211.158
1- Profit for the Year		85.810.309	9.256.826
2- Corporate Tax Provision and Other Fiscal Liabilities	35	(16.607.760)	(45.668)
3- Net Profit for the Year		69.202.549	9.211.158
4- Monetary Gains and Losses		-	-

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.



# Statement of Consolidated Cash Flows

## For the Year Ended 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>A. Cash flows from operating activities</b>			
1. Cash provided from insurance activities		914.977.213	687.864.907
2. Cash provided from reinsurance activities		-	-
3. Cash provided from private pension business		-	-
4. Cash used in insurance activities		(612.326.302)	(503.931.830)
5. Cash used in reinsurance activities		(3.504.861)	(13.334.571)
6. Cash used in private pension business		-	-
<b>7. Cash provided from operating activities</b>		<b>299.146.050</b>	<b>170.598.506</b>
8. Interest paid		-	-
9. Income taxes paid	35	(8.496.911)	(8.110.849)
10. Other cash inflows		84.053.990	47.434.686
11. Other cash outflows		(296.015.114)	(58.763.750)
<b>12. Net cash provided from operating activities</b>	<b>39</b>	<b>78.688.015</b>	<b>151.158.593</b>
<b>B. Cash flows from investing activities</b>		-	-
1. Proceeds from disposal of tangible assets	6,7,8	211.215	4.147.364
2. Acquisition of tangible assets	6,7,8	(6.841.853)	(1.899.810)
3. Acquisition of financial assets	11	-	(6.621.948)
4. Proceeds from disposal of financial assets	11	-	33.310.484
5. Interests received		120.844.046	62.189.829
6. Dividends received		3.470	139.308
7. Other cash inflows		27.118.649	4.172.290
8. Other cash outflows		(143.305.631)	(74.797.169)
<b>9. Net cash provided by / (used in) investing activities</b>	<b>39</b>	<b>(1.970.104)</b>	<b>20.640.348</b>
<b>C. Cash flows from financing activities</b>		-	-
1. Equity shares issued		-	50.000.000
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		(7.489.179)	(7.560.357)
4. Dividends paid		-	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
<b>7. Net cash provided by financing activities</b>		<b>(7.489.179)</b>	<b>42.439.643</b>
<b>D. Effect of exchange rate fluctuations on cash and cash equivalents</b>		-	-
<b>E. Net increase /(decrease) in cash and cash equivalents</b>		<b>69.228.732</b>	<b>214.238.584</b>
<b>F. Cash and cash equivalents at the beginning of the year</b>	<b>14</b>	<b>503.730.455</b>	<b>289.491.870</b>
<b>G. Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>572.959.186</b>	<b>503.730.454</b>

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

Audited Changes in Equity – 31 December 2019												
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I - Balance at the end of the previous year – 31 December 2018	15	60,000,000	-	-	-	-	5,310,794	-	19,065,098	(28,031,682)	-	56,344,210
II- Correction		-	-	-	-	-	-	-	-	-	-	-
III- Restated Balances 1 January 2019	15	60,000,000	-	-	-	-	5,310,794	-	19,065,098	(28,031,682)	-	56,344,210
A- Capital increase		40,000,000	-	-	-	-	-	-	-	-	-	40,000,000
I- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income	15	-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets		-	-	-	-	-	-	-	-	-	-	-
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	(125,219)	-	-	(125,219)
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	9,211,158	-	9,211,158
I- Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J- Dividends paid		-	-	-	-	-	-	-	-	28,031,682	(28,031,682)	-
II - Balance at the end of the year – 31 December 2019	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,211,158	(28,031,682)	105,430,149

Audited Changes in Equity – 31 December 2020												
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I - Balance at the end of the previous year – 31 December 2019	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,211,158	(28,031,682)	105,430,149
II- Correction		-	-	-	-	-	-	-	-	-	-	-
III- Restated Balances 1 January 2020	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,211,158	(28,031,682)	105,430,149
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
I- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets	15	-	-	-	-	-	-	-	(87,051)	-	-	(87,051)
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	69,202,549	-	69,202,549
I- Other reserves and transfers from retained earnings		-	-	-	-	-	7,924	-	150,565	(9,211,158)	9,052,669	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2020	15	100,000,000	-	-	-	-	5,318,718	-	19,003,393	2,202,549	(18,979,013)	174,548,647

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

# Statement of Consolidated Profit Distribution

## For the Year Ended 31 December 2020

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>I. DISTRIBUTION OF THE PERIOD PROFIT</b>			
1.1. PERIOD PROFIT (*)		69.202.549	9.211.158
1.2. TAXES AND DUTIES PAYABLE	35	1.113.490	(3.856.586)
1.2.1. Corporate Tax (Income Tax)		-	-
1.2.2. Income Tax Deductions		-	-
1.2.3. Other Taxes and Legal Duties	35	1.113.490	(3.856.586)
<b>A. CURRENT PERIOD PROFIT (1.1 – 1.2)</b>		<b>70.316.039</b>	<b>5.354.572</b>
1.3. ACCUMULATED LOSSES (-)		(18.979.013)	-
1.4. FIRST LEGAL RESERVES (-)		(3.515.802)	-
1.5. OTHER STATUTORY RESERVES (-)		-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION</b>		<b>47.821.224</b>	<b>5.354.572</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To owners of ordinary shares		-	-
1.6.2. To owners of privileged shares		-	-
1.6.3. To owners of redeemed shares		-	-
1.6.4. To holders' profit-sharing bonds		-	-
1.6.5. To holders of profit and loss sharing certificates		-	-
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 owners of ordinary shares		-	-
1.10.2. To owners of privileged shares		-	-
1.10.3. To owners of redeemed shares		-	-
1.10.4. To holders' profit-sharing bonds		-	-
1.10.5. To holders of profit and loss sharing certificates		-	-
1.11. LEGAL RESERVES (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>		-	-
2.1. APPROPRIATED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To owners of ordinary shares		-	-
2.3.2. To owners of privileged shares		-	-
2.3.3. To owners of redeemed shares		-	-
2.3.4. To holders of profit-sharing bonds		-	-
2.3.5. To holders of profit and loss sharing certificates		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. EARNINGS PER SHARE (**)</b>		-	-
3.1. TO OWNERS OF ORDINARY SHARES		0,6920	0,0921
3.2. TO OWNERS OF ORDINARY SHARES (%)		69,2025	9,2112
3.3. TO OWNERS OF PRIVILEGED SHARES		-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>		-	-
4.1. TO OWNERS OF ORDINARY SHARES		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO OWNERS OF PRIVILEGED SHARES		-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(\*) Since the profit distribution proposal for 2020 has not been prepared by the Board of Directors yet, the profit distribution table for 2020 has not been filled.

(\*\*) Profit per share rate was calculated over the unconsolidated net profit for the period.

The accompanying policies and explanatory notes on pages 12 through 67 form an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 1. General Information

### 1.1 Parent Company and the Ultimate Owner of the Company

Bereket Sigorta A.Ş. (the "Group" or the "Entity"), operating since 20 December 1995, as of 9 March 2017 the company registered to the Trade Registry Gazette with their new title of Bereket Sigorta Anonim Şirketi (the "Group" or the "Entity"), is the subsidiary of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği and its capital structure is detailed below:

	31 December 2020		31 December 2019	
	Participation Amount (TL)	Participation Rate (%)	Participation Amount (TL)	Participation Rate (%)
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	81.826.469	82	81.826.469	76
Tarım Kredi Koop. ve Birlikleri Personeli Sosyal				
Yardım Vakfı	9.900.000	10	9.900.000	10
Other	8.273.531	8	8.273.531	14
<b>Paid capital</b>	<b>100.000.000</b>	<b>100</b>	<b>100.000.000</b>	<b>100</b>

As of 31 December 2020, the Group's nominal capital is TL 100.000.000 (31 December 2019: TL 100.000.000). TL 100.000.000 (31 December 2019: TL 100.000.000) of the paid-in capital consists of 100.000.000 shares (31 December 2019: 100.000.000 shares) having a nominal amount of TL 1 each.

The Group's shares units of 10.008.660 and 1.203.990, which belongs to various individual shareholders, have been acquired by Türkiye Tarım Kredi Kooperatifleri Merkez Birliği in accordance with the decision of the Board of Directors dated 14 February 2017 and 20 April 2017 and numbered 765 and 798. The Company's 5.940.000 shares that corresponding 9,90% of 86,21% ownership of the shares is transferred to Tarım Kredi Kooperatifleri ve Birlikleri Personel Sosyal Yardım Vakfı with the decision of the Board of Directors dated 6 June 2017 and numbered 803. Thus, 76,31% of the shares of the Group has appertained to Türkiye Tarım Kredi Kooperatifleri Merkez Birliği.

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

Bereket Sigorta A.Ş. locates at Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi B Blok No:8 Kat: 1-2 Ümraniye, İstanbul is a corporation established in accordance with the requirements of Turkish Commercial Code. The Group operates in accordance with the principles determined by Insurance Law No: 5684.

### 1.3 Main Operations of the Group

The Group's main operation is insurance business on non-life insurance branches.

### 1.4 Details of the Group's operations and nature of activities

Principles of operations are determined based on the Insurance Law No: 5684 and standards and policies set out in applicable regulations.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 1. General Information (continued)

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

	31 December 2020	31 December 2019
Top management personnel	4	4
Directors	52	60
Officers	-	14
Marketing and sales personnel	31	60
Other	83	47
<b>Total</b>	<b>170</b>	<b>185</b>

### 1.6 Remuneration and fringe benefits provided to top management

As of 31 December 2020, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount to TL 1.883.831 (January 1–31 December 2019: TL 1.584.169).

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

The procedures and principles related to the keys used in the financial statements to be prepared by the companies are determined with the 4 January 2008 dated "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Undersecretariat of the Treasury.

In accordance with that circular, companies can distribute the operating expenses of the technical department to the insurance departments by the method proposed by the Undersecretariat of Treasury or by a method that they can determine with the condition of obtaining approval from the Undersecretariat of Treasury. In that context, known and exactly distinguishable operating expenses are distributed to related branches directly. For the expenses recorded not directly under the related segment, Undersecretariat of the Treasury issued 9 August 2010 and 2010/9 numbered "Communiqué Related to the Changes in Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" effective from 1 January 2011. The distribution amount for the year ended 31 December 2020 is TL 102.496.253 (31 December 2019: TL 60.695.143).

### 1.8 Stand-alone or consolidated financial statements

The accompanying consolidated financial statements contain the consolidated financial information of the Group, the information on the consolidation principles applied is detailed in note 2.2 - Consolidation.

As an subsidiary of the Company with 100% share in its capital prepared as of December 31, 2020 the consolidated financial statements of Bereket Katılım Sigorta A.Ş. ("Bereket Katılım Sigorta") have been consolidated according to the full consolidation method.

The actual field of activity of Bereket Katılım Sigorta is to carry out interest-free insurance activities in non-life branches within the framework of interest-free finance and participation insurance principles.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 1. General Information (continued)

### 1.9. Name and other information of the reporting Group and subsequent changes to the prior balance sheet date

The name and other identity information of the Group and the Subsidiary and the changes are specified in 1.1, 1.2 and 1.3.

### 1.10 Subsequent events

After the balance sheet date, there has been no change in the activities of the Group, the recording and document order of these activities and the Group policies.

The Group's balance sheet as of 31 December 2020 and the income statement for the accounting period ending on the same date are approved by the Group Management on 10 March 2021.

## 2. Summary of Significant Accounting Policies

### 2.1 Basis of Preparation

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

The Group operates subject, to its own legislation, in the fields of establishment, surveillance, accounting and independent auditing standards, in accordance with the by operation of part of VIII, paragraph 5 of article 136 of the Capital Market Law No. 6362. Hence, The Group maintains its books of account and prepares its consolidated financial statements in accordance with the Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the insurance legislation, and within the framework of "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies", the Article 18 of Insurance Law, and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") as promulgated by the Republic of Turkey Ministry of Treasury and Finance in accordance with the current regulations.

In the 4th article of the aforementioned regulation; accounting for insurance contracts, subsidiaries, joint ventures and affiliates and this consolidated financial statements, the consolidated financial statements to be disclosed to the public, and the procedures and principles regarding the preparation of the explanations and footnotes related to them. It has been stated that it will be determined by the communiqués to be issued by the Ministry of Treasury and Finance.

In this context, the Group prepares its financial statements in accordance with the Insurance Law No 5684 published in the Official Gazette dated 14 June 2007 and numbered 26522 and the regulations published by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRS") which established by the Presidential Decree dated 18 October 2019. The insurance legislation before the establishment of IPPRS and the initiation of regulatory activities regarding the insurance sector was published by the Republic of Turkey Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

Circular Related to the Presentation of Financial Statements", issued by the Turkish Treasury in the 18 April 2008 dated and 26851 numbered Official Gazette, regulates the content of the financial statements to make them comparable with the financial statements of previous periods and the other companies.

Consolidated financial statements is prepared accounting and financial reporting regulations in force pursuant to insurance legislation and in matters not regulated by these in accordance with the rules of Turkey Accounting Standards.

#### 2.1.2 Other Related Accounting Policies For The Understanding of Financial Statements

##### Preparation of Financial Statements in Hyperinflationary Periods

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

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (Continued)

### 2.1 Basis of Preparation (Continued)

#### 2.1.2 Other Related Accounting Policies For The Understanding of Financial Statements (Continued) Preparation of Financial Statements in Hyperinflationary Periods (Continued)

Based on the letter of Republic of Turkey Ministry of Treasury and Finance dated April 4, 2005 and numbered 19387, by the Capital Markets Board ("CMB") dated January 15, 2003 and effectuated in accordance with the provisions of the "Adjustment of Financial Statements in High Inflation Periods" in the "Communiqué on Accounting Standards in the Capital Markets" (Communiqué Serial: XI No: 25) published in the Official Gazette numbered 25290, the Group prepared its financial statements dated December 31, 2004, it has prepared the opening financial statements for the year 2005 by correcting it. In addition, based on the same letter of Republic of Turkey Ministry of Treasury and Finance, the practice of correcting financial statements for inflation has been terminated since the beginning of 2005. Therefore, the non-monetary assets and liabilities and equity items, including capital, included in the balance sheet prepared as of December 31, 2020 are shown that the entries until December 31, 2004 were adjusted for inflation until December 31, 2004, and entries after this date were carried over from their nominal values.

#### 2.1.3 Functional currency

The accompanying financial statements are presented in TL, which is the Group's functional currency.

#### 2.1.4 Rounding degree used in the financial statements

Unless otherwise stated in the consolidated financial statements and related footnotes, all amounts are shown in TL and without rounding).

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

The consolidated financial statements have been prepared on the basis of historical cost, except for the financial assets available for sale and marketable securities in the tradebook, which are shown with forementioned inflation adjustments and fair values.

#### 2.1.6 Accounting Policies, Changes and Mistakes in Accounting Estimates

There is no change or mistake in accounting policies in the current period. The clarification of accounting policies has been given in 3 - Significant accounting estimates and decisions note.

The COVID-19 pandemic that enounced by the World Health Organization at 11 March 2020 and preventive actions that have been taken into place to respond the pandemic, causes disruptions to business activities in all countries and affect the economic conditions adversely both locally and globally. However, any negative significant effect identified of this pandemic for the Group as of the reporting date, based on the evaluation made by the Group's management.

### 2.2 Consolidation

"Circular Related to the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies" issued by the Ministry of Treasury and Finance in the Official Gazette dated 31 December 2008 and numbered 27097 ("the Circular for Consolidation") requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from 31 March 2009.

The unconsolidated financial statements of the Group and the Subsidiary It is also submitted to Republic of Turkey Ministry of Treasury and Finance. Control, by having the Group directly or indirectly more than 50% of the voting right on the capital of a business, it is ensured by having a management power over the financial and operating policies in order to benefit from the activities of the group in question. Period profits / losses of subsidiaries have been included in the consolidated income statement from the date of purchase / establishment by the parent company.

Consolidated financial statements have been prepared for similar transactions and events using common accounting principles and in the same accounting order as the Group and the Subsidiary.

All intragroup transactions, balances, income and expenses including unrealized gains and losses are eliminated within the scope of consolidation.

Information about the subsidiary subject to consolidation is as follows;

Subsidiary	31 Aralık 2020				31 Aralık 2019			
	Percentage of shares	Total asset	Total equity	Profit / (loss) for the year	Percentage of shares	Total asset	Total equity	Profit / (loss) for the year
Bereket Katılım Sigorta A.Ş.	100,00%	34.108.041	5.945.039	(4.132.101)	100,00%	10.302.347	10.158.489	158.489

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (Continued)

### 2.3 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Since Turkey is the main geographical area that Group operates, segment reporting presented in Note 5 - Segment Reporting is related to the operations of Group not to the geographical areas.

### 2.4 Translation of Foreign Currencies

Group at the date of the policy process transactions made in foreign currency, the Central Bank of the Republic of Turkey ("CBRT"), selling rate of exchange, other transactions are based on the CBRT foreign buying rate of exchange valid on the transaction date. The Group uses the CBRT buying rate of exchange rates when converting foreign currency balances at the end of the period into the currency used. Foreign exchange expenses or incomes arising from the conversion of foreign currency transactions into the currency used or the expression of monetary items are reflected in the consolidated income statement in the relevant period.

### 2.5 Property, Plant and Equipment

Property, plant and equipment are reflected in the records with their remaining values after deduction of costs such as foreign exchange differences and financing expenses.

Assets under construction for leasing or administrative purposes or for already other unspecified purposes are shown by deducting the impairment loss, if any, from their cost values. Legal fees are also included in the cost.

Except for land and ongoing investments, cost amounts of tangible fixed assets are subjected to depreciation using the linear depreciation method according to their expected useful lives. The expected useful life, residual value and depreciation method are reviewed every year for the possible effects of changes in estimates and if there is a change in estimates, they are accounted for prospectively.

The depreciation periods estimated based on the useful lives of tangible fixed assets are as follows:

	Useful Life
Investment Properties	50 years
Furnitures and Fixtures	3-5 years
Vehicles	5 years
Other Fixed Assets	5-10 years
Right of Use Assets	2-10 years

Assets purchased through financial leasing are depreciated in the same way as tangible fixed assets with the shorter of the expected useful life and the lease period in question.

The gain or loss resulting from disposal of tangible fixed assets or decommissioning of a tangible fixed asset is determined as the difference between the sales revenue and the asset's book value and is included in the income statement.

### 2.6 Investment Properties

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight-line basis. Depreciation period for investment property is 50 years for buildings, lands are not subject to depreciation.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal. Transfers are made to or from investment property only when there is a change in use.



# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.7 Intangible Assets

Intangible assets acquired are initially measured at cost value. Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. These costs will be redeemed in terms of their estimated useful lives (15 years). Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are amortized over their estimated useful lives (3-5 years).

### 2.8 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" ("FVTPL"), "held-to-maturity investments", "available for sale" ("AFS") financial assets 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.

#### *Financial assets at fair value through profit and loss*

Income related to the financial assets except for the financial assets at fair value through profit and loss is calculated by using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset can be classified as financial asset at fair value through profit and loss, if it is acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets at fair value through profit and loss are classified as current assets.

#### *Held to maturity investments*

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis. In the consolidated financial statements of the Group, there is a financial asset amounting to TL 3.507.785 to be held until maturity (31 December 2019: None).

#### *Available for sale financial assets*

Investments are classified as available-for-sale that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.8 Financial Assets (continued)

#### *Available for sale financial assets (continued)*

Available for sale financial assets are initially recorded at cost and subsequently measured at their fair values. Assets that are not traded in an active market are measured by using valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair values and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity.

Upon disposal, the realized gain or losses are recognized directly in profit or loss. Group's affiliated securities are classified as available-for-sale financial assets. All normal financial asset purchases and sales are reflected in the records at the transaction date which the Group undertakes to purchase or sell the asset. Such purchases and sales are trades that generally require the delivery of the financial asset within the time frame determined by the general customs and regulations in the market. As of 31 December 2020, does not have any available-for-sale financial assets (31 December 2019 : None).

#### *Financial assets held for trading purpose*

These are assets that are obtained for the purpose of making profit from fluctuations in prices and similar factors occurring in the short term in the market, or that are part of a portfolio for short-term profit, independently of the reason for which they were acquired. After the first recording date, financial assets held for trading purposes are followed at fair value, taking into account the best purchase order among the current orders in the stock exchange. All realized and unrealized profits and losses related to the financial asset for trading are included in the consolidated income statement in the relevant period.

As of 31 December 2020 and 31 December 2019, the Group has 1.668.000 TL of financial assets held for trading purposes in its portfolio (31 December 2019: 7.597.948 TL).

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and receivables are initially recognized at cost plus transaction costs that reflect their fair value and after deducting the cost, if any, from the cost values, provision is made for impairment. Fees paid for the assets received as collateral for related receivables and other similar expenses are not recognized as transaction costs and reflected in the expense accounts.

### 2.9 Impairment on Assets

#### *Impairment of non-financial assets*

Assets that have an indefinite useful life, are not subject to amortization and are tested annually for impairment. 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 suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### *Impairment of financial assets*

The Group 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.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.9 Impairment on Assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial 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. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

### 2.10 Derivative Financial Instruments

None (31 December 2019: None).

### 2.11 Offsetting

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

Income and expenses are presented on a net basis only when permitted by the Reporting Standards, or for gains and losses, arising from a group of similar transactions included in the Group's trading activities.

### 2.12 Cash and Cash Equivalents

Cash and cash equivalents include demand and time deposits cash and credit card amounts in cash and banks. Cash equivalents are short-term highly liquid investments that do not have the risk of losing value, with a maturity not exceeding 3 months and easily convertible into cash. Cash and cash equivalents are shown with the sum of acquisition costs and accrued interests.

#### Statement of cash flow

Cash and cash equivalents in the cash flow statement are shown below:

	31 December 2020	31 December 2019
Cash in bank accounts	615.399.830	466.664.067
Demand deposits	9.686.402	12.351.076
Participation account	605.713.428	454.312.991
Bank guaranteed credit card receivables with maturity less than three months	95.333.572	84.799.328
<b>Total</b>	<b>710.733.402</b>	<b>551.463.395</b>
Income accruals (-)	(3.890.402)	(3.020.006)
Blocked amounts	(133.883.814)	(44.712.935)
<b>Cash and cash equivalents in cash flow statement</b>	<b>572.959.186</b>	<b>503.730.454</b>

### 2.13 Share Capital

2.13.1 As of 31 December 2020, the shareholder having direct or indirect control over the shares of the Group is Türkiye Tarım Kredi Kooperatifleri Merkez Birliği by 76% of the outstanding shares of the Company.

As of 31 December 2020 and 31 December 2019, the share capital and ownership structure of the Group are as follows:

Name	31 December 2020		31 December 2019	
	Nominal Value of the Shares (TL)	Percentage (%)	Nominal Value of the Shares (TL)	Percentage (%)
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	81.826.469	82%	81.826.469	82%
Tarım Kredi Kooperatifleri ve Birlikleri Personeli Sosyal Yardım Vakfı	9.900.000	10%	9.900.000	10%
Other	8.273.531	8%	8.273.531	8%
<b>Paid in Capital</b>	<b>100.000.000</b>	<b>%100</b>	<b>100.000.000</b>	<b>%100</b>
Equity adjustment positive/negative differences	-	-	-	-
<b>Paid in Capital</b>	<b>100.000.000</b>	<b>%100</b>	<b>100.000.000</b>	<b>%100</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.13 Share Capital (continued)

As of December 31, 2020, the nominal capital of the Group is TL 100.000.000 (31 December 2019: TL 30.000.000) and consists of 100.000.000 shares (31 December 2019: 100.000.000), each of which is 1 TL, of which 100.000.000 (31 December 2019: 100.000.000) has been paid.

#### Sources of the capital increases during the period

None.

#### Privileges on common shares representing share capital

None.

#### Registered capital system in the Company

None.

Other information about the capital of the Group is disclosed in Note 15.

### 2.14 Insurance and Investment Contracts – Classification

#### Insurance Contracts

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insure) when any uncertain case affects the insure. The Group makes reinsurance agreements in which the Group (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Group under which the contract holder is another insurer (reinsurance) are included with insurance contracts. Insurance contracts are accounted when the insurance risk is transferred and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

#### Investment Contracts:

The Group has no investment contracts as of 31 December 2020 (31 December 2019: None).

### 2.15 Insurance and Investment Contracts with Discretionary Participation Features

Discretionary participation feature ("DPF") within insurance contracts and investment contracts is the right to have following benefits in addition to the guaranteed benefits:

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

As at the reporting date, the Group does not have any insurance or investment contracts.

### 2.16 Investment Contracts Without Discretionary Participation Features

The Group has no investment contracts as of 31 December 2020 (31 December 2019: None).

### 2.17 Borrowings

#### Contractual financial liabilities:

- Anticipating giving cash or other financial asset to another business, or
- Contractual obligations that require an entity to change financial instruments with another entity in a way that mutual is unfavorable to the entity.

As of December 31, 2020 and December 31, 2019, there are no loans received.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.18 Taxes

#### Corporate Tax

Corporate income is subject to corporate tax at 20% in Turkey to be effective from 1 January 2006. However, according to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" corporate tax rate for the taxation periods of 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax-deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

Prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with Turkish Tax Legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Companies doesn't have deductible tax losses as of 31 December 2020. (31 December 2019: None).

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

The Law No. 5024 Amending the Tax Procedure Law, Income Tax Law and Corporate Tax Law ("Law No. 5024"), published in the Official Gazette on December 30, 2003, requires taxpayers, who determine their income on the basis of balance sheet, to subject their financial statements to inflation correction starting from January 1, 2004.

In order to make inflation correction according to the aforementioned law provision, the cumulative inflation rate of the last 36 months (TURKSTAT WPI increase rate) should exceed 100% and the last 12 months inflation rate (TÜİK WPI increase rate) should exceed 10%. Inflation adjustment has not been applied as these conditions were not fulfilled (Note 35).

#### Deferred tax

The deferred tax should be reflected by taking into account the tax effects arising from the temporary differences between the values of the assets and liabilities reflected in financial reporting and the bases in the legal tax account, taking into account the balance sheet liability method. Deferred tax liability needs to be calculated over all taxable temporary differences.

Deferred tax assets must be calculated on all temporary differences and unused tax losses, if it seems possible to generate sufficient profits for future deduction of deductible temporary differences and unused tax losses.

The Group reflected its deferred tax assets and liabilities in their financial statements by clarifying them. Deferred tax is calculated over the tax rates expected to be valid in the period when assets are created or liabilities are fulfilled and recorded as expense or income in the consolidated income statement. However, if the deferred tax relates to assets directly associated with equity capital in the same or a different period, it is directly associated with the equity account group. Tax legislation in Turkey does not permit a parent Group and its subsidiary consolidated tax return to fill out. Therefore, both current and deferred tax provisions reflected in the consolidated financial statements are calculated separately for the Group and the Subsidiary. Since the effective corporate tax rate is 20% as of January 1, 2021, 20% tax rate has been used for temporary differences expected to occur / close after 2020.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.18 Taxes (continued)

#### Deferred tax (continued)

##### Transfer pricing

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

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

### 2.19 Employee termination benefits

In accordance with the Labor Law in effect, the Group has to pay indemnity to the personnel in case of dismissals and retirement except for resignations and justified reasons. As of 31 December 2020, this indemnity is equivalent to 30 days' wage, provided that it does not exceed the ceiling wage based on SSI premium for each year worked until the date of dismissal or retirement. Compensation to be paid is up to one month's salary for each year of service (Note 22).

Liabilities related to provision for severance pay "Turkey on the Benefits Employee Accounting Standards" ("IAS 19") of all employees using actuarial estimates in accordance with the provisions should be calculated on the net present value of the estimated provision for possible future liability. As of 31 December 2020 and 31 December 2019, for the related liabilities the group made actuarial calculations and recorded.

#### *Pension rights and defined benefit pension plan*

The Group pays premiums to the Fund for the said employees. The technical financial statements of the Fund are audited by an actuary registered in the register of actuaries in accordance with Articles 1, 21, 28 and 31 of the Insurance Law No. 5684.

The first paragraph of the provisional article 23 of the Banking Law, published in the Official Gazette numbered 25983 on 1 November 2005, ruled that the bank funds were transferred to the Social Security Institution ("SSI") within 3 years from the date of the publication of the Banking Law and regulated the principles of this transfer. The said law article regarding the transfer was made by the Constitutional Court, pursuant to the application made by the President of the Republic on 2 November 2005, it was annulled with the decision no E. 2005/39, K. 2007/33 dated March 22, 2007, published in the Official Gazette dated 31 March 2007 and numbered 26479, and its enforcement was suspended as of the publication date of the decision.

The reasoned decision of the Constitutional Court regarding the annulment of the said article was published in the Official Gazette dated December 15, 2007 and numbered 26372. Following the publication of reasoned decisions Grand National Assembly of Turkey ("TGNA"), the fund has started to work on new legal arrangements regarding the transfer to SSI. On 17 July 2008, the relevant articles of the "Law on the Amendment of the Social Insurance and General Health Insurance Law and Certain Laws and Statutory Decrees" ("New Law"), numbered 5754, which regulate the principles regarding the transfer, were approved by the General Assembly of the Turkish Grand National Assembly. The New Law entered into force after being published in the Official Gazette dated May 8, 2008 and numbered 26870.

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years. With the Law No. 6283 on the Amendment of the Social Insurance and General Health Insurance Law published in the Official Gazette dated March 8, 2012, the authority to increase the 2-year extension period to 4 years was given to the Council of Ministers. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. However, the authority to determine the date of transfer was given to the Council of Ministers with article 51 of the Law No. 6645 published in the Official Gazette dated 23 July 2015 and numbered 29335, and in this way, the transfer of the ballot boxes was postponed to an unknown date.



# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.19 Employee termination benefits (continued)

#### Pension rights and defined benefit pension plan (continued)

SSI, Republic of Turkey Ministry of Treasury and Finance, the Undersecretariat of the State Planning Organization, the BRSA, SDIF, one member representing the Fund whose account is made separately for each fund and one member representing the Fund participants; Regarding the persons transferred as of the date of transfer, including the participants who left the fund for each fund, with the income and expenses of the funds in terms of insurance branches within the scope of the Law, and if the salaries and incomes paid by the funds are above the salaries and incomes under the SGK regulations, taking into account the differences in question, it stipulates that the cash value of the liability will be calculated using the technical interest rate of %9,80.

Pursuant to the New Law, Fund participants and those who have pension and / or income and their right holders, after their transfer to SSI, other social rights and payments that are not covered even though these persons are subject to the deed of trust it will continue to be covered by funds and organizations that employ ballot box participants.

The Law No. 6283 Amending the Social Insurance and General Health Insurance Law, known as the "adjustment law" in the public, was published in the Official Gazette as of 8 March 2012 (Note 23).

### 2.20 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured over expenditures expected to be required to settle the obligation by considering the risks and uncertainties related to the obligation at the balance sheet date. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to present value of the related cash outflows.

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognized as an asset if and only if it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the financial statements.

#### a. Technical Provisions

As of 31 December 2020, the Group has calculated its insurance technical reserves, and reflected to the financial statements within the framework of the "Regulations on the Technical Reserves of the Insurance and Reinsurance and Pension Companies and on which Assets These Reserves are to be Deposited" ("Technical Reserves Regulations") which have been issued within the framework of the Insurance Law No.5684 and first entered into force after being published in the Official Gazette dated 28 July 2010 and numbered 27655, as well as the Official Gazette dated 17 July 2012 and numbered 28356 following the relevant amendments, and within the framework of the other relevant legislation.

In this context, the Group prepares its financial statements in accordance with the Insurance Law No.5684 published in the Official Gazette dated 14 June 2007 and numbered 26522 and the regulations published by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRS") which established by the Presidential Decree dated 18 October 2019. The insurance legislation before the establishment of IPPRS and the initiation of regulatory activities regarding the insurance sector was published by the Republic of Turkey Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.20 Provisions (continued)

#### a. Technical Provisions (continued)

##### Unearned Premium Reserve

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

According to the “Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” published in Official Gazette no 27655 dated 28 July 2010 and entered into force from 30 September 2010; in the calculation of the reserve for unearned premiums, the day on which the insurance coverage start and the end date are considered as half a day.

According to the Regulation on the Amendment of the Technical Reserves of Insurance and Reinsurance Companies and Pension Funds and the Amendment of the Regulation on the Assets to be Invested in These Reserves, published in the Official Gazette dated July 28, 2010 and numbered 27655, all the policies are started at 12:00 pm and finished at 12:00 pm so provisions for unearned premiums have been calculated as half day for the starting day and end day for all the policies.

According to the Regulation on Technical Reserves, in the calculation of unearned premium reserves of foreign currency indexed insurance contracts, unless an exchange rate stated in the insurance contract, the selling exchange rate of accrual date of related premium declared by Central Bank of the Republic of Turkey in Official Gazette.

As of 31 December 2020, the Group's net unearned premium reserves amount is TL 329.114.479 (31 December 2019: TL 265.428.934) in its financial statements.

##### Deferred Commission Expense and Income

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium after 1 January 2008, are recorded as in deferred expenses and deferred income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement

Commissions paid to intermediaries, commissions received due to the premiums ceded to reinsurers, the amounts paid for the non-proportional reinsurance treaty agreements and receipts which extend to the next fiscal period or periods are recorded as deferred income and deferred expense or a related account only if accrued based on the premium production. In this context, the Group has calculated deferred commission expense amounting to TL 76.815.031 (31 December 2019: deferred commission expense TL 58.897.122) and deferred commission income amounting to 42.714.889 at 31 December 2020 (31 December 2019: deferred commission income amounting TL 20.709.750).



# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.20 Provisions (continued)

#### a. Technical Provisions (continued)

##### Provision for Unexpired Risk Reserve

Within the framework of Regulation on Technical Reserves, effective from January 1, 2008, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch starting from 2009 is higher than 95%, the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premium reserve for the related branch.

In accordance with the Republic of Turkey Ministry of Treasury and Finance's announcement no: 2012/13, article of 7 in order to eliminate the misleading effect of changes in the claims provision calculation, the Group has recalculated the prior period claims provision with new method to calculate unexpired risk reserve. Turkish Treasury allows insurance companies with the circular 2016/37 to calculate their unexpired risks reserve on Motor Own Damage, Motor Third Party Liability (Compulsory and Facultative separately) and General Liability by considering only the last 4 accident quarters' loss ratios. According to this new method, loss ratios exceeding 95% in 2016, 90% in 2017 and 85% in 2018 and later years, will be multiplied by unearned premiums reserve. The company's direct production founded in 100% of Turkey make separate calculations for the work has been delegated to the pool, the 100% of the gross loss ratio, gross unearned premium is multiplied by the equivalent of the excess is for other work exceeding 85% of the gross loss ratio, the net provision for unexpired risks is calculated by multiplying the gross provision for unexpired risks and the net provision for unearned premiums.

As of December 31, 2020, the Group has calculated the provision for continuing risks under the Circular on Amendments to the calculation of provisions for ongoing risks with the number 2012/15; Under the Insurance Law no. 5684, calculation made in accordance with all main branches in the Insurance Uniform Chart of Accounts determined by the Ministry of Treasury and Finance, The company has calculated its Unexpired Risks. As a result of this new method, there is TL 2.432.149 risk reserve in this line of business (31 December 2019: TL 3.903).

As of December 31, 2020 and December 31, 2019, the Group did not employ the method that stated specified in the "Circular on Provision for Unexpired Risk Reserve" dated 11 November, 2016 no 2016/37 in accordance with "Circular on Provision for Unexpired Risk Reserve" dated 31 December, 2019 (2019/5) by Ministry of Treasury and Finance.

In accordance with amendment made with the circular numbered 2020/1 issued by Republic of Turkey Ministry of Treasury and Finance, in case of making separate calculation for the activities which are 100% of the production is transferred to pools established in Turkey, unexpired risk reserve is calculated if the gross loss premium rate is above 100%, and for other activities the provision is calculated if the gross loss premium rate is above 85%. For the Risky Insurance Pool and Greencard branches, if the gross loss premium rate exceeds 100%, the gross ongoing risks provision is calculated by multiplying the excess with the gross unearned premium provision, and the net unearned premiums reserve amount by multiplying the net unearned premium reserve amount.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of Significant Accounting Policies (continued)

### 2.20 Provisions (continued)

#### a. Technical Provisions (continued)

##### Outstanding Claims Reserve

The Group allocates provision for outstanding claims for the claims that were accrued and determined on account, but not actually paid in the previous account periods or current account period, or if this amount was not calculated, for their estimate amounts and for the claims that were realized but not reported.

During the calculation of the provision for outstanding claims that was accrued and determined on account; in accordance with expert report, salvage and similar income items are not deducted in the relevant calculations.

The difference between accrued and determined on account outstanding claims reserve and the amount determined by using methods of actuarial chain which content and implementation principles is specified in Technical Provisions Regulation and "Circular of Outstanding Claims Reserve" dated 1 January 2015 and numbered 2014/16 and related regulations is recognized as realized but not reported claims amounts.

In accordance with the Circular which is effective from 1 January 2015; companies should make the Actuarial Chain Ladder Method ("ACLM") calculation via using one of the 6 different methods mentioned in the Circular, when calculating ACLM and the calculations should be based on the incurred claims (total of outstanding claims and paid claims). According to the Circular, companies are intitled to apply the most appropriate method mentioned in the Circular. Moreover, companies are also intitled to apply a different method as long as the method has an actuarial basis and the calculation result is over the amount calculated by ACLM methods. The Group eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Circular in order to perform the ACLM calculations with a homogeneous data. ACLM calculations are performed as gross amounts. Net amounts are determined in accordance with the terms of ongoing reinsurance agreements. Also, companies are allowed to interfere the development factors in ACLM tables.

Actuarial calculations are performed on a quarterly basis, by using past 7 years data of gross paid claims, outstanding claims, subrogation receivables accrued and collected subrogation income. The amounts related to the treatment files are excluded from these calculations. The Group's Actuary determined the peak claims on maximum incurred claims and by using Box-Plot method for other line of businesses.

The Group has used Bornheutter - Ferguson (BF) method is for IBNR calculation of General Liability line of business. Claim/premium ratio has considered as %140 in BF method. The Group has used Standard Chain method for other line of businesses.

When provision for incurred but not reported outstanding claims are calculated, the base should be the total amount with respect to the Turkish Treasury Decree.

As of 31 December 2020 and 2019, IBNR result should be additionally reserved, and when the result is negative, then, it should be deducted from the current reserve amount.

According to circular issued by Treasury dated 10 June 2016, numbered 2016/22 regarding "Discount of Net Cash Flows Form Outstanding Claim Files", best estimate regarding net cash flows that are expected to occur during the transition of outstanding claim reserves to claim payments, as of periods, is calculated by the Group actuary. Net cash flows are forecasted as per main branch basis that is determined via the template 57 (ACLM) provided by the Treasury and with the time limit that is no more than the time frame used by IBNR calculation (maximum of 10 years) considering legal warranty period of assurance. Nevertheless, it is essential that time frame of cash flows to not exceed the time frame that is used for IBNR calculation. Whereas the forecast of net cash flows performed quarterly, reinsurance companies might use longer time period for their forecasts with the condition that time period does not exceed a year. Legal interest rate published on official gazette as of the financial reporting date is used, with the condition of rate being up to date, for the discount of future net cash flows to present value. Discount amount calculated is distributed to sub-branches using the distribution ratio of outstanding claim reserve to sub-branches.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.20 Provisions (continued)

#### a. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

The Group eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Communique in order to perform the IBNR calculations with a homogeneous data.

In order to make calculations with a more homogeneous dataset, the peak claims which is considered as great damage, has been removed by Box-Plot method.

In the compulsory traffic branch IBNR calculation, the growth coefficients calculated according to the large damage factor, taking into account the 99.85% percentile of the maximum damage, were fitted to the power distribution and this development pattern was calculated by applying the triangle with no improvement.

Updating of open files, reopening of closed files and reopening of closed files and realized but not reported, starting from the 2016 damage year due to the decision of the Constitutional Court dated 17 July 2020, the basis of 2019/40 and numbered 2020/40, which was published in the Official Gazette dated 9 October 2020 and numbered 31269. It is predicted that a possible increase may occur in return for compensation.

Republic of Turkey Ministry of Treasury and Finance has issued the Circular No: 2011/23 "Basis of Incurred But Not Reported Provision Calculation" as of 26 December 2011. The sections included in the Circular titled "Reflecting the negatively incurred but not reported test results fully" and "Reflecting the accrued subrogation, salvage and other claims to incurred but not reported test results" have come into effect as of 1 January 2012; and "Income from on trial litigations" have come into effect as of 31 December 2011.

1. For every branch an additional triangle regarding accrued subrogation, salvage and similar income items will be included in the actuarial chain ladder method table, and the necessary calculations will be made automatically. In this calculation the receivables in relation to these income items as well as the doubtful provision for these receivables will be considered.
2. According to the article no 7 of Communiqué on Technical Reserves for Insurance, Reinsurance and Individual Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves, without evaluating the winning or losing probability, for the claims that lawsuits are filed against the Company, outstanding claim reserve amount should be determined primarily according to the amount of lawsuit or despite the lawsuit amount, the reserve amount should be determined according to certain proofs like an expert report or the expertise report an invoice.
3. In accordance with Turkish Financial Reporting Standards issued by Turkish Accounting Standards Board ("TASB"), provision should be provided for the lawsuits filed by evaluating the winning or losing of the probability court in order to give a true view of the financial statements.

In this context, for giving an actual view of the financial statements prepared by the companies, outstanding claims reserve can be provided based on items stated below:

- a. It is possible that a winning ratio over the cases filed against the Group is calculated for each sub-branch for the previous five years. This winning ration can be used to reduce the outstanding claims reserve for the files that are under legal process. The calculations are performed quarterly.
- b. The winning ratio is calculated based on the proportion of the litigation amount concluded in favor of the Group (increased litigation amount) compared to the lawsuits concluded in favor of the Group through the completion of all proceedings phases (including the revision of decision) or the conciliation or dismissal and the lawsuits concluded in favor of the Group through the system of arbitration to the total of all of the lawsuits concluded as explained above (irrespective of finalized against off in favor of the Group).
- c. The calculations are performed over the amount of the files; therefore some portion of this amount which corresponds to the unpaid amount due to partially accepted files should be considered as won case.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.20 Provisions (continued)

#### a. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

- d. During the winning ratio calculation, only the principal amount of claim should be included in the calculation; additional costs like; interest, attorneys' fee, expert fee, litigation costs should not be taken into account. However, the total reserve amount including all costs that are related to the file is considered during the calculation of reduction in the reserve amount.
- e. The case files are considered as non-deductible while calculating IBNR.
- f. The reduction amount in outstanding claim provision should not be more than 25% of the total outstanding claims provision provided for the case files. As indicated in the first article, the companies which do not have five-year data for the sub-branch, the winning ratio can be calculated based on the years they have operated not exceeding 15%. The same principle is applied for the new branches.
- g. Ratio can be calculated separately for each file or can be calculated for the files in aggregate. However, total reduction amount cannot exceed the upper limits mentioned in Article 6.
- h. Regarding with the winning ratio, periodic reports and detailed explanations in the footnotes must be prepared for the Turkish Republic Ministry of Treasury and Finance. In addition, all information and documentation should be ready for auditing related to calculation of winning ratio.

##### **New regulation about treatment costs of traffic accidents that is under scope of "2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts"**

59<sup>th</sup> substance of 6111 numbered Law, enacted in Official Gazette that is 25 February 2011 dated and 27857 numbered, "The Re-Configuration of Some Receivables, Legislation of Social Insurance and General Health Insurance and Some Other Legislations and Legislation Regarding to the Changes in Legislation" and 98<sup>th</sup> substance of 2918 numbered "Highways Traffic Law" have been changed.

59<sup>th</sup> substance of proper Law, as of 25 February 2011, health guarantee provided by mandatory insurance on traffic accident; not exceed of 15 percent of premium set by insurance company, the amount specified by Undersecretariat of Treasury is charged to Social Security Institution (SSI) and liability of treatment expenses as result of the accident is reflected to SSI. Also, as temporary 1st article and 59<sup>th</sup> article of the same law, not exceed of 20 percent of the chargeable amount, treatment services of injuries because of traffic accidents incurred before 25 February 2011 will be covered by SSI.

On this context, procedures and principles of treatment expense payments related with Mandatory Traffic Insurance, Mandatory Transportation Insurance and Mandatory Personal Accident Insurance are arranged in regulation about "Procedures and Principles regarding to Collection of Health Service Cost that is resulted from the traffic accidents" which is published on notice of official journal numbered: 28038 of 27 August 2011 and circular numbered 2011/17. Procedures and principles regarding to accounting of such applications are clarified under scope of "2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts".

According to the Circular Numbered 2011/18, all data regarding to treatment costs under the scope of Law has been removed from ACLM development triangles because the Group has not been responsible for payment of treatment costs related to guarantees given in related branches, anymore. Based on same circular, according to temporary 1st substance of the law, regarding to traffic accidents that had occurred before publish of law, the Group needs to book IBNR that is going to be liquidated under accounts of claims paid regarding such treatment costs and outstanding claim files related to claims occurred before effective date of law, regarding to treatment costs accounted by the Group. For conservatism purposes, the Group had not liquidated files that had ongoing legal process under mentioned scope previously, however after related circular, by closing these files, the Group has transferred payables to Social Security Institution. IBNR amount to be liquidated is discussed as both data related to treatment costs and difference between the two calculations done except for these data in the table of ACLM prepared as of 31 March 2011. In accordance with Circular numbered 17, the difference between obligations declared by Ministry of Treasury and Finance and relevant parts of the amounts that are obtained from calculation stated over the related periods have been reflected to balance sheet.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.20 Provisions (continued)

#### a. Technical Provisions (continued)

##### Outstanding Claims Reserve (continued)

**New regulation about treatment costs of traffic accidents that is under scope of “2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts” (continued)**

In accordance with circular no 2011/18 The Company, separated treatment costs associated with death and disability benefits and prepare financial statements only subject to calculation of treatment costs.

Under the scope of the Mandatory Traffic Insurance, for year 2011, amounts to be transferred to Social Security Institution in terms of traffic accidents occurred before the publication of Law numbered 6111 and parameters to be used for calculation of amount to be transferred to Social Security Institution in terms of traffic accidents occurred before the publication of Law numbered 6111 has been declared by Ministry of Treasury and Finance.

In accordance with this, according to explanations in Circular numbered 2011/18, the Group has transferred amounts declared and calculated for before and after of the publication date of the Law to financials.

In accordance with laws and regulations mentioned above, because of transfers to Social Security Institution as of 31 December 2020, the Group has reflected TL 31.331.691 as expense (31 December 2019: TL 20.361.558) in its income statement as to the premiums to be transferred to SSI. Net effect of this treatment in the next years is going to be clarified depending on declarations of Undersecretariat of Treasury.

In accordance with 2 May 2012 dated, 28280 numbered and published Official Gazette that the first clause of the legislation “Procedures and Principles regarding to Collection of Health Service Cost that is resulted from the traffic accidents (Health Services Legislation) ” with the headline “Appendix 1 – Calculation Method” in “a-) Mandatory Traffic Insurance” section, it is stated that 10% of each written Premium, for the year 2012 and the ongoing years in respect to the year 2012 calculation, is transferred to Social Security Institution (SSI). In 2nd clause of Health Services Legislation, it is mentioned that the implementation date is 1 January 2012. For this reason, this application is implemented on 2 May 2012 instead of the date of the publication of Health Services Legislation which is 1 January 2012.

Turkey Insurance Association (“TIA”) applied to state council fifteenth board for the suspension of the related execution, however; the board rejected this apply with the decision dated 10 December 2013 and E:2013/10984 numbered. TIA forwarded this subject to Plenary Session of Administrative Law Divisions of the Council of State and the Council suspended the execution by accepting the request of TIA with the majority of votes on 11 June 2014.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.20 Provisions (continued)

#### a. Technical Provisions (continued)

##### Equalization Reserve

In accordance with Article 9 of the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 27655 on 28 July 2010, insurance companies are required to provide equalization reserves for earthquake and credit insurances in order to equalize the possible fluctuations in the claims compensation rates and to cover the catastrophic risks in subsequent periods. Also, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and credit net premiums of each year and amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium, and companies should continue to provide reserves to the extent that reserves exceed 150 % of the maximum amount of net premiums received in the last five financial periods. If reserve amount is less than the reserve amount reflected in the prior year's balance as a result of the premium production following the related 5 year-period, the difference is recognized under the other reserve account in equity. The amount recorded in equity can be classified as reserve, used for capital increase or used in claim payments. Where there is an earthquake or a technical claim in any branch in the related period, reserves for credit and earthquake coverage can be used for claim payments and if claim is incurred, reinsurers share and the amount(s) less than the exemption limit set out in the agreement will not be deducted against equalization reserves.

According to Circular No:2012/1, "The Circular on the Use of Equalization Reserve and Additional Information about some other Circulars", it is possible to use the equalization reserve provided for catastrophic claims on the reimbursement of catastrophic claims. Additionally, it is possible to net off the outstanding claims provided, based on expertise report or the documents provided from legal authorities in case of catastrophe, from the equalization reserve. However, the related net off should not be done from current year equalization reserve. Besides, incurred catastrophic claims should be recorded to related technical accounts that incurred catastrophic claims covered from the equalization reserve should be debited from balance sheet account of equalization reserve and credited to the changes in other technical reserves account. On the other hand, it is possible to not to include paid catastrophic claims provided from the equalization reserve to the calculation of IBNR.

As of December 31, 2020, the Group used a gross equalization provision of 1.512.569 TL for the damage payments due to the Izmir Earthquake in 2020 (31 December 2019: None). As of 31 December 2020, the Company's equalization reserve amount is TL 14.050.158 in accordance with the above-mentioned calculation (31 December 2019: TL 12.066.154).

##### Subrogation Income Accruals

Republic of Turkey Ministry of Treasury and Finance Treasury issued Circular No: 2010/13 "Subrogation and Salvage Income" as at 20 September 2010.

1. Accrued or collected subrogation, salvage and similar income items are not subject to any deductions in accrued and calculated outstanding claims reserve calculations; accrued subrogation, salvage and similar income items are recognized under the related receivable account and statement of income in the assets of balance sheet, as detailed below.
2. For subrogation and salvage receivable or income accrual, subrogation rights should be obtained, exact amounts should be calculated and they should not be collected as of period-end.
3. Irrespective of obtaining certificate of release from insurance companies, insurance companies should obtain certificate of release from policyholders following the settlement of the claim payment and subrogation receivables can be accrued up to the amount of the debtor insurance company's coverage limit upon the notification to the other insurance Group or third parties. However, insurance companies should provide allowance for receivables, if the related amount cannot be collected from the other insurance Group within six months following the claim payment or from third parties within four months.



# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.20 Provisions (continued)

#### a. Technical Provisions (continued)

##### Equalization Reserve (continued)

4. Accrual transactions are performed by at the date of which subrogation is required means of legal litigation and execution and allowance for doubtful receivables is provided for the related amount as of this date.
5. For subrogation income accrual, the entire insurance amount of the partially damaged goods should be paid and they should be accrued in the related periods like subrogation receivables of sale proceeds of such goods if the ownership of these goods is transferred to the insurance Group or the insurance Group has secondary possession on them. In this regard, subrogation income should also be accrued and should not be deducted against claims paid or outstanding claims when the Group goods in derivative possession are disposed of through a third party (real/legal) or are ceded to the policyholder or disposed of by the Group itself.
6. Accrued and collected subrogation and salvage income for each segment are disclosed separately in notes to the financial statements.

#### d. Premium Income and Claims

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

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

#### e. Receivables from Insurance Operations

Reserve for receivables are required if any evidence exists about uncollectibility of the receivables from insurance operations. When collection of receivables is not possible, they are written off completely.

The Group has provided allowance for the receivables that are subject to legal follow-up and which are closely monitored by the management. As of 31 December 2020 the Group has set allowance amounting to TL 54.771.741 for these receivables (31 December 2019: TL 40.417.797). TL 52.484.908 (31 December 2019: TL 38.270.882) of this provision is provided for subrogation transactions under litigation.

#### f. Discount of Receivables and Payables

Receivables and payables are discounted in the accompanying financial statements. As of the balance sheet date, the Group has used 16,75% discount rate (31 December 2019: 12,75%) for receivables and payables in Turkish Lira. The libor rates used to discount receivables and payables in foreign currencies vary on the currency type.

#### g. Impact of exchange rate differences

The Group values its foreign currency assets and liabilities based on Republic of Turkey Central Bank currency buying rate as of the balance sheet date. The foreign exchange gains and losses arising from these transactions are presented in income statement.

### 2.21 Accounting of Income

#### Premium and Commission Income

Premium income represents premiums on policies written during the year. Unearned premium reserve is provided for the period of risk extending beyond the end of the financial year, are determined from premiums written during the year on a daily basis.

Commissions received in the current period but relate to subsequent financial periods in return for the premiums ceded to the reinsurance companies are accounted as deferred commission income.

#### Interest Income and Expense

Interest income and expense are accounted in the income statement in the related period on an accrual basis.

#### Dividend income

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

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.22 Leasing Transactions

The Group accounts for its contracts longer than 12 months within the scope of TFRS 16.

Lease payments made for contracts with a duration of less than 12 months or with low value that are not considered within the scope of TFRS 16 are recorded as expense in equal amounts throughout the lease term.

The Group rents real estate and cars.

The duration of the lease contracts is a maximum of 5 years. Tangible fixed assets acquired through leasing are recorded as assets in the Company's assets and as liabilities from leasing transactions in liabilities. In determining the amounts included in the balance sheet as assets and liabilities, based on the lower of the fair values of the assets and the present value of the lease payments, the financing costs arising from the lease are spread over the periods to form a fixed interest rate throughout the lease term.

The maximum period of the financial lease contracts is 5 years. Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

Lease liability is measured at the present value of unpaid lease payments at the commencement date in accordance with TFRS 16. Lease payments are discounted using alternative borrowing interest rate. The calculated duration weighted average of alternative borrowing interest rates applied by the Group to TL lease liabilities reflected on its balance sheet as of December 31, 2020 is 13.25%. The relevant ratio has been determined by considering the duration on a contract basis.

Book value of the lease liability after the lease actually started; remeasured as reflectable to increase the interest in the lease liability, decreased as reflectable the lease payments made, to reflect all reassessments and changes made in the lease, or to reflect fixed lease payments of its revised core.

The interest on the lease liability for each period in the lease term is the amount found as calculated by fixed periodic interest rate to the remaining balance of the lease liability.

After the lease actually starts, the lease liability is remeasured to reflect changes in lease payments. The remeasured amount of the lease liability is reflected in the financial statements as a correction in the right of use.

In case of a change in the duration of the first lease or use of the purchase option, a revised discount rate is used to reflect the changes in the interest rate. However, if there is a change in the lease liabilities arising from a change in an index used in determining the future lease payments or the amounts expected to be paid within the context of the residual value commitment, the unmodified discount rate is used.

Regarding a change that is not recognized as a separate lease, the lease liability is remeasured by reducing the revised lease payments at a revised discount rate at the date of implementation of the change. The revised discount rate is determined as the incremental borrowing rate at the date of application of the change. For changes that narrow the scope of the lease, the carrying amount of the right of use is reduced to reflect the partial or complete termination of the lease. Gains or losses related to the partial or complete termination of the lease are recognized in profit or loss. Corrections are made on the right of use for all other changes.

Based on the evaluation made by the company's senior management, it has been evaluated that the economic effects of the Covid-19 outbreak do not have a negative impact on the Company's rental payment terms and payment schedule as of the reporting date.



# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.23 Kar payı dağıtımı

Regarding the distribution principles of the profits obtained from the activities of 2009 on January 27, 2010 by the CMB; For joint stock companies whose shares are traded on the stock exchange, no minimum profit distribution obligation is imposed, within this scope, the principles of the Board's Dividend Communiqué numbered II-19.1, the provisions in the articles of association of the companies and the profit distribution disclosed to the public by the companies, it has been decided to implement it within the framework of its policies.

### 2.24 Related parties

It is the person or business associated with the business that prepares the consolidated financial statements (to be used as the "reporting entity" in this Standard).

- (a) A person or a member of their immediate family is deemed to be related to the reporting entity if:
- The person in question;
- (i) Has control or joint control power over the reporting entity,
  - (ii) Has a significant influence on the reporting entity,
  - (iii) If the reporting entity or a parent company of the reporting enterprise is a member of the key management personnel.
- (b) An entity is deemed to be related to a reporting entity if any of the following conditions exist:
- (i) If the entity and the reporting entity are members of the same group (ie each parent company, subsidiary and other subsidiary is associated with the others).
  - (ii) In case the business is the affiliate or business partnership of the other business (or a member of a group to which the other business is a member).
  - (iii) If both businesses are joint ventures of the same third party.
  - (iv) If one of the entities is a business partnership of a third enterprise and the other entity is a subsidiary of the said third entity.
  - (v) In the event the entity, reporting entity or there are post-employment benefit plans for the employees of an entity associated with the reporting entity.  
If the reporting entity itself has such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) If the entity is controlled or jointly controlled by a person identified in article (a).
  - (vii) If a person defined in item (i) of article (a) has a significant influence on the entity or is a member of the key management personnel of the entity (or the parent company of this entity)

The transaction made with the related party is transferred, of resources, services, or obligations between the reporting entity and a related party, regardless of whether it is for a price or not.

The transaction made with the related party is transferred, of resources, services or obligations between related parties regardless of whether it is for a price or not.

In the consolidated financial statements dated December 31, 2020 and the related explanatory footnotes, Bereket Group companies, other than shareholders, are defined as related parties of other shareholders and Group management as related parties.

### 2.25 Earnings per share

Earnings per share is calculated by dividing the net profit for the period that can be distributed to the shareholders by the weighted average number of shares in the year. In case of capital increase from internal resources during the period, it is accepted that the newly found value is valid as of the beginning of the period while calculating the weighted average of the number of shares.

### 2.26 Other monetary balance sheet items

They are reflected in the balance sheet with their registered values.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2. Summary of Significant Accounting Policies (continued)

### 2.27 Events after the reporting period

Post-balance sheet events that provide additional information about the Group's position at the reporting dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

### 2.28 New and Revised International Financial Reporting Standards

#### Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date but earlier application is permitted; however the Group has not early adopted are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

#### Amendments to TFRS 4: Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts

TFRS 4 has also been amended by POA within the amendments issued by IASB in order to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognized in profit or loss under TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39.

The Group is assessing the potential impact on its financial statements resulting from the application of the amendments to TFRS 4.

#### TFRS 17 – Insurance Contracts

On 16 February 2019, POA issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Group is assessing the potential impact on its financial statements resulting from the application of TFRS 17.

#### TFRS 15 Revenue from Contracts with Customers

As issued in September 2016 by Turkish Public Oversight Authority ("POA"), the new standard replaces existing TFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Group expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. In accordance with the letter submitted by Turkey Insurance Association dated 7 May 2018 and numbered 2018-354, the request of postponement of implementation of TFRS 15 in line with TFRS 17 and TFRS 9 transition is evaluated positively by the Republic of Turkey Ministry of Treasury and Finance and the announcement about the issue will be made with the circular after official approval.

The Group is assessing the potential impact on its financial statements resulting from the application of TFRS 15.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of significant accounting policies (continued)

### 2.1.6 New standards and interpretations not yet adopted (continued)

#### Standards issued but not yet effective and not early adopted (continued)

##### Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Group is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1.

##### Covid-19 related rent concession (Amendments to TFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends TFRS 16 Leases which is also issued by POA on 5 June 2020.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Group shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

##### Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a group from deducting from the cost of property, plant and equipment amounts received from selling items produced while the group is preparing the asset for its intended use. Instead, a group will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements specifically, the amendments prohibit a group from deducting from the cost of property, plant and equipment amounts received from selling items produced while the group is preparing the asset for its intended use. Instead, a group will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of significant accounting policies (continued)

### 2.1.6 New standards and interpretations not yet adopted (continued)

#### Standards issued but not yet effective and not early adopted (continued)

##### Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

##### Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

#### Annual Improvements to TFRS Standards 2018–2020

##### Improvements to TFRS's

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

##### *TFRS 1 First-time Adoption of International Financial Reporting Standards*

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

##### *TFRS 9 Financial Instruments*

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

##### *IFRS 16 Leases, Illustrative Example 13*

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of significant accounting policies (continued)

### 2.1.6 New standards and interpretations not yet adopted (continued)

#### Standards issued but not yet effective and not early adopted (continued)

##### IBOR Reform and its Effects on Financial Reporting—Phase 2

In August 2020, IASB issued amendments that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project.

The objectives of the Phase 2 amendments are to assist companies in:

- applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements.

In Phase 2 of its project, the Board amended requirements in IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

#### Amendments are effective on 1 January 2020

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2020 are as follows:

1-) The revised Conceptual Framework (Version 2018)

2-) Amendments to IAS 1 and IAS 8 - Definition of Material

The application of the amendment to IAS 1 and IAS 8 is not expected to have a significant effect on the financial statements of the Company.

4-) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The application of this amendment did not have a significant impact on the financial statements of the Company.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

### 3. Significant Accounting Estimates and Requirements

In the preparation of the consolidated financial statements, the Group management is required to make assumptions and estimates determining that will affect the reported asset and liability amounts, possible liabilities and commitments as of reporting date and the income and expense amounts as of balance sheet date. Actual results may differ from the estimates. The forecasts are regularly reviewed, necessary corrections are made and they are reflected in the consolidated income statement in the period in which they are realized. The estimates used are mainly; in connection with insurance outstanding claims provision, other technical provisions and provisions for impairment of assets, and these estimates and assumptions are explained in detail in the related notes. Apart from these, important estimates used in the preparation of consolidated financial statements are as follows:

#### **Provision for termination cost:**

The Group has calculated the provision for termination cost in the accompanying consolidated financial statements using actuarial assumptions and reflected it in its records.

#### **Provision for doubtful receivables:**

The Group allocates provision for doubtful receivables for those of the relevant intermediaries and insureds who cannot make repayments and their recourse receivables at the stage of execution or litigation (Note 12).

#### **Deferred tax:**

Deferred tax assets are recorded when it is highly probable to benefit from temporary differences and accumulated losses by making future taxable profit. While determining the amount of deferred tax assets to be recorded, it is necessary to make important estimates and evaluations regarding the taxable profits that may occur in the future (Note 21).

### 4. Insurance and Financial Risk Management

#### 4.1 Insurance Risk

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

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and hard to anticipate. Maximum risk that the Group bears is limited to the coverage amount specified in the insurance contract.

Group has adopted central risk assessment policy and this policy is applied in relation to the Group's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

##### 4.1.2 Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance)

###### 4.1.2.1 Sensitivity to insurance risk

There are many reasons for the risk tolerance. One of the most important one is the increases in the amount of indemnity to be paid for the damages occurred. The main reason for these increases is the increase in the overdue interest calculated for the pending lawsuits for claims or the increase in claim after the claim amount finalizes subsequently. Group manages these risks based on the policy production strategy, adequate reinsurance commitments and effective clearance and payment transactions.

The Group's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, geographical area and accurate distribution of the risk incurred.

Reinsurance commitments include claims surplus, quota surplus reinsurance, excess loss reinsurance and insurance coverage. Outstanding claims are revised and updated periodically by the claims department specialist.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.1. Insurance Risk (continued)

#### 4.1.2. Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance) (continued)

##### 4.1.2.2. Insurance risk concentration including the explanation of management method of how to determine concentration and common characteristics (nature of the event insured, geographical region or currency unit) determining each concentration

The Group makes insurance agreements on non-life branches. The Group's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

31 December 2020	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor vehicles liability	398.588.556	23.773.075	374.815.481
Suretyship	75.077.077	74.977.005	100.072
Fire and natural disasters	24.063.949	16.464.936	7.599.014
General liability	22.348.992	7.617.403	14.731.588
Motor vehicles	23.322.508	8.566	23.313.942
Accident	15.406.707	4.062.717	11.343.990
Transportation	4.530.636	2.871.370	1.659.266
General losses	8.965.079	4.597.629	4.367.450
Health	394.829	394.829	-
Financial losses	15.451	15.375	76
Legal Protection	-	-	-
Water vehicles liability	-	-	-
State supported agriculture and animal farming	(3.475)	1.434	(4.910)
Theft	(1.831)	26.302	(28.133)
<b>Total</b>	<b>572.708.477</b>	<b>134.810.642</b>	<b>437.897.835</b>

31 December 2019	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor vehicles liability	263.146.276	15.008.092	248.138.184
Suretyship	70.325.285	70.230.441	94.844
Fire and natural disasters	13.671.083	7.666.681	6.004.402
General liability	11.876.125	4.490.535	7.385.590
Motor vehicles	15.284.957	86	15.284.871
Accident	11.755.449	5.998.678	5.756.771
Transportation	280.403	122.024	158.379
General losses	6.549.957	5.915.050	634.907
Health	67.846	67.881	(35)
Financial losses	17.597	17.597	-
State supported agriculture and animal farming	1.112.492	-	1.112.492
Water vehicles liability	44.151	39.736	4.415
Legal Protection	1.057	-	1.057
Theft	344	331	13
<b>Total</b>	<b>394.133.022</b>	<b>109.557.132</b>	<b>284.575.890</b>

The claim development table of the Group prepared as of December 31, 2020 is included in note 17.



# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### Financial risk management

The main financial instruments used by the Group are cash, term bank deposits, reverse repo transactions, stocks and government bonds, and receivables and loans from main activities. The Group is faced with various financial risks due to the financial instruments it uses and the insurance contract liabilities. Risks arising from the used instruments are market risk, foreign currency risk, liquidity risk and credit risk. Group management manages these risks as stated below.

### a. Market risk

#### i) Interest rate risk

The interest rate risk has not been calculated since Group do not have liabilities that cause interest payment in variable interest assets and liabilities items that are classified as financial assets and from which they generate interest income in balance sheet.

#### ii) Exchange rate risk

Exchange rate risk is defined as the loss risk exposure due to changes from exchange rates based on the differences between the Group's foreign currency denominated assets and liabilities. On the other hand, value changes of different currency types compared to each other is another aspect of an exchange rate risk. Exchange rate risk is managed by keeping the net foreign currency position close.

Foreign currency rates used for the translation of foreign currency as of balance sheet date, are as follows:

	31 December 2020	31 December 2019
USD	7,3405	5,9402
EUR	9,0079	6,6506
GBP	9,9438	7,7765

The details of foreign currency denominated assets and liabilities as of 31 December 2020 and 2019 are presented below:

	31 December 2020	31 December 2019
A. Foreign currency dominated assets	56.823.079	6.484.996
B. Foreign currency dominated liabilities	(14.864.644)	(5.705.015)
<b>Net foreign currency position (A-B)</b>	<b>41.958.435</b>	<b>779.981</b>

As of 31 December 2020 and 31 December 2019, the Group's foreign currency position is as follows:

	31 December 2020			31 December 2019		
	Currency	Currency Amount	Amount of TL	Currency	Currency Amount	Amount of TL
Banks	US Dollar	4.809.111	35.305.011	ABD Doları	-	-
	Euro	504.378	4.550.822	Avro	2.383	14.367
			<b>39.855.833</b>			<b>14.367</b>
Receivables	US Dollar	1.824.026	13.397.483	ABD Doları	819.372	4.310.634
	Euro	395.674	3.569.351	Avro	358.327	2.159.995
	GBP	41	411	GBP	-	-
			<b>16.967.245</b>			<b>6.470.629</b>
Payables	US Dollar	1.585.080	11.656.203	ABD Doları	848.765	4.465.270
	Euro	350.350	3.161.596	Avro	205.664	1.239.745
	GBP	4.681	46.785	GBP	-	-
	CHF	7,17	60	CHF	-	-
			<b>14.864.644</b>			<b>5.705.015</b>
<b>Foreign currency position, net</b>			<b>41.958.434</b>			<b>779.981</b>



# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### ii) Exchange rate risk (continued)

The table below shows the effect of a 10% increase / (decrease) in the value of foreign currencies against TL in the Group's portfolio on the profit before tax, provided that all other variables remain constant:

#### 31 December 2020

Currency	Net Asset / (Liability) Amount	Increase in income /expense before taxation	Decrease in income /expense before taxation
USD	37.046.291	3.704.629	(3.704.629)
EUR	4.958.577	495.858	(495.858)
GBP	(46.374)	(4.637)	4.637
CHF	(60)	(6)	6
<b>Total</b>	<b>41.958.434</b>	<b>4.195.844</b>	<b>(4.195.844)</b>

#### 31 December 2019

Currency	Net Asset / (Liability) Amount	Increase in income /expense before taxation	Decrease in income /expense before taxation
USD	(154.636)	(15.464)	15.464
EUR	934.617	93.462	(93.462)
<b>Total</b>	<b>779.981</b>	<b>77.998</b>	<b>(77.998)</b>

## b. Credit Risk

Credit risk refers to the situation that the Group will face due to the failure of third parties with whom the Group has mutual relations to fulfill their obligations fully or partially on time by not complying with the contract requirements. The Group tries to manage the credit risk by constantly evaluating the dependability of the parties with which it is involved. The Group manages the credit risk, taking into account its field of activity, by obtaining collateral when it deems necessary.

Financial assets subject to credit risk included in Group financial instruments mainly consist of receivables containing cash and cash equivalents except cash accounts, reverse repo transactions, government bonds, from main operations receivables, receivables consisting of credit risk in other assets of the Group.

The book values of assets exposed to credit risk are shown in the table below.

	31 December 2020	31 December 2019
Cash and cash equivalents (Note 14)	710.733.402	551.463.395
Receivables from main operations (Note 12)	155.453.783	112.229.928
Financial assets (Note 11) (*)	3.507.786	7.597.948
Outstanding claims reserve, ceded (Note 10), (Note 17)	134.810.642	109.557.132
Receivables from related parties (Note 12)	2.378.848	2.492.775
Other receivables (Note 12)	174.481.075	25.938.947
Prepaid taxes and funds (Note 35)	6.322.997	8.181.281
Other current assets	25.171	22.111
<b>Total</b>	<b>1.189.318.962</b>	<b>817.483.517</b>

(\*) As of 31 December 2020 shares amounting to 1.668.000 is excluded. (31 December 2019: None).

As of 31 December 2020, TL 54.771.741 (31 December 2019: TL 40.417.797) of receivables from main operations is classified as doubtful receivable. As of balance sheet date there are no under administrative follow-up (31 December 2019: None). The total amount of the receivable is unsecured. (31 December 2019: The total amount of the receivable is unsecured.) of such receivable amount is guaranteed. A provision is not set for the guaranteed portion of receivables. All of the guarantees received for doubtful receivables is real estate mortgage.

Provision for doubtful receivables	Total Receivable TL	Guaranteed Portion TL
Agency receivables under legal follow-up	696.339	-
Other receivables under legal follow-up	1.590.494	-
Subrogation receivables under litigation and execution (Note 2.1.1.e), (Note 12)	52.484.908	-
<b>Total (Note 12)</b>	<b>54.771.741</b>	<b>-</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.2.2 Financial Risk Factors (continued)

#### Credit Risk (continued)

<u>Provision for doubtful receivables</u>	<u>Total Receivable TL</u>	<u>Guaranteed portion TL</u>
Agency receivables under legal follow-up	621.695	-
Other receivables under legal follow-up	1.525.220	-
Subrogation receivables under litigation and execution (Note 2.1.1.e), (Note 12)	38.270.882	-
<b>Total (Note 12)</b>	<b>40.417.797</b>	<b>-</b>

Aging table of due receivables and movement table of doubtful receivables past due but not impaired and guarantees received for not impaired receivables as of 31 December 2020 and 2019 are presented in Note 12.

#### Liquidity risk

Liquidity risk is the risk that a group cannot meet its funding needs. The Group measures and evaluates the liquidity risk periodical within the framework of compliance with the liquidity risk policies of the group to which it is affiliated.

The distribution of the Group's monetary assets and liabilities by their remaining maturities as of December 31, 2020 is as follows:

	No maturity	Up to one month	1-3 Months	3-12 Months	1 - 5 Years	5 Years and Over	Undistribut ed	Total
Cash and cash equivalents	9.686.403	268.145.047	432.901.952	-	-	-	-	710.733.402
Financial assets	1.668.000	3.507.786	-	-	-	-	-	5.175.786
Receivables from main operations	6.841.213	30.816.422	47.459.810	70.336.338	-	-	-	155.453.783
Receivables from related parties	2.378.848	-	-	-	-	-	-	2.378.848
Other receivables	62.498.329	61.930.251	5.355.856	44.472.483	224.156	-	-	174.481.075
Deferred expense and income accruals	-	-	-	14.176.930	-	-	76.815.031	90.991.961
Other current assets	25.171	292.595	-	-	-	-	6.322.997	6.640.763
<b>Total assets</b>	<b>83.097.964</b>	<b>364.692.101</b>	<b>485.717.618</b>	<b>128.985.751</b>	<b>224.156</b>	<b>-</b>	<b>83.138.028</b>	<b>1.145.855.618</b>
Financial liabilities	-	-	-	4.612.108	4.058.408	-	-	8.670.516
Payables from main operations	-	-	47.683.255	56.565.390	497.134	-	-	104.745.779
Payables to related parties	2.475	14.993	392	-	-	-	-	17.860
Other payables	3.480.909	279.148	7.275.248	-	-	-	4.273.467	15.308.772
Provisions for outstanding claims <sup>(1)</sup>	-	-	437.897.835	-	-	-	-	437.897.835
Taxes and funds payable and related provisions	-	6.937.578	13.578.140	-	-	-	-	20.515.718
Income and expense accruals	-	-	11.843.200	-	-	-	39.795.513	51.638.713
Provisions related to other risks	-	-	-	-	6.872.372	-	485.291	7.357.663
<b>Total liabilities</b>	<b>3.483.384</b>	<b>7.231.719</b>	<b>518.278.070</b>	<b>61.177.498</b>	<b>11.427.914</b>	<b>-</b>	<b>44.554.271</b>	<b>646.152.856</b>

	No maturity	Up to one month	1-3 Months	3-12 Months	1 - 5 Years	5 Years and Over	Undistributed	Total
Cash and cash equivalents	12.287.195	371.581.108	167.595.092	-	-	-	-	551.463.395
Financial assets	7.597.948	-	-	-	-	-	-	7.597.948
Receivables from main operations	95.626.933	11.968.366	4.528.950	105.679	-	-	-	112.229.928
Receivables from related parties	2.492.775	-	-	-	-	-	-	2.492.775
Other receivables	784.326	24.457.646	696.975	-	-	-	-	25.938.947
Deferred expense and income accruals	-	1.065.832	2.816.625	56.621.983	-	-	5.009.265	65.513.705
Other current assets	260.328	-	-	-	-	-	8.110.848	8.358.293
<b>Total assets</b>	<b>119.049.505</b>	<b>409.072.952</b>	<b>175.637.642</b>	<b>56.727.662</b>	<b>-</b>	<b>-</b>	<b>13.120.113</b>	<b>773.594.991</b>
Financial liabilities	-	-	-	3.927.407	3.632.950	-	-	7.560.357
Payables from main operations	11.194.024	21.869.596	15.016.758	11.606.172	-	-	-	59.686.550
Payables to related parties	82.633	-	-	-	-	-	-	82.633
Other payables	828.781	2.030.558	6.077.293	120.000	-	-	3.333.398	12.390.030
Provisions for outstanding claims <sup>(1)</sup>	-	-	284.575.890	-	-	-	-	284.575.890
Taxes and funds payable and related provisions	-	6.447.637	3.373.081	-	-	-	-	9.820.718
Income and expense accruals	-	2.258.462	1.232.859	21.721.290	-	-	-	25.212.611
Provisions related to other risks	-	-	-	-	-	-	3.530.852	3.530.852
<b>Total liabilities</b>	<b>12.105.438</b>	<b>32.606.253</b>	<b>310.275.881</b>	<b>37.374.869</b>	<b>3.632.950</b>	<b>-</b>	<b>6.864.250</b>	<b>402.859.641</b>

<sup>(1)</sup> All outstanding claims and compensation provisions are classified as short term in the balance sheet.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 4. Insurance and Financial Risk Management (continued)

### 4.2.2. Financial Risk Factors (continued)

#### Other Risks

#### Fair Value of Financial Instruments

The Group's capital management policies include the following:

- To comply with the insurance capital requirements required by the Republic of Turkey Ministry of Treasury and Finance.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions.

The Group determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Group in a current market transaction.

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. "Category 1", was organized market obtained from fair values (market data), the "Category 2" precedent that has truth according to processes and "Category 3" is the future cash flows to their present reduced according to the values that are valued financial assets represents.

As of 31 December 2020, The Group have TL of 3.507.786 held to maturity financial assets. (31 December 2019: None).

#### Categories of Financial Assets:

##### 31 December 2020

Categories of financial assets	Book value	Category 1	Category 2	Category 3
Financial assets available for sale	1.668.000	1.668.000	-	-
Financial assets held for trading	3.507.786	3.507.786	-	-
Financial assets	-	-	-	-
<b>Total (Note 11)</b>	<b>5.175.786</b>	<b>5.175.786</b>	-	-

##### 31 December 2019

Categories of financial assets	Book value	Category 1	Category 2	Category 3
Financial assets held for trading	7.597.948	7.597.948	-	-
<b>Total (Note 11)</b>	<b>7.597.948</b>	<b>7.597.948</b>	-	-

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

#### Financial assets

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short-term nature and having insignificant potential losses.

#### Financial liabilities

It is anticipated that fair value of monetary liabilities will approximate to their carrying value based on their short-term nature.

## 5. Segment Information

It is explained in note 2.3.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 6. Tangible Assets

Movement in tangible assets in the period from 1 January to 31 December 2020 is presented below:

	Investment Properties <sup>(*)</sup>	Motor vehicles	Furniture and fixtures (leasing included)	Other properties (Leasehold Improvements)	Right of Use Assets	Total
<b>Cost</b>						
1 January 2020	96.829	24.000	8.704.472	815.012	10.678.568	20.318.881
Additions	-	-	2.307.239	41.595	3.010.942	5.359.776
Disposals	(15.000)	(24.000)	(172.215)	-	-	(211.215)
<b>31 December 2020</b>	<b>81.829</b>	<b>-</b>	<b>10.839.496</b>	<b>856.607</b>	<b>13.689.510</b>	<b>25.467.442</b>
<b>Accumulated Depreciation</b>						
1 January 2020	13.088	24.000	3.184.039	413.451	3.864.188	7.498.766
Current year charge	1.635	-	1.577.173	114.364	2.008.380	3.692.204
Disposals	-	(24.000)	(114.034)	-	-	(138.034)
<b>31 December 2020</b>	<b>14.723</b>	<b>-</b>	<b>4.647.178</b>	<b>527.815</b>	<b>5.872.568</b>	<b>11.052.936</b>
<b>Net book value</b>	<b>67.106</b>					<b>14.414.506</b>

<sup>(\*)</sup> Information about Investment Properties is presented in Note 7.

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

	Investment Properties <sup>(*)</sup>	Motor vehicles	Furniture and fixtures (leasing included)	Other properties (Leasehold Improvements)	Right of Use Assets	Total
<b>Cost</b>						
1 January 2019	96.829	24.000	10.608.305	644.741	-	11.373.875
Additions	-	-	1.680.314	170.271	10.678.568	12.529.153
Disposals	-	-	(3.584.147)	-	-	(3.584.147)
<b>31 December 2019</b>	<b>96.829</b>	<b>24.000</b>	<b>8.704.472</b>	<b>815.012</b>	<b>10.678.568</b>	<b>20.318.881</b>
<b>Accumulated Depreciation</b>						
1 January 2019	11.457	24.000	5.339.859	302.995	-	5.678.311
Current year charge	1.631	-	1.299.965	110.456	3.864.188	5.276.240
Disposals	-	-	(3.455.785)	-	-	(3.455.785)
<b>31 December 2019</b>	<b>13.088</b>	<b>24.000</b>	<b>3.184.039</b>	<b>413.451</b>	<b>3.864.188</b>	<b>7.498.766</b>
<b>Net book value</b>	<b>83.741</b>					<b>12.820.115</b>

<sup>(\*)</sup> Information about Investment Properties is presented in Note 7.

There is no mortgage on real estates for use in favor of the Republic of Turkey Ministry of Treasury and Finance.

The Group does not have any tangible fixed assets acquired as a tenant in financial leasing transactions (31 December 2019: None).

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 7. Investment Properties

<b>Cost</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
Opening balance as of January 1	96.829	96.829
Cancellation of impairment	-	-
Additions	-	-
Disposals	(15.000)	-
<b>Closing balance as of December 31 (Note 6)</b>	<b>81.829</b>	<b>96.829</b>
<b>Accumulated Depreciation</b>		
Opening balance as of January 1	13.088	11.457
Current year charge	1.635	1.631
Disposals	-	-
<b>Closing balance as of December 31 (Note 6)</b>	<b>14.723</b>	<b>13.088</b>
<b>Net book value</b>	<b>67.106</b>	<b>83.741</b>

There is no realized rent income from the Group's investment properties in the current period (1 January - 31 December 2019: TL None). The total fair value of 3 investment properties held by the Group on December 31, 2020 is TL 140,000. The fair value of the real estates obtained according to the valuation performed in December 2020 by an independent expertise company that is not affiliated with the Group. The company making the valuations with an independent valuation company authorized by the Prime Ministry Capital Markets Board. The valuation has been determined by taking the market transaction prices for similar properties as a reference.

## 8. Intangible Assets

Movement in intangible assets in the period from 1 January to 31 December 2020 is presented below:

<b>Cost</b>	<b>Rights</b>	<b>Other Intangible Assets <sup>(1)</sup></b>	<b>Total</b>
1 January 2020	761.892	524.271	1.286.163
Additions	176.418	4.237.694	4.414.112
Disposals	-	-	-
<b>31 December 2020</b>	<b>938.310</b>	<b>4.761.965</b>	<b>5.700.275</b>
<b>Accumulated amortization</b>			
1 January 2020	87.129	303.407	390.536
Current year charge	72.072	617.003	689.075
Disposal	-	-	-
Transfers	(1.031)	1.031	-
<b>31 December 2020</b>	<b>158.170</b>	<b>921.441</b>	<b>1.079.611</b>
<b>Net book value</b>	<b>780.140</b>		<b>4.620.664</b>

<sup>(1)</sup> Other intangible assets consist of software and computer programs.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 8. Intangible Assets (continued)

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

<u>Cost</u>	<u>Rights</u>	<u>Other Intangible Assets <sup>(*)</sup></u>	<u>Total</u>
1 January 2019	765.483	1.076.622	1.842.105
Additions	-	49.225	49.225
Disposals	(3.591)	(601.576)	(605.167)
<b>31 December 2019</b>	<b>761.892</b>	<b>524.271</b>	<b>1.286.163</b>
<u>Accumulated amortization</u>			
1 January 2019	38.312	781.041	819.353
Current year charge	48.817	123.411	172.228
Disposal	-	(601.045)	(601.045)
<b>31 December 2019</b>	<b>87.129</b>	<b>303.407</b>	<b>390.536</b>
<u>Net book value</u>	<b>674.763</b>	<b>220.864</b>	<b>895.627</b>

<sup>(\*)</sup> Other intangible assets consist of software and computer programs.

## 9. Investment in Subsidiaries

None (31 December 2019: None).

## 10. Reinsurance Assets

As at 31 December 2020 and 2019, outstanding reinsurance assets and liabilities of the Group in accordance with existing reinsurance contracts is presented below:

<u>Reinsurance assets</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Outstanding claims reserve, ceded (Note 4.2), (Note 17)	134.810.642	109.557.132
Unearned Premium reserve, ceded (Note 17)	271.036.179	138.072.399
Receivables from reinsurance companies	19.912.612	16.407.751
Deferred acquisition cost (Note 19)	76.815.031	58.897.122
<b>Total</b>	<b>502.574.464</b>	<b>322.934.404</b>

<u>Reinsurance liabilities</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Payables to be paid on premiums written to reinsurance companies (Note 19)	29.339.762	5.593.226
Deferred commission income (Note 19)	42.714.899	20.709.750
<b>Total</b>	<b>72.054.661</b>	<b>26.302.976</b>

Gain and losses recognized in income statement of the Group in accordance with existing reinsurance contracts is presented below:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Premiums ceded during the period (Note 17)	(838.299.118)	(609.935.187)
Reserve for unearned premiums, ceded at the beginning of the period (Note 17)	(138.072.399)	(71.442.282)
Reserve for unearned premiums, ceded at the end of the period (Note 17)	271.036.179	138.072.399
<b>Premiums earned, ceded (Note 17)</b>	<b>(705.335.338)</b>	<b>(543.305.070)</b>
Claims paid, ceded during the period (Note 17)	48.784.069	27.836.522
Provision for outstanding claims, ceded at the beginning of the period (Note 17)	(109.557.132)	(95.215.007)
Provision for outstanding claims, ceded at the end of the period (Note 17)	134.810.642	109.557.132
<b>Claims incurred, ceded (Note 17)</b>	<b>74.037.579</b>	<b>42.178.647</b>
Commission income accrued from reinsurers during the period	88.825.656	76.559.236
Deferred commission income at the beginning of the period (Note 19)	(20.709.750)	(11.106.378)
Deferred commission income at the end of the period (Note 19)	42.714.899	20.709.750
<b>Commission income earned from reinsurers (Note 17), (Note 32)</b>	<b>110.830.805</b>	<b>86.162.608</b>
<b>Total</b>	<b>(520.466.954)</b>	<b>(414.963.815)</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 11. Financial Assets

As at 31 December 2020 and 2019, the details of the Group's financial assets are as follows:

<u>Financial assets</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Financial assets available for sale	1.668.000	7.597.948
Held to maturity investments	3.507.786	-
<b>Total (Note 4.2)</b>	<b>5.175.786</b>	<b>7.597.948</b>

Detail of financial assets is presented below:

	<u>31 Aralık 2020</u>			<u>31 Aralık 2019</u>		
<b>Financial assets available for sale</b>	<b>Cost value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Cost value</b>	<b>Fair value</b>	<b>Book value</b>
Shares	1.946.400	1.668.000	1.668.000	5.856.192	7.597.948	7.597.948
<b>Total</b>	<b>1.946.400</b>	<b>1.668.000</b>	<b>1.668.000</b>	<b>5.856.192</b>	<b>7.597.948</b>	<b>7.597.948</b>

The details of securities classified as financial assets to be held to maturity as of 31 December 2020 are given below.

	<u>31 Aralık 2020</u>			<u>31 Aralık 2019</u>		
<b>Held to maturity financial assets</b>	<b>Cost value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Cost value</b>	<b>Fair value</b>	<b>Book value</b>
Ziraat Katılım Bankası A.Ş. <sup>(*)</sup>	3.500.000	3.507.786	3.507.786	-	-	-
<b>Total</b>	<b>3.500.000</b>	<b>3.507.786</b>	<b>3.507.786</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> The lease certificate issued by Ziraat Katılım Bankası A.Ş., which is included in the securities group, has been accounted for under the financial assets to be held to maturity in the records. As of 31 December 2020, the redemption date of 1 lease certificate amounting to 3.500.000 TL is 22 January 2021.

<u>Other Financial Assets</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Tarım Sigortaları Havuz İşletmesi A.Ş. <sup>(**)</sup>	684.773	569.340
<b>Total</b>	<b>684.773</b>	<b>569.340</b>

<sup>(\*\*)</sup> The Company's Tarım Sigortaları Havuz İşletmesi A.Ş. and the shares it owns.

<u>Type of financial asset</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Financial assets held for trading	(278.400)	1.741.756
Held to maturity investments	7.786	-
<b>Total</b>	<b>(270.614)</b>	<b>1.741.756</b>

There is no blockage on financial assets of the Group (31 December 2019: None).

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 12. Receivables

	31 December 2020	31 December 2019
Receivables from insurance operations (Note 4.2)	136.590.206	96.802.243
Provision for receivables from insurance operations (Note 4.2)	(1.049.035)	(980.066)
Receivables from reinsurance operations (Note 4.2)	19.912.612	16.407.751
Doubtful receivables from operating and insurance operations (Note 4.2)	54.771.741	40.417.797
Provision for doubtful receivables from operating and insurance operations (-) (Note 2.1.1)	(54.771.741)	(40.417.797)
Other receivables (Note 47.1)	174.256.919	25.727.699
Given deposits and guarantees – long term	224.156	211.248
Receivables from other related parties (Note 4.2)	2.378.848	2.492.775
<b>Total</b>	<b>332.313.706</b>	<b>140.661.650</b>

As of December 31, 2020 and December 31, 2019, forward and retrospective aging of the receivables from insurance operations that are undue and overdue are as follows:

<b>Overdue receivables</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Undue receivables	116.949.018	95.626.933
0-30 days	26.269.932	11.968.366
31-60 days	2.520.268	4.457.242
61-90 days	8.260.604	71.708
91 days and above	1.453.961	105.679
<b>Total</b>	<b>155.453.783</b>	<b>112.229.928</b>

Guarantees for undue receivables and past due but not impaired receivables are stated below:

	31 December 2020	31 December 2019
Letters of guarantees	5.607.000	4.501.000
Mortgages	1.494.000	1.797.000
Cash, cheque and note amounts	8.510.000	6.057.605
<b>Total</b>	<b>15.611.000</b>	<b>12.355.605</b>

For warranty calculations, agency-based amount of warranty is calculated as checking account debts. %30 of mortgages is taken (31 December 2019: %30).

The details and movement of provisions for doubtful receivables resulting from insurance operations is stated below:

	31 December 2020	31 December 2019
Provisions for receivables from sellers	80.000	80.000
Provisions for receivables from insured	428.561	363.286
Provisions for receivables from agencies	1.778.272	1.703.629
Provision for subrogation receivables under litigation (Note 2.1.1.c), (Note 4.2)	52.484.908	38.270.882
<b>Total</b>	<b>54.771.741</b>	<b>40.417.797</b>

	2020	2019
Opening balance, January 1	40.417.797	31.770.088
Current year charge	538.361.570	504.100.238
Collections	-	2.669
Evaluation of foreign exchange	119.035	40.954
Amounts written off during the year	(524.126.661)	(495.496.152)
<b>Closing balance, December 31</b>	<b>54.771.741</b>	<b>40.417.797</b>



# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 12. Receivables (continued)

Details of the Group's foreign currency denominated receivables without exchange rate guarantees are presented below:

		<b>31 December 2020</b>	
		<b>Amount in original</b>	
		<b>currency</b>	<b>Amount TL</b>
<b>Foreign currency receivables</b>			
Receivables from insurance companies			
USD	1.799.622		13.210.366
EUR	515.358		4.642.484
GBP	41		411
<b>Total</b>			<b>17.853.261</b>
Receivables from insurance companies			
USD	43.887		322.155
EUR	107.073		964.507
CHF	6		46
<b>Total</b>			<b>1.286.708</b>
<b>Total foreign currency receivables</b>			<b>19.139.969</b>
		<b>31 December 2019</b>	
		<b>Amount in original</b>	
		<b>currency</b>	<b>Amount TL</b>
<b>Foreign currency receivables</b>			
Receivables from agencies			
USD	886.088		5.263.543
EUR	469.157		3.120.173
<b>Total</b>			<b>8.383.716</b>
Receivables from insurance companies			
USD	(160.417)		(952.908)
EUR	(144.375)		(960.178)
<b>Total</b>			<b>(1.913.086)</b>
<b>Total foreign currency receivables</b>			<b>6.470.630</b>

## 13. Derivative Financial Instruments

As of the balance sheet date, Group has no derivative financial instruments (31 December 2019: None).

## 14. Cash and Cash Equivalents

Cash and cash equivalents that constitute the basis of the cash flow statement for the period ending on December 31, 2020 are shown in footnote 2.12.

	<b>31 December 2020</b>	<b>31 December 2019</b>
Cash at banks	615.399.830	466.664.067
Demand deposits	9.686.402	12.351.076
Profit sharing accounts	605.713.428	454.312.991
Bank guaranteed credit card receivables with maturity less than three months	95.333.572	84.799.328
<b>Total</b>	<b>710.733.402</b>	<b>551.463.395</b>
Income accrual (-)	(3.890.402)	(3.020.006)
Blocked amounts	(133.883.814)	(44.712.935)
<b>Total for cash flow purposes</b>	<b>572.959.186</b>	<b>503.730.454</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 14. Cash and Cash Equivalents (continued)

The maturity details of profit-sharing accounts as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Up to 1 month	258.366.479	25.018.579
1-3 month	347.346.949	369.441.219
3+ month	-	59.853.193
<b>Total</b>	<b>605.713.428</b>	<b>454.312.991</b>

As of 31 December 2020 and 2019, cash and cash equivalents denominated in foreign currency are disclosed in Note 4.2.2 "Foreign Exchange Risk".

## 15. Share Capital

As of balance sheet date the capital structure of the Group is disclosed in Note 1.1.

As of 31 December 2020, the Group's nominal capital is TL 100.000.000 (31 December 2019: TL 100.000.000). TL 100.000.000 (31 December 2019: TL 100.000.000) of the paid-in capital consists of 100.000.000 shares (31 December 2019: 100.000.000 shares) having a nominal amount of TL 1 each. The Group is not subject to the registered capital system.

The Group does not have share sales to be made in accordance with futures and contracts. There are not any stock sales required by future contracts. As of 31 December 2020 the related party transactions have been disclosed in Note 45.

### Legal Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% p.a., until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% p.a. of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

The movement table for legal reserves is as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
<b>Legal reserves at the beginning of the year</b>	<b>5.310.794</b>	<b>5.310.794</b>
Transfer to profit and other reserves	7.924	-
<b>Legal reserves at the end of the period</b>	<b>5.318.718</b>	<b>5.310.794</b>

### Extraordinary reserves

The movement table for extraordinary reserves is as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
<b>Extraordinary reserves at the beginning of the year</b>	<b>17.103.363</b>	<b>17.103.363</b>
Transfer to profit and other reserves	150.565	-
<b>Extraordinary reserves at the end of the period</b>	<b>17.253.928</b>	<b>17.103.363</b>

### Special funds

The movement table for special funds is as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
<b>Special funds at the beginning of the term</b>	<b>2.277.746</b>	<b>2.277.746</b>
Reserves allocated during the period	-	-
<b>Special funds at the end of the term</b>	<b>2.277.746</b>	<b>2.277.746</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 15. Share Capital (continued)

### Equity Movement

As of 31 December 2020 and 31 December 2019, the Group's paid-in capital consists of 100,000,000 shares with a unit nominal value of 1 TL.

Other detailed information about the capital of the Group is given in note 2.13.

In accordance with the "Regulation on the Amendment of the Regulation on the Measurement and Evaluation of the Capital Adequacy of Insurance and Reinsurance and Pension Companies" published in the Official Gazette No. 27156 dated March 1, 2009, of the Republic of Turkey Ministry of Treasury and Finance, the calculated capital of the Group's parent company and subsidiary qualification results are given in the table below.

#### BEREKET SİGORTA A.Ş.

	31 Aralık 2020	31 Aralık 2019
Accepted equity	182.965.002	107.337.814
The amount of equity required for the company	218.310.367	127.968.852
<b>Equity adequacy result <sup>(*)</sup></b>	<b>(35.345.364)</b>	<b>(20.631.038)</b>

<sup>(\*)</sup> Agricultural Credit Cooperatives Central Union of Turkey the main shareholder of the Group declares that it will take the complementary actions to complete the remaining unpaid capital.

#### BEREKET KATILIM SİGORTA A.Ş.

	31 Aralık 2020	31 Aralık 2019
Accepted equity	6.129.613	-
The amount of equity required for the company	8.056.311	-
<b>Equity adequacy result <sup>(*)</sup></b>	<b>(1.926.698)</b>	<b>-</b>

<sup>(\*)</sup> In the Board of Directors meeting held on January 9, 2021, the Group decided to increase its existing capital by 15,000,000 TL in cash to 25,000,000 TL in order to strengthen the equity structure.

## 16. Other Provisions and Capital Component of Discretionary Participation

### 16.1. Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

TAS 19 states that actuarial gains/losses resulting from the changes in actuarial presumptions within the scope of the amendments effective as of January 1, 2013 shall be recognized under equity. Within this scope, the Group has evaluated the impact of the amendment on the financials. The current year actuarial gain amounting to TL 94.558 calculated as of 31 December 2020 (31 December 2019: 156.524 TL (actuarial gain)), net of the deferred tax effect of TL 1.426 (31 December 2019: 31.305 TL actuarial loss), net 87.051 TL expense was recognized as (31 December 2019: 125.219 TL income) under other profit reserves account under equity in the balance sheet.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 17. Insurance Liabilities and Reinsurance Assets

### 17.1 Guarantees to be provided for life and non-life insurances and guarantees provided for life and non-life insurances based on assets

	31 December 2020	31 December 2019
<b>Current Blockage</b>		
Minimum guarantee to be provided for non – life branches	86.450.853	48.007.010
Current blockage (*)	77.681.133	44.000.000

(\*) Pursuant to Article 4 of the "Regulation on the Financial Structure of Insurance and Reinsurance and Pension Companies" issued pursuant to the Insurance Law and published in the Official Gazette dated 7 August 2007 and numbered 26606, minimum guaranty fund of insurance companies and pension companies operating in life and personal accident branches its fund cannot be less than one-third of the total minimum capital amounts. For non-life insurance branches, the minimum guarantee fund is established as collateral in the capital adequacy calculation period. The amount of collateral to be established and the amount of collateral established in relation to the consolidated financial statements of the Group as of December 31, 2020 and December 31, 2019 are indicated in the table above.

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

None (31 December 2019: None).

### 17.3. Insurance Guarantees given to non-life insurances based on branches

	31 December 2020	31 December 2019
Motor vehicles liability	1.976.518.503.000	1.200.848.274.000
Fire and natural disasters	388.386.355.463	239.550.601.305
General liability	13.272.556.121	6.920.968.167
Accident	4.803.060.531	4.966.967.802
Transportation	11.859.810.960	3.924.885.828
General losses	65.637.379.886	33.495.227.960
Motor vehicles	16.785.848.906	11.007.889.356
Financial losses	1.547.276.214	1.564.603.409
Legal protection	1.161.398.000	929.703.000
Illness	268.312.266	617.025.439
Water Vehicles	1.716.872.449	77.689.125
Suretyship	116.411.781	101.378.789
<b>Total</b>	<b>2.482.073.785.577</b>	<b>1.504.005.214.180</b>

### 17.4. Pension investment funds established by the Group and their unit prices

None (31 December 2019: None).

### 17.5. Number and amount of participation certificates in portfolio and circulation

None (31 December 2019: None).

### 17.6. Numbers and portfolio amount of additions, disposals, reversals and current individual and group pension participants

None (31 December 2019: None).

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

None (31 December 2019: None).

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

None (31 December 2019: None).

# Notes to the Consolidated Financial Statements

## As at 31 December 2020

(Currency: Turkish Lira (TL))

### 17. Insurance Liabilities and Reinsurance Assets (continued)

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

None (31 December 2019: None).

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

None (31 December 2019: None).

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

None (31 December 2019: None).

#### 17.12. Number of additions of life insurances and their group or individual allocation and gross and net premiums

None (31 December 2019: None).

#### 17.13. Number of disposals of life insurances and their group or individual allocation and gross net premiums and net mathematical reserves

None (31 December 2019: None).

#### 17.14. Profit share distribution rate of life insurances in the current period

None (31 December 2019: None).

#### 17.15. Amounts from insurance contracts in the financial statements

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Group. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Group makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in Note 2 – *Summary of significant accounting policies*.

As of 31 December 2020 and 2019, the details of the Company's technical provisions are as follows:

	31 December 2020	31 December 2019
Reserve for unearned premiums, gross	600.150.658	403.501.333
Reserve for unearned premiums, ceded (Note 10)	(254.085.774)	(125.733.328)
Reserve for unearned premiums, SGK (Note 10)	(16.950.405)	(12.339.071)
<b>Reserve for unearned premiums, net</b>	<b>329.114.479</b>	<b>265.428.934</b>
Provision for outstanding claims, gross	572.708.477	394.133.022
Provision for outstanding claims, ceded (Note 10)	(134.810.642)	(109.557.132)
<b>Provision for outstanding claims, net</b>	<b>437.897.835</b>	<b>284.575.890</b>
Provision for unexpired risks, gross	3.924.618	22.822
Provision for unexpired risks, cede	(1.492.469)	(18.919)
<b>URR, net</b>	<b>2.432.149</b>	<b>3.903</b>
Equalization provision, net	14.050.158	12.066.154
<b>Other technical provisions, net</b>	<b>14.050.158</b>	<b>12.066.154</b>
Mathematical provisions, gross	3.646.421	5.350.701
Mathematical provisions, ceded	(55.809)	(90.961)
<b>Mathematical provisions, net</b>	<b>3.590.612</b>	<b>5.259.740</b>
<b>Total technical provisions, net</b>	<b>787.085.233</b>	<b>567.334.621</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 17. Insurance Liabilities and Reinsurance Assets (continued)

### 17.15. Amounts from insurance contracts in the financial statements (continued)

The movement of outstanding claim reserve:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	394.133.022	109.557.132	284.575.890	266.916.845	95.215.007	171.701.838
Net Change	77.954.995	453.114	77.501.881	175.903.485	29.593.206	146.310.279
Discount Effect <sup>(*)</sup>	100.620.460	24.800.396	75.820.064	(48.687.308)	(15.251.081)	(33.436.227)
<b>Ending Balance</b>	<b>572.708.477</b>	<b>134.810.642</b>	<b>437.897.835</b>	<b>394.133.022</b>	<b>109.557.132</b>	<b>284.575.890</b>

The movement of unearned premium reserve is as follows:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	403.501.333	138.072.399	265.428.934	261.911.107	71.442.282	190.468.825
Net Change	196.649.325	132.963.780	63.685.545	141.590.226	66.630.117	74.960.109
<b>Ending Balance</b>	<b>600.150.658</b>	<b>271.036.179</b>	<b>329.114.479</b>	<b>403.501.333</b>	<b>138.072.399</b>	<b>265.428.934</b>

The movement of ongoing risks reserve is as follows:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	22.822	18.919	3.903	10.028.591	1.814.749	8.213.842
Net Change	3.901.796	1.473.550	2.428.246	(10.005.769)	(1.795.830)	(8.209.939)
<b>Ending Balance</b>	<b>3.924.618</b>	<b>1.492.469</b>	<b>2.432.149</b>	<b>22.822</b>	<b>18.919</b>	<b>3.903</b>

The movement of total Equalization provision reserve is as follows:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	28.227.893	16.161.739	12.066.154	22.630.111	13.175.021	9.455.090
Net Change	9.138.381	5.788.003	1.984.004	5.597.782	2.986.718	2.611.064
<b>Ending Balance</b>	<b>37.366.274</b>	<b>21.949.742</b>	<b>14.050.158</b>	<b>28.227.893</b>	<b>16.161.739</b>	<b>12.066.154</b>

The movement of provision for actuarial mathematical reserve:

	1 January- 31 December 2020			1 January- 31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	5.350.701	90.961	5.259.740	7.416.382	134.095	7.282.287
Net Change	(1.704.280)	(35.152)	(1.669.128)	(2.065.681)	(43.134)	(2.022.547)
<b>Ending Balance</b>	<b>3.646.421</b>	<b>55.809</b>	<b>3.590.612</b>	<b>5.350.701</b>	<b>90.961</b>	<b>5.259.740</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 17. Insurance Liabilities and Reinsurance Assets (continued)

### 17.15. Amounts from insurance contracts in the financial statements (continued)

The Group's claim development table as of December 31, 2020 with the final damage cost estimates is as follows:

The damage occurred	Paid in the period of occurrence	Paid 1 period after the period in which it occurred	Paid 2 period after the period in which it occurred	Paid 3 period after the period in which it occurred	Paid 4 period after the period in which it occurred	Paid 5 period after the period in which it occurred	Paid 6 period after the period in which it occurred	Total paid
1 January 2014-31 December 2014	41.279.840	17.083.860	2.749.686	2.942.891	2.283.747	1.887.500	2.130.272	70.357.796
1 January 2015-31 December 2015	43.389.943	11.125.867	3.533.520	2.618.012	2.816.878	3.129.916	-	66.614.136
1 January 2016-31 December 2016	43.412.309	9.516.507	2.429.437	2.806.031	1.201.010	-	-	59.365.294
1 January 2017-31 December 2017	45.018.822	18.650.653	6.871.333	1.994.630	-	-	-	72.535.438
1 January 2018-31 December 2018	97.503.082	33.109.622	7.736.453	-	-	-	-	138.349.157
1 January 2019-31 December 2019	175.548.942	51.274.756	-	-	-	-	-	226.823.698
1 January 2020-31 December 2020	194.594.601	-	-	-	-	-	-	194.594.601
<b>Total paid (*)</b>	<b>640.747.539</b>	<b>140.761.265</b>	<b>23.320.429</b>	<b>10.361.564</b>	<b>6.301.635</b>	<b>5.017.416</b>	<b>2.130.272</b>	<b>828.640.120</b>

(\*) Recourse and salvage collections are TL 42.706.971 in 2020, and they are included in the income statement as deducted from paid damages. In addition, from the files with the damage date of January 1, 2011 and before, TL 4.402.555 in 2020, with the amount of claims paid, within the green card pool retro accounts in the motor vehicles liability branch TL 802.671 in 2020, with the amount of paid damage and damage to traffic and medical pools TL 31.007.806, Tarsim pool damage is TL 14.629.962, health branch TL 6.965.899 is not included in the table. .

The damage occurred	Paid in the period of occurrence	Paid 1 period after the period in which it occurred	Paid 2 period after the period in which it occurred	Paid 3 period after the period in which it occurred	Paid 4 period after the period in which it occurred	Paid 5 period after the period in which it occurred	Paid 6 period after the period in which it occurred	Total paid
1 January 2012-31 December 2013	39.587.334	11.910.997	11.672.811	4.069.721	3.401.301	4.036.197	3.975.894	78.654.255
1 January 2013-31 December 2014	34.475.853	10.830.580	4.488.644	5.189.770	2.740.250	2.996.088	-	60.721.185
1 January 2014-31 December 2015	41.279.840	17.083.860	2.749.686	2.942.891	2.281.489	-	-	66.337.766
1 January 2015-31 December 2016	43.389.943	11.125.867	3.533.520	2.564.448	-	-	-	60.613.778
1 January 2016-31 December 2017	43.412.309	9.516.507	2.405.377	-	-	-	-	55.334.193
1 January 2017-31 December 2018	45.018.822	18.547.140	-	-	-	-	-	63.565.962
1 January 2018-31 December 2019	97.417.486	-	-	-	-	-	-	97.417.486
<b>Total paid (*)</b>	<b>344.581.587</b>	<b>79.014.951</b>	<b>24.850.038</b>	<b>14.766.830</b>	<b>8.423.040</b>	<b>7.032.285</b>	<b>3.975.894</b>	<b>482.644.625</b>

(\*) Recourse and salvage collections are TL 41.940.665 in 2019, and they are included in the income statement as deducted from paid damages. In addition, from the files with the damage date of January 1, 2011 and before, 7.015.033 TL in 2019, with the amount of claims paid, within the green card pool retro accounts in the motor vehicles liability branch TL 533.678 in 2020, with the amount of paid damage and damage to traffic and medical pools TL 27.573.904, Tarsim pool damage is TL 8.551.427, is not included in the table.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 18. Investment Contract Liabilities

The Group has no investment contracts (31 December 2019: None).

## 19. Trade and Other Payables, Deferred Income

As of December 31, 2020 and December 31, 2019, the Group's liabilities from main operations are as follows:

	31 December 2020	31 December 2019
Payables for insurance operations <sup>(*)</sup>	38.046.697	16.865.693
Other payables for main activities	66.699.082	42.820.857
Payables to SSI related to treatment expenses <sup>(**)</sup>	7.528.181	8.107.851
Guarantees and deposits received (Note 47.1)	4.273.467	3.333.398
Other payables <sup>(***)</sup>	3.507.124	948.781
Deferred Income (short term) (Not 10)	42.714.899	20.709.750
Other Various Short-Term Liabilities	2.235	-
Allowance for cost expenses <sup>(****)</sup>	4.642.153	1.449.748
Expense accruals	8.923.814	4.502.861
Other payables to affiliates	17.860	82.633
<b>Total</b>	<b>176.355.512</b>	<b>98.821.572</b>

<sup>(\*)</sup> As of 31 December 2020, Liabilities to reinsurance companies amounting to TL 29.339.762 (31 December 2019: TL 5.593.226) is classified under this amount.

<sup>(\*\*)</sup> Since the treatment cost payment obligation related to the guarantees given under the "Compulsory Land Transportation Liability", "Compulsory Traffic" and "Compulsory Personal Seat Bus Accident" branches by the insurance companies in accordance with the Circular No: 2011/17 has been revoked, there is no possibility for any claims demand for indemnification in relation to treatment costs. The amounts calculated based on the related context should be transferred to the Social Security Institution ("SSI") simultaneously with the written premiums. The related amounts should be followed under the "Due to SSI Treatment Expenses" account to the extent that the related payment is made in cash to the SSI.

<sup>(\*\*\*)</sup> Other Payables are composed of payables to suppliers.

<sup>(\*\*\*\*)</sup> Provisions for cost expenses consist of TL 663.317 of personnel leave provisions, 730.050 TL of provisions for personnel lawsuits filed against the Group (31 December 2019: 496.764 TL of personnel leave provisions, 952.984 TL of provisions for personnel lawsuits filed against the Company).

Transactions between the Group and its related parties and their balances as of the period-end are presented in "Related Parties".

## 20. Financial Payables

As a result of initial measurement of TFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised TL 13.689.510 (31 December 2019: TL 10.678.569) of right of use assets and TL 8.670.516 lease liabilities as at 31 December 2020. (31 December 2019: 7.560.357)



# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 21. Deferred Income Tax

As of December 31, 2020 and December 31, 2019, the temporary differences subject to deferred tax and the distribution using effective tax rates of deferred tax assets and liabilities are as follows:

<b>Deferred tax assets/(liabilities)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Insurance technical provisions	2.626.941	2.163.965
Retirement pay provision	543.102	416.221
Depreciation differences of tangible assets/amortization differences of intangible assets	430.471	382.832
Receivable-payable discount	187.830	209.838
Provisions for lawsuits	146.010	209.656
Provisions for unused vacations	132.663	109.288
Premium receivables reserves	21.977	5.777
Financial assets	(55.675)	(383.076)
Other expense, accruals	38.982	740
Rental expense	170.715	40.324
Provision for BITT	38.982	740
<b>Total</b>	<b>4.243.016</b>	<b>3.155.565</b>

Since the Corporate tax rate of 22 percent entered into force with the "Law on Amendments to Certain Tax Laws and Some Other Laws" numbered 7061, while preparing the consolidated financial statements of 31 December 2019 in deferred tax calculations, the rate of 22 percent for temporary differences that are likely to be recovered in 2019 and 2020, the rate of 20 percent has been used for the part exceeding three years.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate earnings, provided that they do not exceed 5 years. The Group has no deductible financial losses as of 31 December 2020 (31 December 2019: None).

Movement of deferred tax assets/ (liabilities) as of 31 December 2020 is stated below:

<b>Movement of deferred tax assets/(liabilities)</b>	<b>2020</b>	<b>2019</b>
Opening balance at January 1	3.155.565	5.052.183
Charge to income statement	1.113.490	(1.927.923)
Charge to other comprehensive income	(26.039)	31.305
<b>Closing balance at December 31</b>	<b>4.243.016</b>	<b>3.155.565</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 22. Retirement Benefits

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and 25 August 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of 23 May 2002.

Retirement pay liability is not subject to any funding requirement legally. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

Provision for severance pay is reserved by calculating the present value of the possible liability to be paid in case of retirement of employees. Accordingly, the actuarial assumptions used to calculate the liability as of December 31, 2020 and December 31, 2019 are as follows:

	31 December 2020	31 December 2019
Discount rate	%12,80	%4,11
Estimated salary increase rate	%8,50	%9,50

Provisions for severance pay movements for the accounting periods ending between 1 January - 31 December 2020 and 2019 are as follows:

<b>Retirement pay provision</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Provision at January 1	2.081.104	1.661.433
Service cost	407.659	364.926
Interest cost	234.591	207.471
Payment/diminishing benefits/ gain/ (loss) due to dismissal	-	449.896
Actuarial loss/(gain)	(223.726)	(374.153)
Retirement pay paid	108.814	(293.371)
Termination cost	107.068	64.902
<b>Provision at December 31</b>	<b>2.715.510</b>	<b>2.081.104</b>

## 23. Other liabilities and expense accruals

### 23.1. Provisions related to employee benefits and others

	31 December 2020	31 December 2019
Performance premium provision	3.248.786	-
Unused vacation provision	663.317	496.764
Social security withholdings payable	689.743	488.398
Other provisions (*)	730.050	952.984
<b>Unused vacation provision</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Opening at January 1	496.764	508.599
Current year charge (Note 47.4)	58.143	(11.835)
Effect of change in group structure (**)	108.410	-
<b>Closing at December 31</b>	<b>663.317</b>	<b>496.764</b>

(\*) Consists of personnel lawsuit provisions.

(\*\*) The deserved leave fee due to personnel transfer from Bereket Sigorta A.Ş. has been paid to the transferred personnel and the amount paid was reflected to Bereket Katılım Sigorta A.Ş.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 23. Other liabilities and expense accruals

### 23.2. Off-balance sheet commitments

As of 31 December 2020, TL 57.034.923 (31 December 2019: TL 36.857.475) of given commitments amounting to TL 46.161.831 (31 December 2019: TL 36.326.431) consists of commitments given for lawsuits and enforcement offices.

As of the balance sheet date, total amount of litigations filed against the Group for claim payments is TL 221.785.600 (31 December 2019: TL 177.174.755) Outstanding claims reserve is provided for the litigations filed against the Group. Except these cases, lawsuits filed against the Group are amounting to TL 730.050 (31 December 2019: TL 952.984). The Group opened provisions for all these cases.

## 24. Net Insurance Premium Income

The details of the Group's net insurance premiums for the accounting periods ending on December 31, 2020 and 2019 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Motor vehicles liability	164.937.794	228.897.273
State supported agriculture and animal farming	32.011.928	24.327.245
Motor vehicles	12.757.296	143.939.485
Fire and natural disasters	28.432.136	27.547.759
General losses	4.712.719	7.104.191
Illness/Health	893	(51.635)
Accident	2.138.654	44.515.159
General liability	25.188.507	3.807.115
Legal protection	22.298	2.268.486
Transportation	4.698.460	1.929.757
Financial losses	1.856.123	89.523
Suretyship (Breach of Trust)	318.206	76.353
Water Vehicles	332.880.112	35.581
<b>Total</b>	<b>609.955.126</b>	<b>484.486.292</b>

Net amounts are calculated by subtracting reinsurance share amount from gross premiums.

## 25. Fee Income/(Expense)

<b>Service Income/(Expense)</b>	1 January- 31 December 2020	1 January- 31 December 2019
Commissions received from reinsurers	110.830.805	86.162.608
Commissions paid to agencies (-)	(164.794.116)	(119.938.973)
<b>Total</b>	<b>(53.963.311)</b>	<b>(33.776.365)</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 26. Investment Income/ (Expense)

The details of the Group's investment income and expenses for the accounting periods ending on December 31, 2020 and 2019 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Financial assets held-for-trading		
<i>Dividend Income</i>	68.655.262	472.750
<i>Sales profits/losses</i>	-	-
<i>Value increase/(decrease)</i>	3.619.788	5.469.161
Held to maturity investments		
<i>Realized sukook income</i>	4.313.013	2.527.611
<i>Investment management expenses</i>	(6.315.699)	(3.229.278)
Foreign exchange gain	17.071.972	4.172.290
Foreign exchange loss	(13.809.033)	(3.791.465)
Profit shares of participation accounts	44.255.983	53.720.306
Other Financial Assets		
<i>Dividend Income</i>	3.470	139.308
<i>Other</i>	(7.500)	-
<b>Total <sup>(1)</sup></b>	<b>117.787.256</b>	<b>59.480.683</b>

<sup>(1)</sup> Investment income/ (expense) also exclude investment income and expenses and depreciation expense transferred from non-technical part.

## 27. Net Income Accrual on Financial Assets

In Note 26, the profit-sharing income amounting to TL 44.255.983 (31 December 2019: TL 53.720.306) reported under investment income account, includes accrued income amounting to TL 3.890.402 (31 December 2019: TL 6.484.430).

Held to maturity financial assets revaluation amounting to TL 4.313.013 (31 December 2019: TL 2.527.611) includes accrued income amounting to TL 7.786 (31 December 2019: None).

## 28. Assets Held at Fair Value Through Profit and Loss

Net profit of financial assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TL 3.441.166 net profit (31 December 2019: TL 5.401.868 net profit).

## 29. Insurance Rights and Demands

The subrogation income/ (expense) for the period between 1 January – 31 December 2019 based on each branch are presented in the below table:

	1 January- 31 December 2020	1 January- 31 December 2019
Motor vehicles liability	2.286.691	(6.325)
Motor vehicles	820.976	3.829.264
Natural disasters other than earthquakes and floods	32.961	-
Machine Breakage	14.244	(92)
Electronic device	5.631	-
Breach of safety	590	-
Fire and natural disasters	(301.481)	542.954
Motor road vehicles optional discretion	(7.150)	(18.203)
Voluntary earthquake	(2.000)	-
Transportation	-	2.000
General losses	-	810
<b>Total <sup>(1)</sup></b>	<b>2.850.462</b>	<b>4.350.408</b>

<sup>(1)</sup> The above amounts are presented as gross accruals less reinsurance shares.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 30. Investment Agreement Rights

None (31 December 2019: None).

## 31. Other expenses

Grouping of expenses based on qualifications and functions within the Group is disclosed in Note 32.

## 32. Expense by nature

	1 January- 31 December 2019	1 January- 31 December 2019
Personnel wages and expenses (Note 33)	(35.048.143)	(22.812.008)
Commission expense	(164.794.116)	(119.938.973)
Rent expenses	(1.494.343)	(763.448)
Transportation expenses	(3.459.258)	(1.013.394)
Communication expense	(1.004.646)	(888.808)
Advertising expenses	(242.203)	(267.910)
Administrative expenses	(6.878.014)	(5.352.816)
Marketing expenses	(3.896.126)	(7.115.136)
Outsourced benefits and services	(15.101.205)	(8.506.765)
Reinsurance commissions (+)	110.830.805	86.162.608
Assistance service expense	(671.092)	-
Bank expenses	(27.774)	(13.724)
<b>Total (*)</b>	<b>(121.786.115)</b>	<b>(80.510.374)</b>

(\*) Depreciation and amortization expenses, assistance and other technical expenses are included separately in the income statement.

## 33. Employee benefit expenses

	1 January- 31 December 2020	1 January- 31 December 2019
Personnel salary and expenses	(23.900.351)	(13.856.108)
Insurance payments	(7.146.667)	(5.556.665)
Food and transportation expenses	(2.857.437)	(2.423.525)
Retirement pay provision expense	(1.205.294)	(463.767)
Other payments	61.606	(511.943)
<b>Total (Note 32)</b>	<b>(35.048.143)</b>	<b>(22.812.008)</b>

Total salaries and benefits paid to the members of the Board of Directors, General Manager, and General Coordinator, Assistant General Manager and other executive management are explained in Note 1.6.

## 34. Finance Costs

Intermediary commissions and brokerage fees directly expensed in the year amounting to TL 6.315.699 (1 January – 31 December 2019: 3.229.279).

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 35. Income Tax

### Corporate tax liability:

	31 December 2020	31 December 2019
Corporate tax liability provision	16.607.760	45.668
Prepaid taxes and funds	(16.486.797)	(8.181.281)
	<b>120.963</b>	<b>(8.135.613)</b>

### Income tax expense:

	31 December 2020	31 December 2019
Corporate tax expense	(16.607.760)	(45.668)
Deferred tax expense/ (income)	1.113.490	(1.927.923)
<b>Total tax expense/ (income)</b>	<b>(15.494.270)</b>	<b>(1.973.591)</b>

The Group activities are subject to the tax legislation and practices in force in Turkey.

In Turkey, the corporation tax rate is %20. Corporate tax is declared until the evening of the twenty-fifth of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month. In accordance with the tax legislation, temporary tax is calculated and paid at a rate of 20% over the earnings generated in quarterly periods and the amounts paid in this way are deducted from the tax calculated on the annual earnings.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

by full taxpayer, a place of business or permanent representative, except for those who get dividends through non-resident corporations or corporate tax exempted from the narrow 15% corporation tax on dividends distributed to taxpayers deductions are made in Turkey. A tax deduction at the rate of 15% is applied over the dividends in sub-clauses (1), (2) and (3) of the second paragraph of Article 75 of the Income Tax Law distributed to tax-exempt corporations (adding profit to capital does not count as a profit distribution).

A 15% tax deduction is made from in clauses (1), (2) and (3) of the second paragraph of Article 75 the dividends distributed to full responsible real persons, non-income and corporate taxpayers and those who are exempt from income tax (adding profit to capital does not count as a profit distribution).

A tax deduction at the rate of 15% is made from written in subparagraphs (1), (2) and (3) of the second paragraph of article 75 the dividends distributed to real persons who are limited taxpayers and limited taxpayers who are exempt from income tax (adding profit to capital does not count as a profit distribution).

According to the provisions of the international agreement for the prevention of double taxation, it is possible to apply reduced rate withholding and can be applied by submitting a certificate of residence.

It is exempt from corporate tax at the rate of %75 for share earnings held in an entity's asset for more than 2 years within the scope of Article 5, paragraph 1-e of the corporate tax law.

### Income Withholding Taxes

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 23 April 2003 by the end of 22 July 2006. However, this rate was changed to 15% commencing from 22 July 2006 upon the order no: 2006/10731 of the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

### Provision for tax and other liabilities

Reconciliation of tax and other liabilities with profit for the year is as below:

	31 December 2020	31 December 2019
	Tax Rate(%)	Tax Rate (%)
<b>Profit before tax</b>	<b>86.123.566</b>	<b>9.256.086</b>
Income tax provision based on statutory tax rate	(18.947.184)	(2.036.339)
Current year financial losses unrecognized under deferred tax	4.058.518	-
Other payment	(605.604)	62.748
<b>Tax Expense/(Income)</b>	<b>(15.494.270)</b>	<b>(1.973.591)</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 36. Net Foreign Exchange Gains

Recognized in profit/loss	31 December 2020	31 December 2019
Foreign exchange gains	17.071.972	4.172.290
Foreign exchange losses	(13.809.033)	(3.791.465)
<b>Total</b>	<b>3.262.939</b>	<b>380.825</b>

## 37. Earnings per Share

The companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share per TAS 33. Since the Group's shares are not traded in the stock market, earnings per share are not calculated in the accompanying financial statements.

## 38. Dividend per Share

	31 December 2020	31 December 2019
Profit/ (loss) for the period	69.202.549	9.211.158
Weighted average number of shares	100.000.000	100.000.000
Earnings per share (TL)	0,6920	0,0921

## 39. Cash Generated from the Operations

Cash flows from operating activities are shown in the attached cash flow statements.

## 40. Bonds convertible into Common Stock

None (31 December 2019: None).

## 41. Preferred Stocks convertible into cash

None (31 December 2019: None).

## 42. Risks

Reserve for receivables are required if any evidence exists about uncollectibility of the receivables from insurance operations. When collection of receivables is not possible, they are written off completely.

For allowance for doubtful receivables, the Group has provided provision for receivables that are subject to legal follow-up and for receivables which are closely monitored by the management. As of 31 December 2020, the Group provided TL 54.771.741 provision for the impaired receivables (31 December 2019: TL 40.417.797). TL 52.484.908 (31 December 2019: TL 38.270.882) of this provision is provided for subrogation transactions under litigation, TL 1.728.509 (31 December 2019: TL 1.703.629) is provided for receivables from agencies, remaining part amounting to TL 428.561 (31 December 2019: TL 363.286) is provided for receivables from insured.

Moreover the Group has set a provision amounting to TL 1.049.035 (31 December 2019: TL 980.066) for the receivables from agencies which has no guarantee.

## 43. Commitments

As of 31 December 2020, commitments given amounting to TL 57.034.923 (31 December 2019: TL 36.857.475) is given for lawsuits and foreclosure out of the total commitments of TL 46.161.831 (31 December 2019: TL 36.326.431). The Group has no tangible and intangible assets held for commitment (31 December 2019: None).

## 44. Business Combinations

None (31 December 2019: None).

# Notes to the Consolidated Financial Statements

## As at 31 December 2020

(Currency: Turkish Lira (TL))

### 45. Related Parties

	31 December 2020	31 December 2019
<b>Receivables from related parties</b>		
Tarım Kredi Koop.Merkez Birliği Genel Müdürlüğü	135.618.630	-
Bereket Emeklilik ve Hayat A.Ş.	12.538.076	2.370.582
<b>Total</b>	<b>149.761.964</b>	<b>2.370.582</b>

(\*) The relevant amount consists of the main activities carried out through the Merkez Birliği Genel Müdürlüğü.

	31 December 2020	31 December 2019
<b>Due to related parties</b>		
Tarım Kredi Koop. Bilişim ve İletiş. Hiz. ve Tic. A.Ş.	855.864	-
Tarım Kredi Holding A.Ş.	277.982	-
Tarım Kredi Merkez Birliği	118.157	-
TK Taşımacılık ve Lojistik A.Ş.	7.080	-
Tarım İletişim Hizmetleri A.Ş.	2.510	-
Bereket Emeklilik ve Hayat A.Ş.	392	-
Company shareholders (Other) <sup>(*)</sup>	-	2.127
<b>Total</b>	<b>1.261.985</b>	<b>2.127</b>

(\*) The Group has payable to shareholders amounting to TL 2.127 (31 December 2019: TL 2.127) due to the dividends cannot be paid.

	1 January- 31 December 2020	1 January- 31 December 2019
<b>Premiums from Related Parties</b>		
Tarım Kredi Koop.Merkez Birliği Genel Müdürlüğü	672.216.844	67.763
Gübre Fabrikaları T.A.Ş.	7.626.020	5.362.786
Tareks Hayvancılık A.Ş.	3.206.455	1.739.231
Tarım Kredi Birlik Tarım Ürün.Hay.Amb.Petrol.İth.İhr. San. ve Tic. A.Ş.	2.833.718	857.596
Tarım Kredi Yem San. ve Tic. A.Ş.	1.170.448	232.056
Bereket Emeklilik ve Hayat A.Ş.	385.112	19.615
Tarım Kredi Bilişim Ve İletişim Hiz. San ve Tic. A.Ş.	286.869	160.599
Tarım Kredi Tarım Ürünleri Lisanslı Depoculuk A.Ş.	362.719	225.565
İmece Plas.Tarım İnş. T. P. Ü. ve Gıda San. Tic. A.Ş.	214.397	214.431
Tareks Tarım Ürünleri Araç Gereç İth. İhr. ve Tic. A.Ş.	223.602	183.637
Tarkim Bitki Koruma San. ve Tic. A.Ş.	188.379	157.857
Tarım Kredi Gıda San.ve Tic. A.Ş.	116.639	94.009
TK Taşımacılık Ve Lojistik A.Ş.	2.280.010	-
TKT Hayvancılık ve Tarım Ürünleri A.Ş.	76.856	-
Çankırı Tarım Ürünleri Lisanslı Depoculuk San.Tic. A.Ş.	-	7.137
TK Kooperatifleri Sera A.Ş.	26.080	-
Bereket Katılım Hayat A.Ş.	21.020	-
Tarım Kredi Holding A.Ş.	18.258	-

	1 January- 31 December 2020	1 January- 31 December 2019
<b>Paid commissions to related parties</b>		
Tarım Kredi Koop.Merkez Birliği Genel Müdürlüğü	72.014.865	11.238
Bereket Emeklilik ve Hayat A.Ş.	3.150.763	14.873.457
Tarım Kredi Birlik Tarım Ürünleri Hayvancılık Ambalaj Petrol Nak. İht. İhr. San. ve Tic. A.Ş.	-	145.537
Tareks Hayvancılık Anonim Şirketi	-	(12.220)
Tarım Kredi Yem Sanayi ve Tic. A.Ş.	-	109.446
TK Tarım Ürünleri Lisanslı Depoculuk A.Ş.	-	313
Tareks Tarım Ürünleri Araç Gereç İth.İhr.Ve Tic. A.Ş.	346.664	31.748
İmece Plastik Tarım İnş. Taah. Pet. Ü. ve Gıda San. A.Ş.	-	36.616
Tarım Kredi Bilişim ve İletiş. Hiz.Ve Tic. A.Ş.	-	359
Tarkim Bitki Koruma San. ve Tic. A.Ş.	-	17.240
Tarım Kredi Gıda Sanayi ve Tic. A.Ş.	-	11.099
Gübre Fabrikaları T.A.Ş.	-	3.067
Tarım Kredi Birlik A.Ş.	-	145.537
Tarım Kredi Koop.Merkez Birliği Genel Müdürlüğü	72.014.865	11.238
Bereket Emeklilik ve Hayat A.Ş.	3.150.763	14.873.457



# Notes to the Consolidated Financial Statements

## As at 31 December 2020

(Currency: Turkish Lira (TL))

### 45. Related Parties (continued)

	1 January- 31 December 2020	1 January- 31 December 2019
<b>Claims paid to related parties</b>		
Gübre Fabrikaları T.A.Ş.	423.126	-
Tarım Kredi Yem San. ve Tic. A.Ş.	385.620	-
Tarım Kredi Gıda San. ve Tic. A.Ş.	83.286	18.458
Tarım Kredi Birlik Tarım Ürünleri Hayvancılık Ambalaj Petrol Nak. İht. İhr. San. ve Tic. A.Ş.	48.949	5.650
İmece Plastik Tarım İnş. Taah. Pet. Ürn.ve Gıd. San. A.Ş.	40.739	(1.763)
Tareks Tarım Ürünleri Araç Gereç İht.İhr. ve Tic. A.Ş.	-	10.880
TK Tarım Ürünleri Lisanslı Depoculuk A.Ş.	10.000	5.658
TK Taşımacılık Ve Lojistik A.Ş.	655.472	8.908
Tareks Hayvancılık A.Ş.	2.000	1.678
Tarım Kredi Holding A.Ş.	1.781	-
Tarım Kredi Koop.Merkez Birliği	-	45.337
Bereket Emeklilik ve Hayat A.Ş.	6.392.190	1.842.400
	1 January-31 December 2020	1 January-31 December 2019
<b>Other expenses paid to related parties</b>		
Tarım Kredi Bilişim ve İht. Hiz. San. Tic. A.Ş.	4.300.117	1.726.945
Bereket Emeklilik ve Hayat A.Ş.	4.934	2.434.173
Bereket Katılım Hayat A.Ş.	204.671	312.273
Tarım Kredi Birlik A.Ş.	111.037	-
Tarım Kredi Holding A.Ş.	479.443	60.699
Tarım İletişim Hizm.A.Ş.	25.525	7.530
Tarım Kredi Merkez Birliği	49.066	-
TK Taşımacılık Ve Lojistik A.Ş.	24.032	-
	1 January-31 December 2020	1 January-31 December 2019
<b>Other income from related parties</b>		
Bereket Emeklilik ve Hayat A.Ş.	1.837.703	7.461.891
Bereket Katılım Hayat A.Ş.	191.933	-
	1 January-31 December 2020	1 January-31 December 2019
<b>Reinsurance premiums received from related parties</b>		
Bereket Emeklilik ve Hayat A.Ş.	7.876.907	37.180.653
	1 January-31 December 2020	1 January-31 December 2019
<b>Paid Reinsurance commissions to related parties</b>		
Tarım Kredi Kooperatifleri Merkez Birliği Genel Müdürlüğü	56.264	-
Bereket Emeklilik ve Hayat A.Ş.	-	3.150.763
	1 January-31 December 2020	1 January-31 December 2019
<b>Premiums Paid to Related Parties</b>		
Bereket Emeklilik ve Hayat A.Ş.	-	457.151

### 46. Subsequent events

In the Board of Directors meeting held on January 9, 2021, the group decided to increase its existing capital by 15.000.000 TL in cash to 25.000.000 TL in order to strengthen its equity structure. The Group applied to the Ministry of Commerce to obtain the permissions regarding the capital increase decision.

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 47. Other

47.1. Items and amounts classified under the “other” account in financial statements either exceeding 20 % of the total amount of the group to which they relate or 5 % of the total assets in the balance sheet

Other receivables	31 December 2020	31 December 2019
Marketable securities receivables	61.807.164	171.758
Receivables from TARSİM	879.431	543.496
Receivables from DASK	117.002.350	27.588.194
Other receivables rediscount	(5.432.026)	(2.575.749)
<b>Total (Note 12)</b>	<b>174.256.919</b>	<b>25.727.699</b>

Other deferred expenses	31 December 2020	31 December 2019
Deferred assistance expense	8.517.981	4.529.954
Advertising expenses	3.160.152	4.861
Consulting expense	832.840	-
Maintenance and repair expenses	459.112	68.504
XOL expenses	325.000	-
Dues expenses	316.298	-
Insurance expenses	240.281	1.595.093
Other	103.823	105.466
IT expenses	90.765	28.452
Rent expenses	87.018	83.826
Promotion expenses	43.660	-
Eye check-up	-	200.427
<b>Total</b>	<b>14.176.930</b>	<b>6.616.583</b>

Other current assets	31 December 2020	31 December 2019
Prepaid taxes and funds	6.322.997	8.181.281
Business advances	292.595	167.784
Other current assets	25.171	22.111
<b>Total</b>	<b>6.640.763</b>	<b>8.371.176</b>

Other short-term payables	31 December 2020	31 December 2019
Payables to SSI related to treatment expenses	7.528.181	8.107.851
Payables to suppliers	3.507.124	948.781
<b>Total</b>	<b>11.035.305</b>	<b>9.056.632</b>

Provisions for other current liabilities	31 December 2020	31 December 2019
Performance premium provision	3.248.786	-
Employee termination benefits	2.715.510	2.081.104
Unused vacation provision	663.317	496.764
Litigations provision (excluding those for main operations)	730.050	952.984
<b>Total</b>	<b>7.357.663</b>	<b>3.530.852</b>

# Notes to the Consolidated Financial Statements As at 31 December 2020

(Currency: Turkish Lira (TL))

## 47. Other (continued)

Items and amounts classified under the “other” account in financial statements either exceeding 20 % of the total amount of the group to which they relate or 5 % of the total assets in the balance sheet (continued)

	31 December 2020	31 December 2019
Long term provisions for other risks		
Deposits and guarantees received (Note 19)	4.273.467	3.333.398
<b>Total</b>	<b>4.273.467</b>	<b>3.333.398</b>

	1 January- 31 December 2020	1 January- 31 December 2019
Other income and profits		
Other	234.223	389.136
Reconciliation difference	305.683	60.229
Fixed asset sales profit	75.900	-
<b>Total</b>	<b>615.806</b>	<b>449.365</b>

	1 January- 31 December 2020	1 January- 31 December 2019
Other expenses and losses		
Donations	(851.671)	(162.734)
Other	(42.522)	(35.776)
Special communication tax	(40.935)	-
Fixed asset sales loss	(16.618)	(154.501)
<b>Total</b>	<b>(951.746)</b>	<b>(353.011)</b>

## 47.2. Total amount of each due to/from personnel items classified under “Other Receivables” and “Other Short- and Long-Term Payables” exceeding one percent of total assets in the balance sheet

None (31 December 2019: None).

## 47.3. Subrogation receivables followed under the off-balance sheet accounts

There are no subrogation receivables followed under the off-balance sheet accounts. (31 December 2019: None)

## 47.4. Descriptive disclosure in relation to amounts and resources of income, expenses, and losses for the prior periods

None (31 December 2019: None).

## 47.5. Other notes

Provision and rediscount expenses for the period:

	1 January- 31 December 2020	1 January- 31 December 2019
Unused vacation provision income/(expense)	(58.143)	11.835
Retirement pay provision income/(expense)	(431.034)	(419.671)
Doubtful receivables provision income/(expense)	(104.304)	(78.677)
Other provision income/(expense)	(64.477)	153.855
BSMV provisions	(5.565)	324.156
Litigation expense	222.934	1.230.658
Personnel promotion provision <sup>(*)</sup>	(3.248.786)	-
<b>Total provision expenses</b>	<b>(3.689.375)</b>	<b>1.222.156</b>

<sup>(\*)</sup> It consists of the performance premium provision allocated to the personnel for the 2020 fiscal year, taking into account the working hours and performance.

	1 January- 31 December 2020	1 January- 31 December 2019
Receivable discount (expense)/income from insurance operations	(6.614.767)	(17.495.425)
Payable discount income/(expense) to reinsurance and insurance companies	5.848.215	15.479.887
Payable rediscount (expense)/income from other operations	(539.131)	(1.202.848)
<b>Total</b>	<b>(1.305.683)</b>	<b>(3.218.386)</b>

# INFORMATION ABOUT THE FINANCIAL CONSTITUTION

## Total Assets in TRY and Sector Share by Years

Years	Bereket Sigorta Total Assets	Bereket Sigorta Growth Over Previous Years %	Sector (Non-Life) Total Assets	Sector Growth Over Previous Years %	Bereket Sigorta Sector Share %
2016	261.097.918	2,93	42.729.251.233	26,69	0,61
2017	341.881.539	30,94	50.587.678.406	18,39	0,68
2018	509.036.735	48,89	60.784.014.035	20,16	0,84
2019	790.746.175	55,34	77.242.086.258	27,08	1,02
2020	1.147.884.162	45,16			

## Paid-up Capital in TRY and Sector Share by Years

Years	Bereket Sigorta Paid-up Capital	Bereket Sigorta Growth Over Previous Years %	Sector (Non-Life) Paid-up Capital	Sector Growth Over Previous Years %	Bereket Sigorta Sector Share %
2016	60.000.000	0,00	6.350.370.596	3,83	0,94
2017	60.000.000	0,00	6.562.835.402	3,35	0,91
2018	60.000.000	0,00	7.028.267.422	7,09	0,85
2019	100.000.000	66,67	7.536.193.361	7,23	1,33
2020	100.000.000	0,00			

## EVALUATION ON THE FINANCIAL POSITION, PROFITABILITY AND LOSS PAYMENT CAPACITY

### Technical Profit/Loss in TRY and Sector Share by Years

Years	Bereket Sigorta Technical Profit/Loss	Bereket Sigorta Technical Profit/Gross Premium %	Sector (Non-Life) Technical Profit/Loss	Sector Technical Profit/Gross Premium %	Bereket Sigorta's Sector Share (Non-Life) %
2016	15.025.402	9,84	1.747.154.691	5,09	0,86
2017	5.234.726	2,22	2.090.030.315	5,45	0,25
2018	(27.979.383)	(6,71)	3.034.644.575	6,70	(0,92)
2019	20.121.388	1,84	4.666.439.394	8,06	0,43
2020	83.608.833	5,89			

### Financial Profit in TRY and Sector Share by Years

Years	Bereket Sigorta Financial Profit/Loss	Sector (Non-Life) Financial Profit/Loss	Bereket Sigorta's Sector (Non-Life) Share %
2016	(519.800)	(339.920.257)	0,15
2017	(1.616.553)	(194.040.394)	0,83
2018	(52.298)	(350.061.306)	0,01
2019	(11.068.718)	600.486.574	(1,84)
2020	6.333.577		

### Operating Profit in TRY and Sector Share by Years

Years	Operating Profit in TRY and Sector Share by Years	Sector (Non-Life) Net Profit/Loss	Bereket Sigorta's Sector (Non-Life) Share %
2016	14.505.602	1.139.636.362	1,27
2017	3.618.174	1.619.308.487	0,22
2018	(28.031.682)	2.792.546.760	(1,00)
2019	9.052.669	5.266.925.967	0,17
2020	73.334.650		

## Premiums Written in TRY and Sector Share by Years

Years	Bereket Sigorta Gross Premiums	Bereket Sigorta Growth Over Previous Years %	Sector (Non-Life) Gross Premium	Sector Growth Over Previous Years %	Bereket Sigorta's Sector Share (Non-Life) %
2016	152.741.725	(3,28)	34.322.754.240	31,03	0,45
2017	235.778.157	54,36	38.320.333.179	11,65	0,62
2018	417.132.359	76,92	45.313.650.142	18,25	0,92
2019	1.094.421.479	162,37	57.882.453.461	27,74	1,89
2020	1.419.236.646	29,68	68.143.955.472	17,73	2,08

## Operating Expenses\* in TRY and Sector Share by Years

Years	Bereket Sigorta POE	Its Ratio to Total Premiums	Sector (Non-Life) POE	Its Ratio to Total Premiums	Company's Net Profit/ Premium	Sector's Net Profit/ Premium
2016	19.330.258	12,66	1.828.066.243	5,33	9,50	3,32
2017	24.631.177	10,45	2.115.275.537	5,52	1,53	4,23
2018	34.104.702	8,18	2.463.149.236	5,44	(6,72)	6,16
2019	30.607.224	2,80	2.987.678.681	5,16	0,83	9,10
2020	45.427.519	3,20				

\*Only personnel and overhead expenses (POE) are considered.

## Operating Expenses\*\* in TRY and Sector Share by Years

Years	Bereket Sigorta Operating Expenses	Its Ratio to Total Premiums	Sector's Amount (Non-Life)	Its Ratio to Total Premiums	Company's Net Profit/ Premium	Sector's Net Profit/ Premium
2016	20.760.123	13,59	2.354.175.467	6,86	9,50	3,32
2017	27.052.511	11,47	2.725.347.803	7,11	1,53	4,23
2018	42.536.353	10,20	3.235.565.128	7,14	(6,72)	6,16
2019	54.751.702	5,00	4.375.525.070	7,56	0,83	9,10
2020	63.969.893	4,51				

\*\*Production and reinsurance commissions are excluded.

## General Assessments

1. In the distribution of operating expenses, personnel expenses have the highest share with 53%, while the outsourced benefits and service expenses have a share of 22%, and the management and marketing expenses have a share of 19% and 6%, respectively.

2. Purchases related to operating expenses are carried out pursuant to the authorities specified in the Authority Limits table approved by the Board of Directors.

3. Expenditures related to the outsourced benefits and services were TRY 4,837,480 in 2018, TRY 8,383,691 in 2019, and TRY 14,099,740 in 2020.

While IT expenses, one of the important items of the said expense group, are procured from Vizyoneks Bilgi Teknolojileri A.Ş., AcerPro Bilişim Teknolojileri A.Ş. and Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri San. ve Tic. A.Ş., legal consultancy, litigation, execution and arbitration services are provided from Odak Hukuk.

The sum of IT expenses, litigation, execution, arbitration costs and legal consultancy expenses was TRY 1,989,555 in 2018, TRY 6,496,770 in 2019 and TRY 10,884,368 2020.

4. The marketing and sales expenses were TRY 3,442,856 in 2018, TRY 7,061,143 in 2019, and TRY 3,837,241 in 2020. The promotion, advertisement, publicity, signboard, visual materials and sponsorship expenditures, which are the main share of marketing expenses, have been procured from the companies of OND Medya Danışmanlık ve Org.İç ve Dış.Tic. Ltd. Şti., Hüsna İç ve Dış Tic. Ltd. Şti., Monte Reklam Mimarlık, DĞİ Grup Reklam ve Mimarlık San. Tic. Ltd. Şti., BYA İnş. San. ve Tic. Ltd. Şti., Nüans Şapka Promosyon Ürünleri Tekstil, and Memento Reklam ve Pazarlama Tic. A.Ş.

5. The sponsorship agreement for the Euro 2020 Football Championship, which was postponed in June 2021 due to the pandemic while planned to be held in June 2020, continues.

## Financial Analysis Ratios (%) Over the Last 8 Years

	2013	Sector	2014	Sector	2015	Sector	2016	Sector	2017	Sector	2018	Sector	2019	Sector	2020	Sector
<b>1</b> Current Ratio (Current Assets/ Short-Term Liabilities)	1,64	1,20	1,39	1,22	1,33	1,10	1,56	1,13	1,34	1,18	1,05	1,17	1,16	1,20	1,18	
<b>2</b> Liquidity Ratio (Cash Assets/ Short-Term Liabilities)	1,42	0,90	1,20	0,94	1,18	0,85	1,43	0,91	1,25	0,96	0,87	0,95	0,84	0,99	0,74	
<b>3</b> Loss Payment Ratio	0,46	0,53	0,39	0,50	0,38	0,48	0,36	0,44	0,32	0,43	0,38	0,41	0,42	0,41	0,36	
<b>4</b> Premiums Written (Gross)/ Equities	1,95	2,79	2,42	2,57	2,51	3,24	1,74	3,48	2,56	3,11	7,40	3,24	10,40	3,08	7,92	
<b>5</b> Equities/ Technical Provisions (net)	0,71	0,52	0,43	0,52	0,36	0,38	0,55	0,36	0,41	0,41	0,15	0,38	0,19	0,41	0,23	
<b>6</b> Equities / Total Assets	0,37	0,30	0,28	0,30	0,25	0,24	0,34	0,23	0,27	0,24	0,11	0,23	0,13	0,24	0,16	
<b>7</b> Accounts Receivable from Ins. Op. / Total Assets	0,12	0,20	0,12	0,19	0,10	0,18	0,08	0,16	0,06	0,16	0,13	0,17	0,14	0,16	0,13	
<b>8</b> Accounts Receivable from Agents / Equities	0,22	0,44	0,24	0,38	0,19	0,47	0,07	0,42	0,07	0,64	0,99	0,71	0,80	0,62	1,38	



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