



SOMPO SIGORTA

Annual Report 2020



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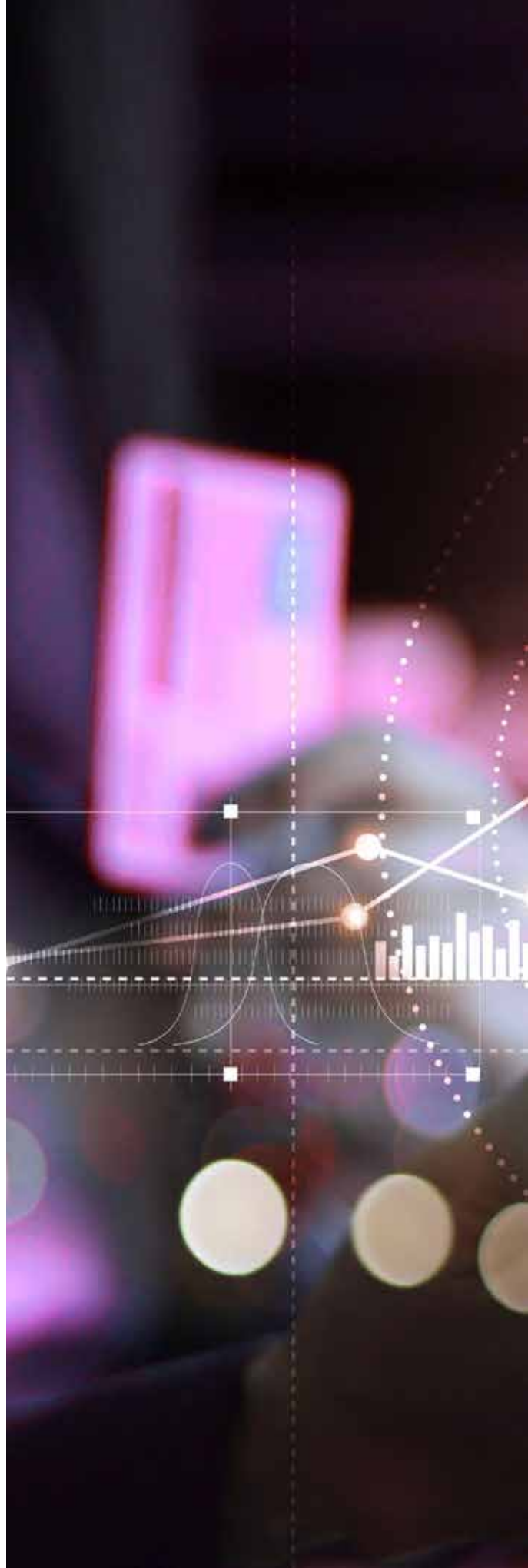
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Sompo Sigorta – the fastest
growing and most profitable company
in the insurance sector with its innovative
and competitive corporate culture –
continues to move forward.

We focus on people in the products we
develop and in our service approach. Our
top priority is to understand the needs of our
customers, agencies and employees.

We are committed to developing
innovative solutions for a risk free
and secure life.





Covid-19 is
a big risk.

People are
looking for
extensive
coverage.

We meet
the needs of
customers.

We offer
coverage for
all epidemic
diseases.

We included Covid-19 – which entered our lives unexpectedly, as well as all epidemic diseases that may emerge in the future – within our healthcare coverage. We took all necessary steps to evaluate the emerging risks in a timely manner.

In 2020, Sompo
Sigorta recorded
74% growth
in Complementary
Health Insurance.

Developments in 2020



Another First from Sompo Sigorta: Foreign Travel Health Insurance with Covid-19 Coverage

Sompo Sigorta, the leader in the travel health insurance category in Turkey, develops different products for the changing needs of its customers in this segment. To this end, Sompo Sigorta introduced its new Foreign Travel Insurance with Covid-19 coverage to its customers in 2020.



Covid-19 Coverage in Sompo Overseas Education Travel Insurance

During the year, Sompo Sigorta included Covid-19 coverage in its Overseas Education Travel Insurance for students going abroad to study.



Solar Power Plant Insurance for SMEs from Sompo

Sompo Sigorta developed the Solar Power Plant (SPP) Insurance product for SMEs to support the uptake of renewable energy systems.

**Special Insurance for
Skoda Customers from
Sompo Sigorta**

Sompo Sigorta added a new “Brand Insurance” offering to its automobile manufacturer product collaborations, which include Audi and Volkswagen.

During the year, Sompo launched Skoda Insurance, specially prepared for Skoda brand vehicle owners, for its customers.



**Monthly Motor Vehicle Insurance
Providing Assurance at Affordable
Rates from Sompo Sigorta**

Sompo Sigorta offered its Monthly Motor Vehicle Insurance to support policyholders who use their vehicles less or whose financial situations are negatively affected due to the Covid-19 pandemic.

Sompo Sigorta develops diversified products by taking quick action to meet the changing needs of its customers.

About Sompo Sigorta

Sompo Sigorta contributes to the safety, health and happiness of its customers and society with its knowledge in international insurance and local market experience.

Sompo Sigorta was established in 2001 with the name of Fiba Sigorta and started operating in 2002 by changing its title to Finans Sigorta. The Company's title became Fiba Sigorta A.Ş. again in 2006 after the Fiba Group sold its shares in QNB Finansbank to the NBG Group.

Achieving consistent growth and success, the Company attracted the attention of Sompo Insurance Inc., which is one of the leading insurance groups operating in Japan, the world's second largest market in insurance. In 2010, Fiba Sigorta's shares were acquired by Sompo Insurance Inc.

With the company having taken the name of Sompo Japan Sigorta, it maintained its strong performance, and achieved global success by being named as the "Excellence Center" of the Group in motor vehicle insurances among Sompo Group affiliates.

On October 31, 2016, Sompo Japan Nipponkoa Insurance Inc. became the sole shareholder. All of the shares in the company, whose title was changed to Sompo Sigorta Anonim Şirketi on May 15, 2019, were handed over to Sompo International Holdings Ltd. on November 7, 2019.

International knowledge, local experience

Sompo Sigorta serves in all non-life insurance branches with its knowledge in international insurance and local market experience. By providing the highest quality insurance products and services, it carries out its work with a philosophy of contributing to the safety, health and happiness of its customers and society as a whole.

Sompo Sigorta offers strong competitive advantages thanks to workforce of experienced professionals, an innovative vision, its customer focus, its stable pricing policy, the effectiveness of its claim processes and its competence in the digital transformation.

As of the end of 2020, the Company employed a total of 659 people, including 122 managers. Sompo Sigorta, which ranked 7th in the non-life insurance sector in terms of gross written premiums with a market share of 5.1% at the end of 2020, has attained an important position among the Group companies in terms of contributing to profitability.

Sompo Sigorta moves forward confidently by drawing on the strength and support of its main shareholder, and continues its activities in order to provide the best experience to its customers.

Paid-in Capital

190 (TL million)

As of the end of 2020, Sompo Sigorta's paid-in capital is around TL 190 million.



**Sompo Sigorta
Service Areas**



About Sompo Sigorta

At year-end 2020, Sompo Sigorta ranked 7th in the non-life insurance sector in terms of gross written premiums with a market share of 5.1%. Sompo Sigorta is a key contributor to profitability among Sompo Group companies.



CAPITAL AND SHAREHOLDING STRUCTURE

Shareholder's Name	Share amount (TL)	Number of Shares	Percentage of Shares (%)
Sompo International Holdings Ltd.	190,000,000	19,000,000,000	100.00
Paid-in Capital	190,000,000	19,000,000,000	100.00

The company's paid-in capital is TL 190 million. Shareholders do not hold any privileged shares.

No shares are held by the Chairman or Members of the Board of Directors, the CEO and deputy general managers.

The company does not hold any repurchased own shares.

CHANGES TO THE ARTICLES OF ASSOCIATION AND REASONS THEREOF DURING THE ACCOUNTING PERIOD, IF ANY

There have been no changes to the Articles of Association.

OUR VISION, MISSION, PRINCIPLES AND VALUES, PURPOSE, PROMISE

Our Vision

The Best Service

To provide the best service to our customers anytime & anywhere

Our Mission

To Raise Standards

To Be A Pioneer

To raise standards in the insurance sector in Turkey and to be the pioneer of innovation in the sector

Our Management Philosophy

- We always pay close attention to the interests of our customers, while making decisions that will guide our business.
- We strive to contribute to the health, safety and happiness of our customers and the society as a whole by providing the highest quality insurance products and services.

Our Principles

In order to provide the highest quality of service to our customers:

- We treat our customers with sincerity. As an individual, we know that every move of ours, shapes our company's reputation.
- We take initiative, set high goals for ourselves, and learn lessons from our actions.
- We always act openly and rapidly.
- We act in accordance with high moral values.

Our Brand Purpose

To provide the best services to our customers and business partners anytime & anywhere

Our Brand Promise

We understand you.

Sompo International and Sompo Holdings

Sompo Holdings achieves steady growth worldwide by incorporating different insurance companies into its structure with strategic investments in many countries besides Turkey. Sompo's global reach spans 30 countries and 228 cities with 80 thousand employees.

Sompo International in Brief

Sompo Japan Insurance Inc. and Nipponkoa Insurance Company Limited, with roots dating back to the late 1800s, merged under the name of Sompo Japan Nipponkoa Insurance Inc. as of September 1, 2014. The Group was renamed Sompo Holdings as of October 1, 2016.

Sompo International Holdings Ltd. (Sompo International) was incorporated in March 2017, with the acquisition of Sompo International Holdings Ltd., a global insurance and reinsurance provider, by Sompo Holdings Inc. (Sompo).

Sompo Holdings operates in the following core business areas: Real Estate and Liability Insurance, Life Insurance, Care and Health Services, International Insurance Activities, Asset Management, and Home Alterations. Sompo Holdings demonstrates sustainable and profitable growth by acting with a global and competitive perspective.

Sompo Holdings – one of Japan's leading insurance groups – is based in the world's second largest insurance market. Sompo Holdings is one of the largest real estate and casualty insurance groups in the Japanese domestic market.

Sompo Holdings achieves steady growth worldwide by incorporating different insurance companies into its structure with strategic investments in many countries besides Turkey. Sompo's global reach spans 30 countries and 228 cities with 80 thousand employees.

With its financial strength, wide licensing capabilities, product diversity, expansive distribution channels and market-leading technological solutions, Sompo is a preferred partner for insurance customers around the world.

Commercial insurance and reinsurance operations outside Japan are combined under Sompo International's Commercial Property & Casualty (P&C) platform.

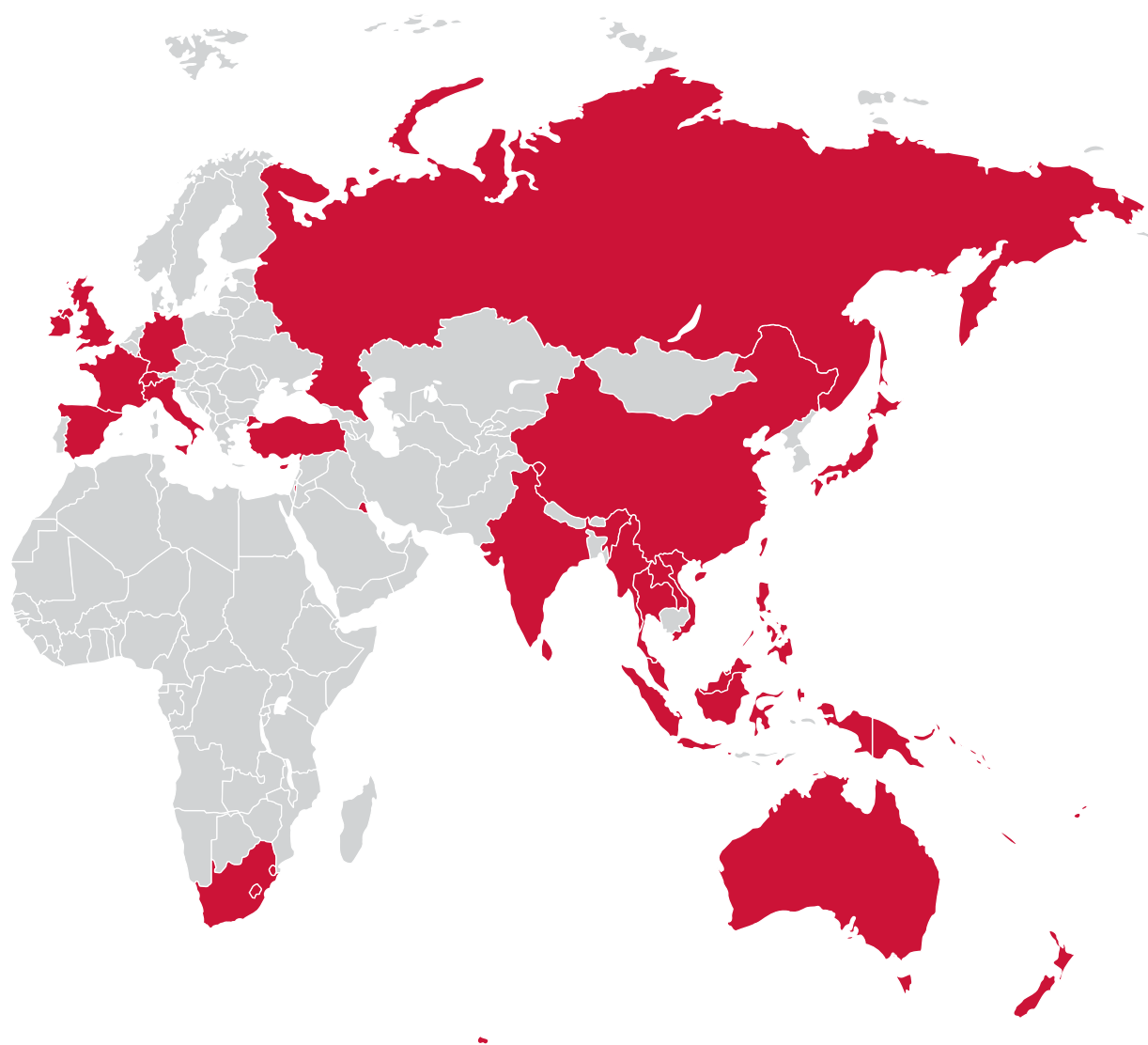


Strengths

- Sampo International's subsidiaries offer balance sheets with high quality assets and strong liquidity.
- The group retains excellent financial strength, holding an A+ (superior) rating by A.M. Best. It also commands an A+ (Strong) and best (XV financial size category) rating from Standard & Poor's.
- The group operates with a strong presence and expert teams in private markets. The group, which effectively directs actuarial and claim specialists with its insurers with in-depth knowledge and experience in the category and business line they specialize in, provides management services to its customers with special solutions for risk management.
- As an accessible and reliable partner, the group operates within a culture based on ethics and honesty, focusing on accountability, cooperation and agility, which are its core values.

Credit Ratings

A.M. Best	A+ (SUPERIOR)
Standard & Poor's	A+ (STRONG)
Moody's	A1



Financial and Operational Indicators

Sompo Sigorta's 2020 year-end profit before tax was recorded as TL 571 million.

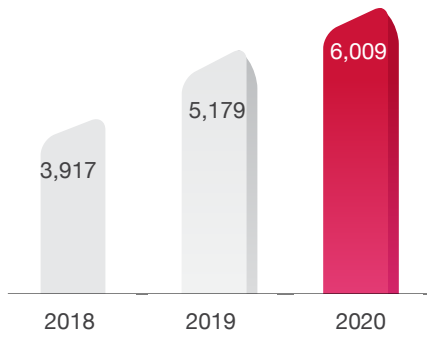
Summary Financial Information on the 2020 Operation Results

TL thousand	2018	2019	2020
Gross Written Premiums	2,509,171	3,363,088	3,332,713
Technical Part Balance	187,564	410,277	417,017
Profit Before Tax	381,639	596,755	571,305
Net Profit	287,778	470,543	436,942
Shareholders' Equity	1,135,823	1,617,305	2,022,792
Total Assets	3,917,046	5,178,935	6,008,839

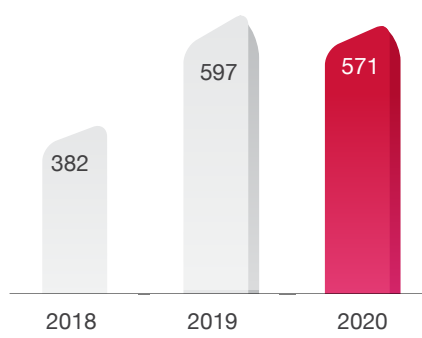
Gross Written Premiums By Branch

TL thousand	2018	2019	2020
Turkish Catastrophe Insurance Pool (TCIP)	37,813	38,542	49,049
Surety Bond	9,069	8,611	15,313
Financial Losses	10,521	13,881	20,952
General Liability	38,684	40,995	59,398
General Damages	208,331	197,945	252,524
Health	95,117	114,625	157,294
Air Vehicles	1,008	1,080	343
Legal Protection	5,980	5,594	5,114
Motor Vehicles	561,904	858,267	730,305
Motor Vehicles Liability	1,250,121	1,716,811	1,598,442
Personal Accident	11,056	13,999	11,683
Marine	31,699	36,171	52,554
Sea Vehicles	3,208	6,175	4,563
Sea Vehicles Liability	2,969	3,599	7,213
Fire and Natural Disasters	241,691	306,793	367,966
Total	2,509,171	3,363,088	3,332,713

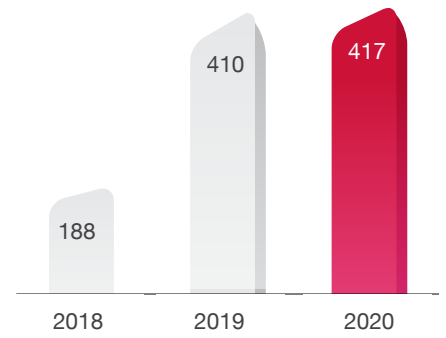
Total Assets (TL million)



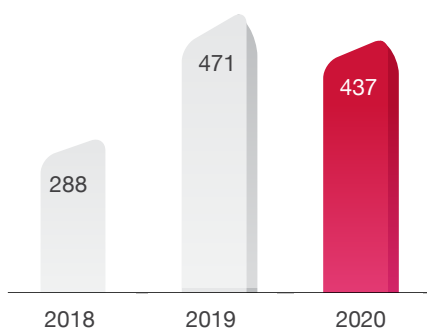
Profit Before Tax (TL million)



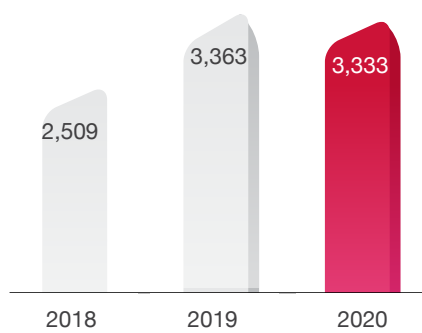
Technical Part Balance (TL million)



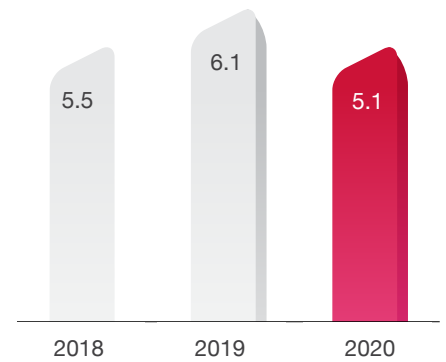
Net Profit (TL million)



Gross Written Premiums (TL million)

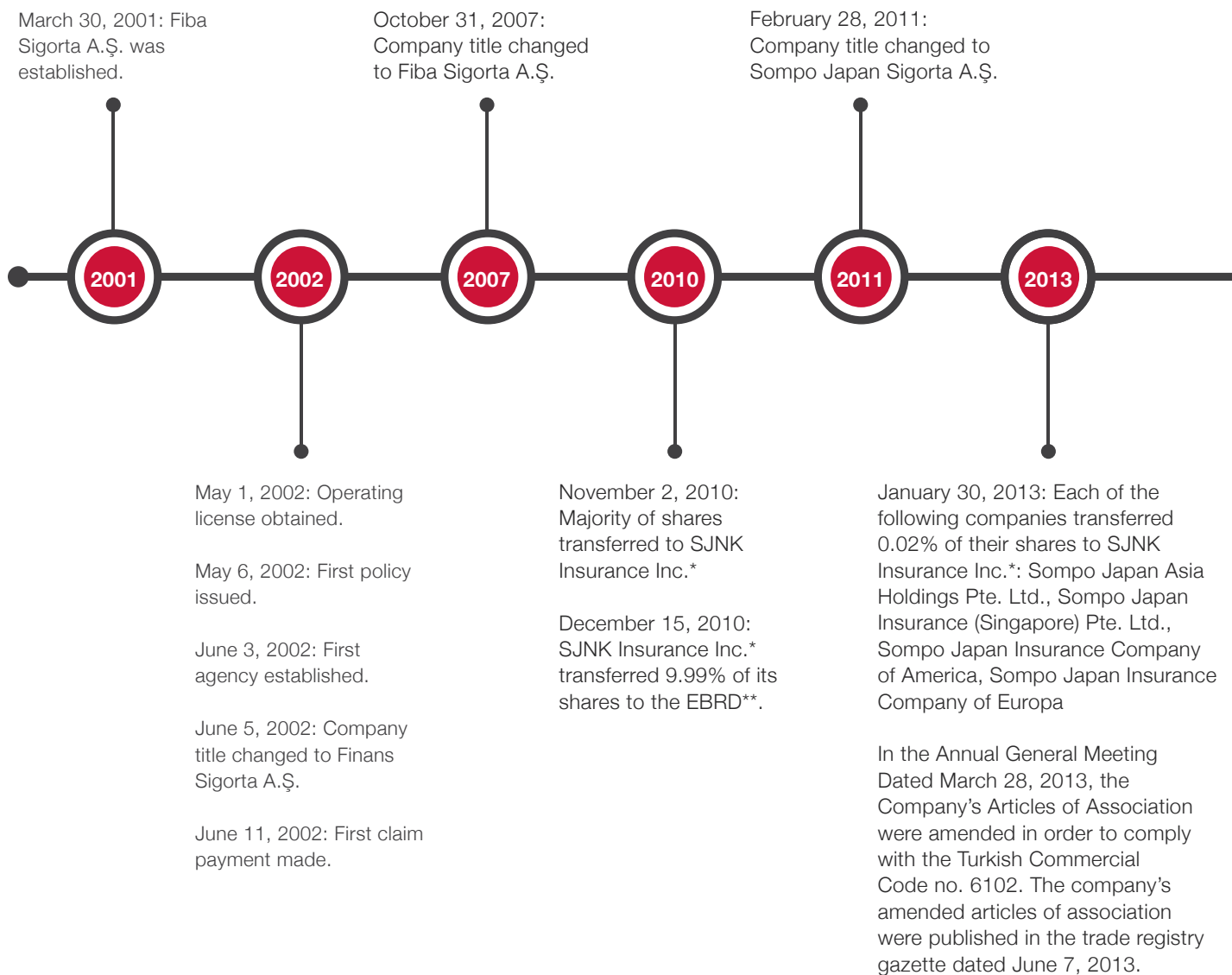


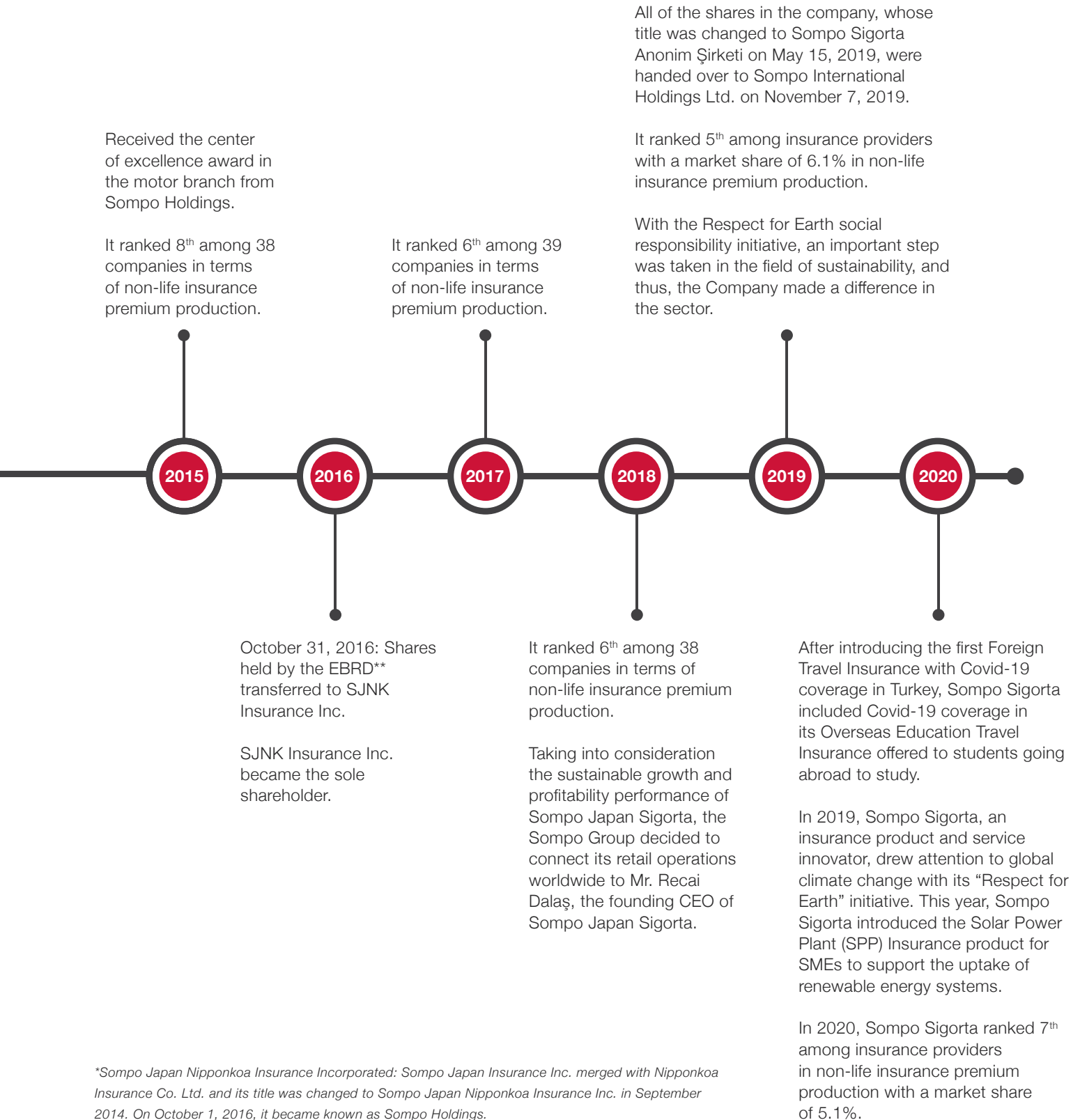
Market Share (%)



Historical Development of Sompo Sigorta

Sompo Sigorta ranked 7th in 2020 among insurance providers with a market share of 5.1% in non-life insurance premium production.



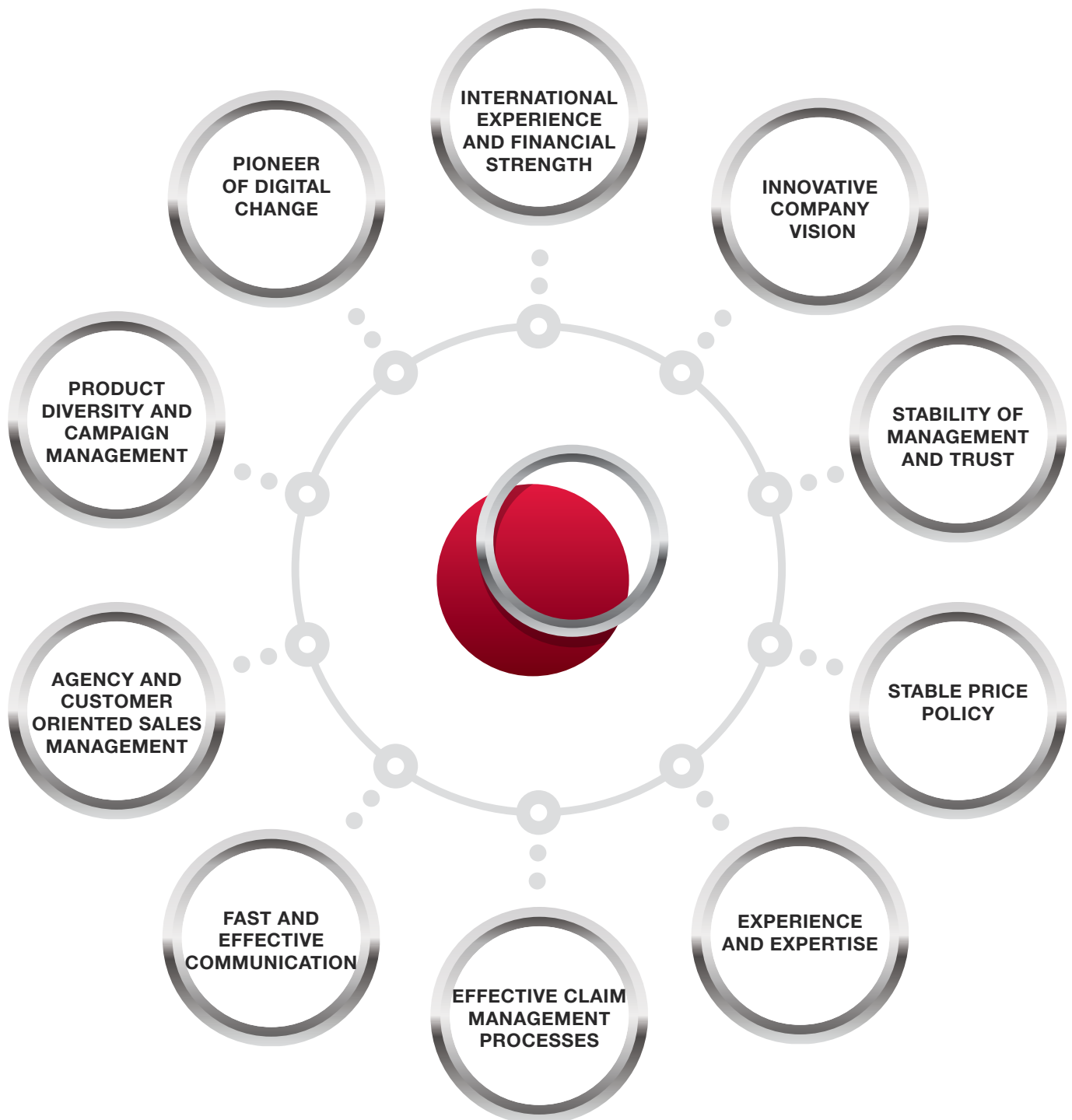


**Sampo Japan Nipponkoa Insurance Incorporated: Sampo Japan Insurance Inc. merged with Nipponkoa Insurance Co. Ltd. and its title was changed to Sampo Japan Nipponkoa Insurance Inc. in September 2014. On October 1, 2016, it became known as Sampo Holdings.*

***European Bank for Reconstruction and Development.*

Focal Points of Sompo Sigorta's Strength

Sompo Sigorta, one of the sector's leading companies with its rising performance, provides high customer satisfaction while reinforcing customer confidence.





International Experience and Financial Strength

Representing a deeply rooted service culture and a wealth of experience with its subsidiaries in 30 countries on five continents around the world, Sompō Holdings' long-term international insurance know-how, strong financial structure and reinsurance support offer Sompō Sigorta a significant competitive advantage.

Innovative Company Vision

With its innovative vision, Sompō Sigorta aims to be a company which brings about change rather than merely keeping pace with change. The company, which has achieved many firsts in the sector, aims to be an insurance company which directs the sector in the long term by maintaining its pioneering practices.

Stability of Management and Trust

Sompō Sigorta stands out as one of the sector's leading companies with its rising performance. Since the day it was founded, Sompō Sigorta has been growing successfully with its stable management team and superior service approach, and has reinforced customer confidence.

Stable Price Policy

Sompō Sigorta has a way of thinking that goes beyond usual approaches in the insurance sector, by protecting both its agents and customers in the long term with its stable and competitive pricing policy.

Experience and Expertise

Sompō Sigorta aims to continuously improve its customer experience with its experienced and specialized staff, professional service approach and solution-oriented systematic service model.

Effective Claim Management Processes

Sompō Sigorta rapidly provides solutions by managing the claim files of its customers in the most effective way with its specialized claim desks in both the auto and non-motor branches.

Fast and Effective Communication

Sompō Sigorta is focused on providing the right solutions with its ability to communicate quickly and effectively with its customers, business partners and employees.

Agency and Customer Oriented Sales Management

Sompō Sigorta accurately identifies the needs of its agents and customers. Thanks to effective sales management, it ensures that its agents are able to develop alternative solutions appropriate to their customer portfolio.

Product Diversity and Campaign Management

Sompō Sigorta is able to transform its wide range of products shaped by its experience and expertise into more added value and benefits for its customers through cross-selling, top-selling opportunities and campaigns offered to the agencies.

A Pioneer of Digital Change

While Sompō Sigorta is rapidly adapting to the digital transformation taking place around the world, it reflects its superior technological capabilities to agency screens, online platforms and system infrastructure on the basis of simplicity and rapid solution creation, which come to the forefront through digitalization.

Explanations on Private and Public Audits Carried Out During the Accounting Period

In our company, KPMG Yeminli Mali Müşavirlik A.Ş. (certified public accountant) (KPMG) performed quarterly tax audits. KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Independent Audit and Independent Accountant and Financial Advisory) (KPMG) conducted independent audits at the end of June and at the end of the year.

Number of Employees, Number of Regional Offices, Liaison Offices and Branches, the Type of Service and Fields of Activity of the Company, and the Assessment of the Company's Position in the Sector on their Basis

Number of Employees

As of the end of 2020, our company had 659 employees.

Number of Regional Offices, Liaison Offices and Branches

The company's Trade Registry Number is 455439. The company's headquarters are located in Istanbul and operate at Beykoz Kavacık Rüzgarlıbahçe Mahallesi, Cumhuriyet Caddesi, No: 10 Acarlar İş Merkezi, C Blok 34805 Istanbul.

The sales organization of our company is made up of branches and regional offices throughout the country and the number of these organizations has increased in line with the growth needs of our company. We have 10 Regional Offices the Istanbul European Side Region, the Istanbul Asian Side Region, the Istanbul Anatolia- East Side Region, the Western Istanbul and Thrace Region, the Mediterranean Region, the Marmara Region, the Black Sea Region, the Aegean Region, the Southern Anatolia Region, and the Central Anatolia Region, and a total of four branches in Denizli, Eskişehir, Samsun and Gaziantep.

Type of Service And Fields of Activity of The Company

Our company operates in all non-life branches (Fire, Financial Losses, Marine, Sea Vehicles, Sea Vehicles Liability, Motor Vehicles, Motor Vehicles Liability, Personal Accident, Rail Vehicles, Air Vehicles, Air Vehicles Liability, General Damages, General Liability, Surety Bond, Legal Protection, Credit, Health, Support).





**Lockdown
restrictions
significantly
reduced
vehicle
usage.**

**Customers
started to
question their
motor vehicle
insurance
spending.**

**If only there
were a
seasonal
product...**

**Monthly
Motor Vehicle
Insurance**

Sompo Sigorta offered its Monthly Motor Vehicle Insurance to support policyholders who use their vehicles less or whose financial situations are negatively affected due to the Covid-19 pandemic. To differentiate from other products on the market, Sompo Sigorta combined comprehensive coverage and monthly insurance, which provides monthly but not annual coverage, with affordable rates.

Message from the Chairman

In 2021, we strive to take the right actions for our customers and employees in accordance with rapidly changing conditions, prioritize innovation in our products and systems and maintain our position in the non-life insurance sector, as in 2020.

Katsuyuki TAJIRI
Chairman of the Board



Spreading around the world, the Covid-19 pandemic left its mark on the year 2020. It spread through Asia and became a profoundly serious threat, first in Europe and then in the United States, during the first quarter of 2020.

The deepest recession since the Great Depression

The pandemic adversely affected social life while inflicting a heavy blow to the global economy. In early 2020, it was expected that supportive monetary policies and easing trade disputes would positively affect global economic growth. However, quarantine and social isolation measures, taken in almost every country affected by the pandemic, brought the global economy to a halt. According to the IMF World Economic Outlook

report revised in January 2021, the global economic contraction in 2020 is expected to be 3.5%. For this reason, we can consider the pandemic as the worst-scale global recession since the Great Depression.

Issuing expansionary monetary policies, the central banks, particularly the Federal Reserve (Fed), continued to support the economy on a global scale from the beginning of the pandemic. In 2020, the US Federal Reserve (the Fed) kept the policy interest rate at 0-0.25 that was addressed in March 2020. The European Central Bank (ECB) also left its policy interest rate unchanged at 0.0% at its March 2021 meeting and stressed that emergency purchases will continue in line with the pandemic.

In 2021, economic growth will depend on measures taken in line with the pandemic and the global success and distribution capacity of the Covid-19 vaccines that are developed. In the IMF's January 2021 report, it was predicted that the global economy will grow by 5.5% in 2021.

The pursuit of stability in the Turkish economy

The Turkish economy gained significant momentum in late 2019 and early 2020. However, the challenges produced by the Covid-19 pandemic reversed all economic expectations. During the pandemic, particularly exports and tourism revenues suffered considerably.

In the second quarter of the year, the contraction in domestic and foreign demand caused by the pandemic dealt a major blow to the economy, causing a contraction of 9.9%. In Q3, the Turkish economy recorded a rapid growth of 6.7%. In the IMF's January 2021 report, the 2020 growth expectation was announced as 1.2% for Turkey. The report predicts that Turkey will grow by 6.0% and 3.5% in 2021 and 2022, respectively.

According to other financial indicators, end-of-year consumer inflation was 14.6%, despite lower estimates expected for the year. Compared to the end of 2019, there was a serious increase in exchange rates.

Following reassignments in the economy administration in 2020, financial markets were positively affected as a result of statements made to support price stability and the CBRT's tightening and

simplification effort by increasing the policy rate. However, high exchange rates and high inflation increased the fragility in the economy.

Although the new administration of the Central Bank aims to stabilize the macroeconomic performance which has been volatile for some time; 2021 is expected to be a challenging year for Turkey due to depleting foreign exchange reserves and the depreciation of the TL.

The pandemic introduced challenges to the insurance industry

The global insurance industry, which achieved an increase in premium production in 2019, had started 2020 quite well. However, the Covid-19 pandemic immediately halted the global economic activity. The pandemic disrupted the activities of insurance companies. It was estimated that there would be a contraction in the global insurance industry in 2020. Following the recession caused by the pandemic, an increase is expected in the global insurance sector in 2021, especially in the non-life insurance market. We anticipate that the pandemic will affect the sector positively by raising the risk awareness of customers in the long term.

In addition to the economic effects, the issue of digitalization is expected to attract more attention in the global insurance industry. With curfews and the concept of social distance, digitalization has started to be discussed more in all insurance processes. The rapid implementation of remote working and virtual customer interaction practices raised cybersecurity concerns.

If we take a closer look at the 2020 developments in the Turkish insurance sector, the total premium produced by non-life insurance companies reached TL 65.4 billion with an increase of 18.0% compared to the previous year according to the 2020 data of the Insurance Association of Turkey. Another significant development in the sector is the merger of public insurance companies under the name of Türkiye Sigorta ve Türkiye Hayat Emeklilik. Türkiye Sigorta ranked first in 2020 premium production in the non-life insurance sector.

The most important development to potentially affect the profitability and equity structure of the sector was the Constitutional Court's decision in October to repeal the "general conditions" of the articles in the Highway Traffic Law on traffic insurances as they conflicted with the Constitution. This decision is expected to increase companies' liability for compensation. This may adversely impact small and medium-sized insurers in terms of capital adequacy. Until a new legal regulation is made, uncertainty will prevail in the sector regarding the issue.

We adapted to this extraordinary period with innovative projects

As Sompö Sigorta, we executed various innovation projects to adapt to this extraordinary period that began in the first quarter of 2020. Monthly Motor Vehicle Insurance, International Travel Health Insurance covering Covid-19, and the Digital Claims Management practice are among the most important of these projects.

2020 Inflation Rate

14.6%

As of year-end 2020, the inflation rate rose to 14.6%.

The Turkish economy gained significant momentum in late 2019 and early 2020. However, the challenges produced by the Covid-19 pandemic reversed all economic expectations.

To weather the pandemic period without any damage, we immediately adopted the remote working model. With our strong IT infrastructure and the dedicated efforts of our employees, we continue to utilize this system in the most productive way.

In 2021, we strive to take the right actions for our customers and employees in accordance with rapidly changing conditions, prioritize innovation in our products and systems and maintain our position in the non-life insurance sector, as in 2020. I would like to extend my heartfelt thanks to all of our stakeholders who have been with us and trusted us.

Respectfully,

Katsuyuki Tajiri

Chairman of the Board

Board of Directors



Katsuyuki Tajiri

Chairman of the Board of Directors

Katsuyuki Tajiri was born in 1967 and graduated from Sophia University, Department of English Language and Studies. In 1990, he joined Sompo Nipponkoa Insurance, Inc. (formerly Yasuda Fire Marine Insurance Co. Ltd.) where he went on to serve as Director in the Marketing Department, Corporate Planning Department and Global Business Planning Department, respectively, between 2006 and 2013. In 2013, Katsuyuki Tajiri was appointed Executive Manager at Sompo Holdings (Asia) Pte. Ltd., and South Asia & Pacific Regional Director at Sompo Holdings, Inc. and South Asia & Pacific Regional Director at Sompo Japan Insurance Inc. Since 2018, he has served as Executive Director at Sompo International Retail, Sompo Holdings, Inc. and Sompo Japan Nipponkoa Insurance Inc. Appointed as a Board Member in March 2019, Mr. Tajiri has been the Chairman of the Board of Directors at Sompo Sigorta in 2020.



Recai Dalaş

Vice Chairman of the Board

Recai Dalaş was born in 1956 and graduated from Istanbul University, Faculty of Business Administration. He completed his Master's degree in Accounting – Auditing from the same institution. Mr. Dalaş joined Oyak Sigorta in 1985 and was appointed General Manager in 1999. Since 2001, he has served as CEO of Sompo Sigorta Anonim Şirketi (formerly Fiba Sigorta A.Ş.-Sompo Japan Sigorta A.Ş.). Mr. Dalaş was appointed Vice Chairman of the Board at Sompo Sigorta in 2020.



Besim Ergün

Board Member

Besim Ergün was born in 1965 and graduated from Boğaziçi University, Department of Civil Engineering. Mr. Ergün worked as the Deputy General Manager at Axa Oyak Sigorta from 1991 to 2001 and Deputy General Manager at Meteksan Sistem ve Bilgisayar Teknolojileri between 2001 and 2004. He joined Sompo Sigorta A.Ş. in 2004 and served as Deputy General Manager from 2004 to 2013 and Board Member between 2010 and 2013. Working as a Business Development Consultant at the company since 2013, Besim Ergün was appointed as a Board Member at Sompo Sigorta in March 2019.



Şenol Ortaç
Board Member

Şenol Ortaç was born in 1970 and graduated from Marmara University, Department of Business Administration. He worked as Marketing Manager at Axa Oyak Sigorta between 1995 and 2002. Subsequently, Mr. Ortaç joined Sompo Sigorta Anonim Şirketi where he was Head of the Department between 2002 and 2004. He has served as Deputy General Manager since 2004. Mr. Ortaç was appointed as a Board Member at Sompo Sigorta in March 2019.



Kemal Beceren
Board Member

Kemal Beceren was born in 1967 and graduated from Boğaziçi University, Department of Computer Engineering. He later completed his MBA at the same university. Mr. Beceren worked as IT Group Manager at QNB Finansbank between 1991 and 2000 and as IT Group Manager at CarrefourSA from 2001 until 2007. He joined Sompo Sigorta Anonim Şirketi as a Coordinator in 2007 and has served as Deputy General Manager since 2010. Mr. Beceren was appointed as a Board Member at Sompo Sigorta in March 2019.

Message from the Chief Executive Officer

Sompo Sigorta is a growth and profit-oriented company. With its ability to quickly adapt to change, Sompo Sigorta sets an example for the industry with its digital innovations, capitalizes on its human resources in the most efficient way, and always aims to take customer experience to the next level.

Recai Dalaş
Chief Executive Officer



Gross Written Premiums

3.3 (TL billion)

In 2020, Sompo Sigorta reported gross written premiums of TL 3.3 billion.

Number of Employees

659

At year-end 2020, Sompo Sigorta employed a total of 659 employees, including 122 managers.

2020 Year-End Profit After Tax

437 (TL million)

Today, Sompo Sigorta is one of the most profitable companies in the sector, recording profit after tax of TL 437 million in 2020.

In 2020, the Covid-19 pandemic led to a sharp contraction in internal and external demand with a highly negative impact on Turkey's economy. While many sectors across the economy were adversely affected, the insurance industry achieved positive growth during this unprecedented year. In the challenging environment of 2020, Sompo Sigorta recorded a stable performance by capitalizing on its managerial competencies, leading to its current enviable position in the non-life insurance sector. This solid performance, even during a pandemic year, made us all very proud. At Sompo Sigorta, we continued our strategic focus on sustainable profitability in 2020.

If we are to review fiscal year 2020 for Sompo in figures... Although Sompo Sigorta did not enter into price competition, especially in auto insurance, premium production came in at TL 3,333 million, and achieved to keep at the level of the previous year. In 2020, Sompo Sigorta ranked seventh in the non-life insurance sector with a market share of 5.1%. By year-end 2020, Sompo Sigorta was one of the most profitable companies in the sector, posting profit after tax of TL 437 million. Our return on equity was 24%. In addition to profitability, Sompo is a one of the sector leaders in terms of both total assets and shareholders' equity. During the year, Sompo Sigorta increased its shareholders' equity by 25% to TL 2.0 billion.

Motor vehicle and traffic insurance accounted for 70% of Sompo Sigorta's premium production for the year. In 2020, motor vehicle insurance generated premiums totaling TL 730 million while traffic premium production amounted to TL 1,598 million. Sompo Sigorta completed the year ranked fourth in the traffic branch. Lower frequency in motor vehicle and traffic insurance due to the pandemic and higher technical profitability in 2020 significantly increased price competition in the sector. With the anticipated return to normalization, we expect that rising price competition in the motor vehicle and traffic insurance segments will adversely affect sector-wide technical profitability in 2021.

We extended our successful track record with innovative products

Sompo Sigorta is a growth and profit-oriented company. With its ability to quickly adapt to change, Sompo Sigorta sets an example for the industry with its digital innovations, capitalizes on its human resources in the most efficient way, and always aims to take customer experience to the next level.

At Sompo Sigorta, we remain committed to making a difference in the industry. First of all, even if market conditions are extremely challenging, by adhering to our price stability policy, we do not surprise our agents and ensure that they protect their customers and policy renewals. Our data warehouse, data analytics and artificial intelligence technologies, which enable big data to be analyzed easily, play a major role in this success. A second key difference is our Ejento mobile application, which offers policy issuance services via the application – a first in the industry. Ejento enables our agencies to issue policies anytime and anywhere with its rapid sales functionality. Finally, we place great importance on continuous process improvements/developments in claims management. Thanks to the advanced analytical models we use, we can minimize the number of cases decided through human intervention and speed up our solution processes. With the rapid speed it has achieved in claims management, Sompo Sigorta can stand by its customers more during complex transactions while delivering more effective solutions.

In recent years, the importance of digitalization has accelerated, especially with the onset of the pandemic. As a result, Sompo Sigorta's long-standing technology investments will remain a top our agenda in 2021.

To make a difference in the insurance industry, we focus on visible products and services as well as areas that are ripe for innovation but cannot be seen by our competitors. To help our customers adapt to the pandemic environment, we introduced the Monthly Motor Vehicle Insurance product in 2020. In another market innovation, we launched the Overseas Travel Health Insurance with Covid-19 coverage. For our students going abroad, we developed the Student Travel Health Insurance with Covid-19 coverage product. In claims processing, we quickly adapted to the pandemic era with Digital Claims Management.

In 2019, Sompo Sigorta launched the "Respect for Earth" initiative to draw attention to the pressing issue of global climate change. Under this effort, we introduced Solar Power Plant (SPP) Insurance for the use of SMEs to support the uptake of renewable energy systems in 2020.

Fast and smooth adaptation to the pandemic

Sompo Sigorta is keenly aware of the position and importance of digital technologies in our lives today. Thanks to our ongoing investments in advanced technology and our efforts to date, we quickly adapted to the new normal for both our customers and colleagues during the pandemic.

In response to the Covid-19 pandemic, Sompo Sigorta has taken many preventative and precautionary measures to safeguard the health of our employees, their families and society. With our strong technological infrastructure, we quickly switched to a remote working system.

Non-Life Insurance Sector Market Share

5.1%

At year-end 2020, Sompo Sigorta ranked 7th in the non-life insurance sector in terms of premium production with a market share of 5.1 %

2020 Year-End Traffic Branch Premium Production

1.6 (TL billion)

Sompo Sigorta completed the year ranked 4th in the traffic branch with premium production of TL 1.6 billion.

Currently, we continue to work remotely at about 90% capacity. Thanks to our "Remote Camera Expert" application, which we developed proactively before the pandemic, we continued to provide the best service to our policyholders in claim assessment, control and rapid claims payment. The pandemic did not disrupt our business processes in 2020. On the contrary, the Covid-19 pandemic led us to implement our planned technological solutions earlier.

As the Sompo family, we strive to be better every day. We aim to facilitate the lives of our customers and business partners. I would like to extend my sincere thanks to all of our employees, business partners, agencies, customers and all stakeholders who move forward with Sompo Sigorta toward the same goal.

Recai Dalaş

Chief Executive Officer

Senior Management



Recai Dalaş**Chief Executive Officer**

Recai Dalaş was born in 1956 and graduated from Istanbul University, Faculty of Business Administration. He completed his Master's degree in Accounting – Auditing from the same institution. Mr. Dalaş joined Oyak Sigorta in 1985 and was appointed General Manager in 1999. Since 2001, he has served as CEO of Sompö Sigorta Anonim Şirketi (formerly Fiba Sigorta A.Ş.-Sompö Japan Sigorta A.Ş.). Mr. Dalaş was appointed Vice Chairman of the Board at Sompö Sigorta in 2020.

Uğur Özer**Deputy General Manager/Claims**

Uğur Özer has an undergraduate degree from Marmara University, Department of Economics and a post graduate degree from Istanbul University in Accounting and Financial Control. In addition, he obtained postgraduate and doctorate degrees in Economics from the University of East Anglia. In 1991, Mr. Özer started his professional career as Insurance Supervisor at the Undersecretariat of Treasury, where he worked until 2020. He also served as Deputy General Manager at Generali Sigorta between 2010 and 2013. Uğur Özer was appointed Deputy General Manager of Sompö Sigorta in 2013.

Şenol Ortaç**Deputy General Manager/Personal Technical and Health**

Şenol Ortaç was born in 1970 and graduated from Marmara University, Department of Business Administration. He worked as Marketing Manager at Axa Oyak Sigorta between 1995 and 2002. Subsequently, Mr. Ortaç joined Sompö Sigorta Anonim Şirketi where he was Head of the Department between 2002 and 2004. He has served as Deputy General Manager since 2004. Mr. Ortaç was appointed as a Board Member at Sompö Sigorta in March 2019.

Kemal Beceren**Deputy General Manager/Information Technologies and Operations**

Kemal Beceren was born in 1967 and graduated from Boğaziçi University, Department of Computer Engineering. He later completed his MBA at the same university. Mr. Beceren worked as IT Group Manager at QNB Finansbank between 1991 and 2000 and as IT Group Manager at CarrefourSA from 2001 until 2007. He joined Sompö Sigorta Anonim Şirketi as a Coordinator in 2007 and has served as Deputy General Manager since 2010. Mr. Beceren was appointed as a Board Member at Sompö Sigorta in March 2019.

Fahri Uğur**Deputy General Manager/Financial Affairs**

Fahri Uğur studied Finance as an undergraduate at Hacettepe University and obtained his MBA from New York University. Between 2002 and 2013, he worked as an Insurance Supervisor at the Undersecretariat of Treasury. Mr. Uğur went on to serve as a Board Member at Türk P&I Insurance between 2013 to 2014. He was Deputy General Manager (Technical) at Halk Sigorta between 2013 and 2015. Mr. Uğur has served as Deputy General Manager at Sompö Sigorta since 2015.

Işın Mengenli**Deputy General Manager/Human Resources and Academy**

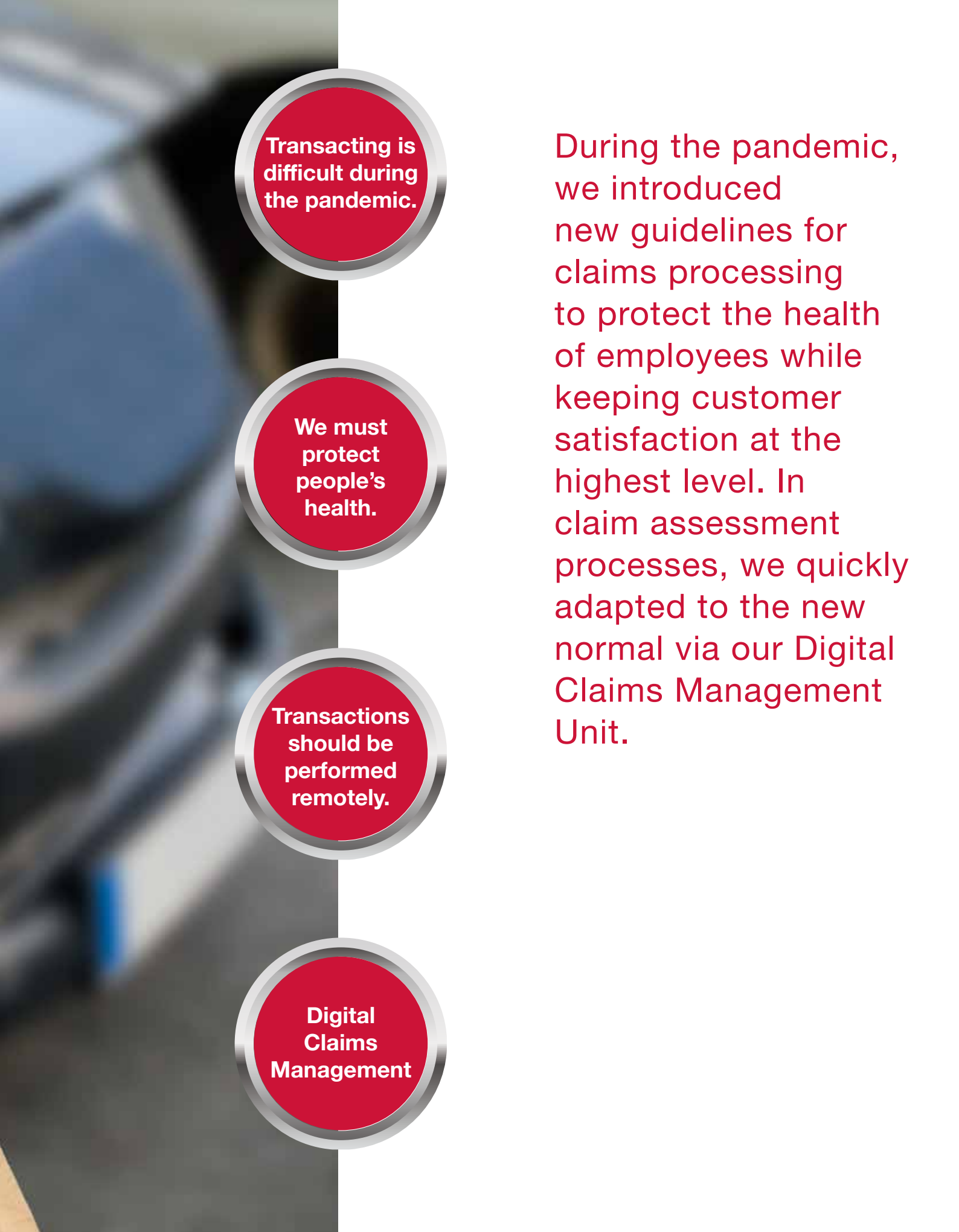
Işın Mengenli graduated from Boğaziçi University, Department of English Instruction and studied Management and Organization at New York University. She started her professional career at Yapı Kredi Bank as a Human Resources Specialist, a position she held from

1995 to 1998. Ms. Mengenli went on to serve as Human Resources Manager at Dışbank between 1998 and 2000. Subsequently, she joined Deloitte where she worked as Human Resources and Management Consultancy Manager from 2000 until 2005 and Human Resources Director between 2005 and 2007. Ms. Mengenli later served as Human Resources Consultancy Director at Hay Group from 2008 to 2010 and Human Resources Consultancy Director at Mercer between 2011 and 2014. Since 2015, Işın Mengenli has been the Deputy General Manager at Sompö Sigorta.

Ataman Kalkan**Deputy General Manager/Corporate Technical and Corporate Sales**

Ataman Kalkan graduated from Boğaziçi University, Department of Computer Engineering. He worked as Project Manager at Escort Yazılım between 1997 and 1998, Information Technologies Deputy Manager at SFS Danışmanlık from 1999 to 2000, and Information Technologies Director at Gima/CarrefourSA between 2000 and 2007. Having joined Sompö Sigorta in 2007, Mr. Kalkan served as Technology Solutions Director from 2007 to 2010, Personal Technical Group Manager between 2011 and 2015, and Personal Technical Director from 2016 until 2017. Ataman Kalkan was appointed Deputy General Manager at Sompö Sigorta in 2017.





**Transacting is
difficult during
the pandemic.**

**We must
protect
people's
health.**

**Transactions
should be
performed
remotely.**

**Digital
Claims
Management**

During the pandemic, we introduced new guidelines for claims processing to protect the health of employees while keeping customer satisfaction at the highest level. In claim assessment processes, we quickly adapted to the new normal via our Digital Claims Management Unit.

Fields of Activity and Products

Sompo Sigorta's product range includes products that stand out in terms of their content, price and operational convenience, such as motor vehicles liability, motor vehicle insurance, household, plus personal accident, workplace package, complementary health and hazardous illness.

Sompo Sigorta has adopted innovation as part of its corporate culture, and demonstrates its identity of being a leading company, whose innovative product range and technology are closely followed by the sector.

In a conjuncture of constantly changing customer needs, the company continues to work to provide the assurances that will be needed in different areas of life with the aim of being a top ranking company in terms of the diversity of its products and guarantees, and to make a difference for the customer.

Sompo Sigorta's product range includes products that stand out in terms of their content, price and operational convenience, such as motor vehicles liability, motor vehicle insurance, household, plus personal accident, workplace package, complementary health and hazardous illness.

PERSONAL TECHNICAL AND HEALTH

With the Covid-19 outbreak, great changes were experienced in all areas of our lives, and this process also changed the perspective on insurance products. In an environment where travel insurance generation

was almost set to zero for a while, especially when countries closed their borders, Sompo Sigorta has come to the forefront with product developments suitable for needs.

Complementary Health

The company also continues to develop complementary health products in line with its "Being a strong and assertive healthcare player where our policyholders can feel fully assured and receive high quality service with the most favorable conditions" target.

As a reflection of the "Contributing to the health, safety and happiness of our customers and the society as a whole by providing the highest quality insurance products and services" understanding, the Company has covered both the Covid-19 pandemic that affects the whole world and all epidemics that may arise in the coming years in its Complementary Health Insurance product in 2020.

Special Products

The company, which has been operating with the aim of offering the most comprehensive policies for the differentiating needs of customers since its establishment as Turkey's leading company in Travel Insurance, has expanded the Foreign Travel Health Insurance product with the

Covid-19 treatment cover from this point of view. With this rapid action, the company made a difference in the sector during the pandemic when travel and obtaining visas became difficult, and met the needs of the policyholders who applied to consulates requesting policies with Covid-19 cover.

In 2020, Sompo Sigorta has also included Covid-19 coverage in its Overseas Education Travel Insurance, which it offers to students going abroad to study.

To facilitate the life of the agencies and offer a faster, lean, modern, user-friendly and mobile device compatible screen design, Sompo Sigorta renewed the Travel Insurance screens, one of its strategic products, and introduced it to agencies as of December 2020.

On the new Travel Wizard screens designed by taking the opinions of the agencies, there are new features such as increasing the number of policies issued to 50 people at a time to 500, showing the policyholder information before the offer, and adding the 3D payment method.

The new format designed is a first for Sompo Sigorta, as it uses internal resources in all developments.



Motor Vehicle Insurance and Household

With the pandemic, the economy of the whole country entered a challenging period. During this period, Sampo Sigorta also launched a product with three options in order not to suffer its policyholders and to ensure that they did not lose their rights during the first one month quarantine period at the beginning of the pandemic: Discount as much as the impact of the unused period, 13-month motor vehicle insurance policy (12 Months + 1 Month free), and Free Household Policy.

Sampo Sigorta has brought its Monthly Motor Vehicle Insurance into use also to support the policyholders who use their vehicles less or whose economic situations are negatively affected due to the Covid-19 epidemic. In the Monthly Motor Vehicle Insurance, which is prepared for those who cannot renew their motor vehicle insurance even though it is time for renewal and who want to protect their vehicle at affordable rate, and which provides monthly assurance (not annual) unlike the

Sampo Sigorta has brought its Monthly Motor Vehicle Insurance into use to support the policyholders who use their vehicles less or whose economic situations are negatively affected due to the Covid-19 epidemic.

products in the market, full assurance is provided against theft, double-sided collision and fire damages without any service restrictions, blocking the credit card and with appropriate premiums according to the vehicle price.

In 2020, a new one was added to “Brand Insurance” collaborations and a Skoda Insurance product was put into service special for Skoda branded vehicle owners. Skoda Insurance, which protects vehicle owners against many different risks through this collaboration with Skoda, provides repair warranty with original parts at Skoda authorized services in case of any damage.

In the assistance service, the days in which replacement vehicle usage periods coincide with the curfews are not deducted from the policyholder’s right. Healthcare professionals have also been given flexibility in all assistance services.

Fields of Activity and Products

In 2020, Sompo Sigorta has offered the Solar Power Plant (SPP) Insurance product to the use of SMEs in order to support renewable energy systems.



Sompo Sigorta digitalized and thus accelerated all actions and claims processes at the maximum level in line with the demands of policyholders and suppliers during the pandemic period.

CORPORATE TECHNICAL AND CORPORATE SALES

Sompo Sigorta serves under the heading of Corporate Insurances for customers and business lines of all sizes against local and international risks with insurance products it offers in Fire (along with Machinery Breakdown, Electronic Device, Employer & 3rd Party Liability, Cash in Transit, Fidelity and Personal Accident), Engineering (Machinery Breakdown, Electronic Device, Leasing All Risk, Construction/ Assembly All Risk), Responsibility (Employer Liability, 3rd Party Liability, Personal Accident, Cash in Transit, Fidelity, Product Liability, Professional Liability and all Compulsory Liability Products), Transportation (Commodity and Boat group products) and Agriculture branches.

In addition to these products, it offers special solutions in line with different customer needs by designing package products with a wide cover for specific fields of activity (SPP Package for Solar Power Plants, Pharmacy Package for Pharmacies, Jeweler Package, etc.)

Sompo Sigorta quickly adapted to the new situation with the advantage of being technologically prepared, and became the preferred company by keeping in close contact with all distribution channels in this period when many companies were challenged. Thanks to the availability of the entire team, it has been possible to continue to grow and even exceed expectations in many product groups.

Support for renewable energy systems: SPP Insurance

Sompo Sigorta implemented the “Respect for Earth” initiative in 2019 with the aim of raising awareness in this area by embracing the climate crisis issue. Drawing attention to climate change with this project, the Company has developed innovative products and services in this field, and has offered the Solar Power Plant (SPP) Insurance product to the use of SMEs in 2020 to support renewable energy systems.

Solar Power Plant Insurance provides a comprehensive assurance within the scope of SME Business Package Insurance covering fire, natural disasters, machinery breakdown and related profit losses, employer and third party financial liability, etc. for solar power plants that produce ground-type of electricity. Sompo Sigorta also guarantees performance loss in SPP Insurance policies, which is not due to material damage.

Nowadays, efforts on adding Commercial Cyber and Cyber Liability products, which provide protection against cyber risks that become a universal threat to businesses of all sizes being small, medium and large, to the corporate product portfolio have been going on. It is aimed to start providing services in this field within 2021.

Operational efficiency and digitalization

The Corporate Technical and Corporate Sales Unit takes significant steps towards increasing both the operational and process efficiency and digitalization of the Company, in line with the corporate goal of the Company, within the scope of the transformation initiated in 2018.

Also in 2020, the company uninterruptedly pressed ahead with its projects which will support this strategic approach. In this framework, the whole process from the submission of the proposal request by the agency/bank/broker channels in corporate products to the finalization of the request, has been reviewed, and the ways of doing business and business rules have been updated in line with the needs. The updates allowed the provision of a faster and better quality service to agencies and customers, thus increasing operational efficiency, automating processes and reducing risk.

By assuring the service levels currently achieved in agency and bank distribution channels, efforts to develop efficient business processes on behalf of all stakeholders will continue. In addition, efforts to create faster and more efficient business processes and infrastructures will also be continued, taking into account the measurement of UW (Underwriting) processes and changing needs.

CLAIMS

Sompo Sigorta digitalized and thus accelerated all actions and claims processes at the maximum level in line with the demands of policyholders and suppliers during the pandemic period.

Fields of Activity and Products

The capacity of the Documented Claims Management Unit increased 10 times thanks to the systematic improvements and additional assignments designed within 15 days.

Thanks to the Digital Claims Management Unit, Sompo Sigorta quickly adapted to the outbreak environment in claim assessment applications with the pandemic, and digitalized all its processes at the maximum level through the projects it implemented quickly. The company continued its activities with the aim of providing the highest quality service in the sector in line with the satisfaction focus free from operational works.

The capacity of the Documented Claims Management Unit, where low-amount claims received from non-contracted services and directly from customers are managed, increased 10 times thanks to the systematic improvements and additional assignments designed within 15 days by the Digital Claims Management Unit.

Intelligent process management tools, called the new IPU, were brought live in early 2020. With the new criteria set, the entire digital file assignment process from file type to capacity calculation has been systematized. In this way, more accurate files were managed more efficiently, then cost advantages were created and also customer satisfaction were achieved with fast solution methods.

On the file review side, a new table called the Complex Table was created, and featured files that required technical expertise (motorcycle, package files, etc.) started to be reviewed. Especially for the vehicles damaged in Izmir earthquake, having provided the fastest claim service in the sector, the current prices of the vehicles processed as total loss within a week were paid as compensation, and customers' grievances were eliminated.

As a first in the sector, the Quality Department was established within the claims service. Thanks to this structure, which uses data such as customer complaints, upper approval results, closed file control results, processes were developed by analyzing root causes. With this new structure, the approval hierarchy was removed. Thanks to this application carried out by a specialized team, managers are able to devote more time to the performance and motivation of their teams. During the pandemic, a more effective control mechanism was established by having assigned in particular all the heavy claim files to this unit.

Thanks to the development activities made in advance and the actions taken during the pandemic, it was ensured that the files in the motor vehicle branch were examined on average in less than a day. And file closing time was realized as 11 working days.

Transformation Projects

The claim transformation projects that were present at the beginning of 2020 and initiated in the middle of the year have also been executed effectively. With the projects, it is aimed to standardize processes, sort out and centralize operational steps, eliminate unnecessary transactions, automate manual processes, and digitalize value-added customer contact.

Some of the developments designed within the scope of the projects were implemented as rapid gains in 2020. With the completion of the projects, which are mostly planned to be finished at the end of the first quarter of 2021, claims services will continue to be provided via the claims processes where productivity increased and customer focus was further improved.

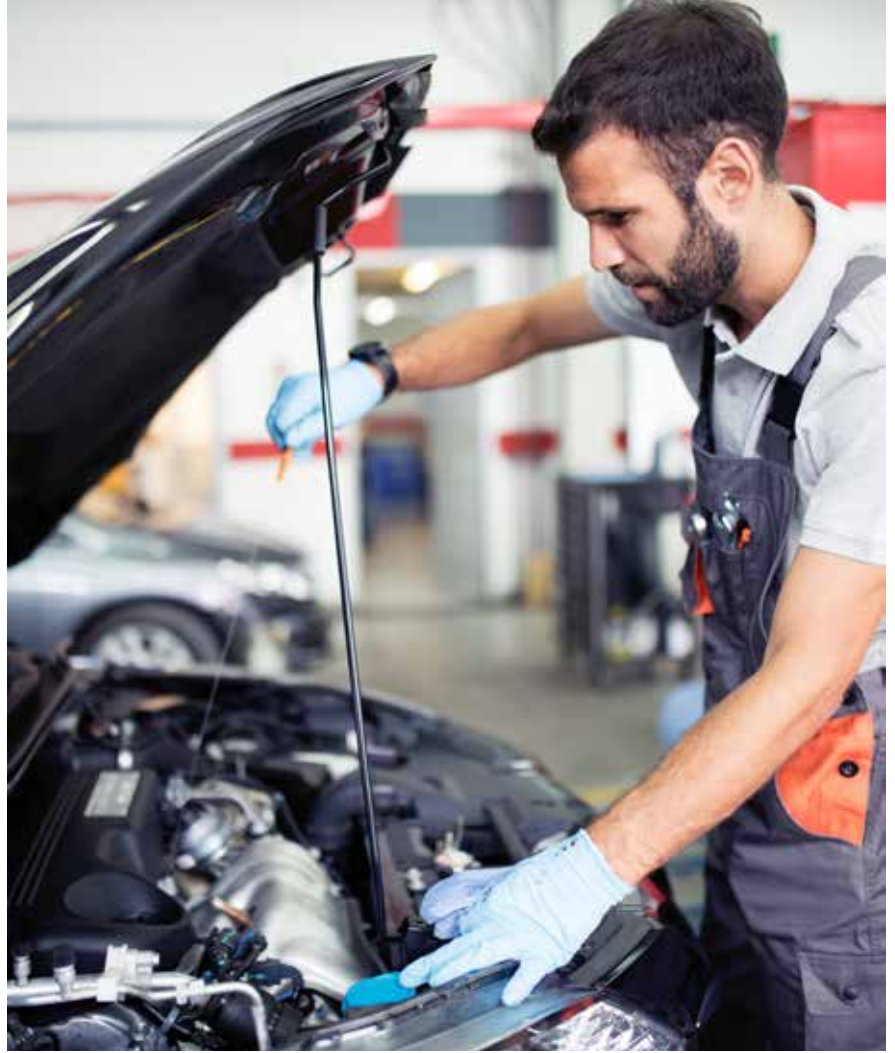
The Claims Development Workshop, a first in the sector in regard of being academic, was completed within 2020. With workshops, employees are provided with trainings on both automotive techniques and all technological developments in this field. Thus, a stronger team is being created against claims related to all new technological vehicles both present in the market and already covered, and have just started to enter the market.

The goal of the company is to ensure maximum customer satisfaction from the claims processes in which the technological infrastructure will be used more effectively with the projects planned to be completed in 2021.

Non-Motor Claim

During the pandemic, direct contact was made with customers and all distribution channels through competent claims employees, and claims processes were managed quickly and smoothly thanks to the Company's infrastructure suitable for remote working. Due to the pandemic requirements, digital file management increased 100% compared to the pre-pandemic period.

Claims Coordination Centers were established in two provinces to eliminate the customers' grievances due to the result of two major earthquakes in Turkey within 2020 (the earthquake of 6.8 magnitude that occurred in Elazığ province on 24.01.2020 and the earthquake of 6.9 magnitude and tsunami that occurred in Izmir on 30.10.2020) as quickly as possible. All policyholders who were likely to be affected by the earthquake were informed about the claim notification process, and quick notification screens have been created for agencies and policyholders.



A total of 630 claim notifications were received due to both earthquakes, and the expertise procedures of all were carried out on the day of notification. Within the five days following the earthquake, almost all of the files were concluded.

Non-Motor Claim Transformation Project, which started in 2019 and aimed at increasing Positive Customer Experience and employee loyalty with the quality, speed and transparency in claim processes through technological developments, continued also in 2020 and the "digital management development phase" of the Transformation Project was implemented within the year.

In line with the company's general claims vision, by paying the accurate claim easily and quickly with advanced claims solutions and management, to increase customer satisfaction continuously and take part in projects that serve this purpose will be the main target in 2021 as well.

It is anticipated that a more efficient process will be experienced for agencies, customers and claims management with the completion of the Non-Motor Claim Transformation Project. As part of the Catastrophe Management Project, it is aimed to create a business management organization that can take action much faster in catastrophic damages in our country.

Human Resources and Academy

Sompo Sigorta ranks high in terms of employee loyalty among Sompo Group companies around the world.

Number of Employees

659

As of the end of 2020, Sompo Sigorta has employed a total of 659 employees.

Human Resources Applications

By the end of 2020, Sompo Sigorta employed a total of 659 employees, including 122 managers.

Human Resources policy of Sompo Sigorta is to incorporate qualified human resources in line with the company's goals and strategies and to ensure that they are employed in the most efficient way. Within the framework of company culture and values, Sompo Sigorta Human Resources aims to create a participatory, collaborative and continuous improvement system, to support the professional and personal development of its employees, to ensure internal communication, to establish a working environment that supports innovation, leadership and quality, and to be a solution partner of other departments.

Sompo Sigorta ranks high in terms of employee loyalty among Sompo Group companies. Many Human Resources activities are carried out and actions are taken in order to increase employee loyalty.

The company believes that the impact of manager development on increasing employee loyalty is significant and it cares much about the development of its managers within this framework.



Accordingly, the performance system, in which managers evaluate employees on the basis of their targets, competencies and development, and the 360-degree manager evaluation system, in which employees evaluate their managers, have been implemented since the establishment year of the company. The evaluation results play an active role in determining the improvement needs and career planning.

At Sompo Sigorta, talent management practices focusing on strengths and aiming to unearth these talents and increase success are carried out. Career paths of employees in our company are clear and settled. Horizontal transfers between departments are permitted according to the qualifications of the individuals. In addition to their managerial career, employees are also provided a technical career opportunity where they can develop themselves as specialists in their subject matter.

For promotion and recruitment of positions with responsibility for team management, there are "Assessment Center" applications in order to use an objective tool when assessing candidates, to assess all candidates fairly, to offer feedback based on concrete data and observations, and to invest in employee development based on the correct data.

In accordance with the value the Company places on transparency, all the employees are given training where up-to-date information about the Human Resources strategies and processes are shared.

Employees are remunerated within a systematic framework which takes account of the market and respects internal balances. Within the framework of performance-target systematic based on the logic of creating a target harmonized among the departments, the performances

of the individuals are reflected to their wages. The company introduced the Spot Reward application to encourage and appreciate employees who make a difference and to promote their success.

As You Like!

In 2020, a “Flexible Benefits Program” named “As You Like!” was implemented to respond to changing needs, to contribute positively to the lives of employees, and to produce the most accurate solutions for them. As part of this program, the selection of benefits is left to employees, and the opportunity to re-select and arrange the existing benefits of employees according to their personal needs was created.

Sompo Sigorta employees can take advantage of fully personalized alternative benefits that are more significant to them by bending their existing benefits such as food allowance, private health insurance, New Year's gift, vehicle right, gasoline right as they wish within the scope of “As You Like! Flexible Benefits Program.”

The priority is the health of employees during the pandemic

Since the first Covid-19 cases appeared in Turkey, the priority of the Company has been the health of its employees. For this reason, employees were switched to the Remote Working model in a planned way that does not affect the continuity and productivity of the work. In this process, by prioritizing employees who are in the risk group, whose

family relatives are in the risk group, and who have small children, up to 97% of them have started to work remotely.

The meetings were held in virtual environments; during remote working, the “Technology and Communication Aid” practice has been put into use to provide financial support to employees who do not have a Company line, except for the positions of Manager and above, for their uses such as internet and telephone.

All trainings were moved to the virtual environment. In order to accelerate the adaptation process in the management of remote teams, e-trainings were assigned to all employees on Compliance with Remote Working and on Remote Management to all managers.

At the same time, all necessary measures were taken in working areas, and environments were established for employees, who continue to work from offices, to feel safe with constant controls.

Sompo Academy

Sompo Academy is a school that serves the strategic goals of Sompo Sigorta in the light of its values, that offers professional and personal development opportunities, and that provides a personalized and sustainable learning experience.

All training and development activities in the Company are carried out under the roof of Sompo Academy.

Sompo Sigorta introduced the Spot Reward application to encourage and appreciate employees who make a difference and to promote their success.

The foundation purpose of Sompo Academy is to train professionals who create value not only in the insurance sector in Turkey but also in the global market.

Tailor-made boutique trainings

Sompo Academy has adopted a boutique development approach that serves the goals of the Company and its departments since the day it was established. Instead of standard solutions and off-the-shelf and collective trainings, we proceed with original solutions.

Sompo Sigorta's management approach that supports training and development provides a development opportunity for each employee. Both learning and teaching have become a way of life for Sompo employees. All of the intensive trainings carried out are target-oriented and need-oriented.

Under the roof of Sompo Academy, employees of all levels are always provided with the opportunity to develop, with duty specific academic programs, managerial trainings, in-house mentoring practices, on-the-job trainings, and tailor-made boutique training solutions that support the Company's goals and strategies.

Human Resources and Academy

The year 2020 has been declared as the year of “Open Communication and Feedback” in order to use the feedback mechanism more actively and to make it a part of the culture in Sampo Sigorta.

Total Training Time

16,700 (Hours)

A total of 16,700 hours training was given in 2020.

Technology is an indispensable part of trainings, as in all areas of the company. Sampo Academy portal, which has become a very rich source of information, is a platform frequently used by employees.

Virtual classroom applications, e-trainings, videos, webinars, online competitions are among the frequently used training methods. In addition to employees, the trainings of business partners are also carried out under the roof of Sampo Academy in coordination with the relevant departments.

2020 activities

- Since March 2020, as part of precautionary measures required by the pandemic, all face-to-face trainings were canceled and the virtual classroom method was adopted, and all trainings were moved to the virtual environment. “Internal Trainer Training for Distance Learning” was given to internal trainers so that they could provide more effective training in the virtual classroom.
- Due to the transition to remote working, to adapt with it and accelerate the adaptation process,

e-trainings were assigned to all employees on Compliance with Remote Working and on Remote Management to all managers.

- Orientation and Adaptation programs for newly recruited employees have been carried out online by completely moving to the virtual environment.
- Professional and personal development trainings which were determined in the requirement analysis studies made by taking into account the goals and strategies of the company and specific to the department needs, tasks and persons, were also carried out. In 2020, total training hours were 16,700 and the average training hours per person was 25.5. 27% of these trainings were provided by internal resources.
- Due to the impact of the pandemic, 55% of all training activities in 2020 were carried out by online methods (virtual classroom, e-learning, video, etc.).
- The year 2020 has been declared as the year of “Open Communication and Feedback” in order to use the feedback mechanism more actively and to make it a part of the culture in Sampo Sigorta. In order for all employees to adopt and apply this feedback culture, a Feedback Video Series consisting of five parts and true/false cases was prepared and assigned to all employees, and application studies were also performed to transform those learned into practice.

Sampo Academy will continue to produce training and development solutions that will contribute to the professional and personal development of both employees and business partners in line with the Company’s strategies in 2021 as well.

Internal communication activities In addition to the development of its employees, Sampo Sigorta also attaches great importance to internal communication activities and social responsibilities.

SampoConnect

The SampoConnect platform, which was implemented to improve in-house communication and collaboration, is used effectively to increase the sharing between employees and departments. Some new features were added to the Internal Communication platform in 2020. The “Takdir Et (Appreciate)” application, which was opened for the use of managers in 2019 to improve the culture of appreciation, was opened to the use of all employees in 2020 and every subordinate-superior employee was encouraged to appreciate each other.

Remote working

With the emergence of the first Covid-19 case in our country, Sampo Sigorta has also quickly switched to remote working. Various activities were carried out for employees who experienced the remote working system for the first time to easily adapt to their situation. A directive guide has been published on issues that may raise questions in employees’ minds during the process of remote working. To accelerate the adaptation



process in the management of remote teams, e-trainings were assigned to all employees on Compliance with Remote Working and on Remote Management to all managers.

In addition, Skillsoft's "Business Continuity" Video-Training Package, which includes fundamental information about what to do when faced with extraordinary situations, made available to our managers.

Social responsibility

In 2019, the sapling donation process, which was made on behalf of the employees in number of seniority years on the anniversaries of their recruitment, was continued in 2020 with the Hope Foundation for Children with Cancer. A room of the Family House of the Hope Foundation for Children with Cancer in Cerrahpaşa, Istanbul was adopted, and the expenses of this room were covered by the Company in line with the employee's seniority years on the anniversaries of their recruitment.

Istanbul Marathon Charity Run, in which the company has participated since 2018, was held as a Virtual Marathon on November 7-8 in 2020. The 15-person Sompo Sigorta Running Team pursued favor on its own tracks for the Education is My Hope project of Hope Foundation for Children with Cancer.

On 8th March International Women's Day, in cooperation with LÖSEV, jams made by the mothers of children with leukemia were offered to all employees in order to support women's labor.

Desktop computers, which were not used anymore in the remote working period as most employees switched from desktop computers to laptops, were donated to support the distance learning process of needy schools in cooperation with the Village Schools Communication Association.

Marketing Activities

Sompo Sigorta effectively uses a wide range of communication channels to boost brand awareness, support sales, and accurately promote its products and services to both customers and agencies.

Sompo Sigorta effectively uses a wide range of communication channels to promote its brand and products with special content in order to connect with its agency network and reach out to customers.

TV, radio and print media are used strategically in Sompo Sigorta brand and product communications. Sompo Sigorta also reaches all its agencies and customers via internet and social media campaigns. Both traditional and digital communication channels are used effectively to promote the brand and product offerings accurately. Sompo Sigorta closely monitors and measures all its communication activities. In 2020, Sompo Sigorta conducted the Brand Health Survey to identify the contributions of communication activities to the brand and development areas for agencies and customers.

Advertising campaigns and press communication

Sompo Sigorta effectively uses TV, radio and print media to boost brand awareness, support sales, and promote its products and services. Major developments that will attract the attention of agencies and customers are regularly shared in print and digital industry-specific channels.

Despite the Covid-19 crisis that negatively affected Turkey and the entire world, Sompo Sigorta's communication campaigns were even more effective in 2020. In the first quarter of the year, the

"Everything Will Be As Before" communication campaign explained that Sompo Sigorta always stood by its customers and agencies and that these challenging days would come to an end eventually. Subsequently, the communication campaign for the newly launched "Monthly Motor Vehicle Insurance" product described the benefits and convenience of this innovative offering to customers during the Covid-19 period.

2020 was a year when Sompo Sigorta and the entire world was reminded of the importance of good health. The Complementary Health Insurance product was developed and introduced to provide coverage for Covid-19 and other infectious diseases to more customers via the nationwide 2,440-agency network. To reach all of Turkey, Sompo Sigorta prepared a new uplifting advertising campaign to make everyone smile with a familiar musical score. The popular campaign ran on TV, radio, print, internet and social media, and shared sincere and positive feelings with the entire country.

Digital communication channels

As part of digital communication activities, all social media channels and the Google search network are actively used to bolster Sompo Sigorta's brand image and awareness. Instructional concept content plans that promote Sompo Sigorta and its products are developed according to the dynamics of each social media channel in line with global trends.

As part of digital communication activities, all social media channels and the Google search network are actively used to bolster Sompo Sigorta's brand image and awareness.

While preparing attention grabbing content that provides product information, sales are supported with targeted content that leads to a sales channel specific for products sold online. Sompo Sigorta aims to contribute to brand awareness with specific advertising for a target audience. In 2020, Sompo Sigorta started to share posts on LinkedIn with content appropriate for that platform, about employees, company achievements, news, press mentions and innovations.

Sompo Sigorta constantly updates, upgrades and improves its website in order to provide a better user experience. The site ownership map created for this purpose is shared with the relevant business units every month and update requests are collected. Visuals prepared on the topic areas that will attract the attention of customers and agencies are published on the corporate website. All content in visual or print media is also published simultaneously on the website to reach a wider audience and boost brand awareness.



Sompo Sigorta serves its customers with 2,440 agencies located across Turkey.

in 2002, Sompo Sigorta set up a philosophy club to further strengthen its cooperation with its agencies. The agency network plays a major role in Sompo Sigorta's success in achieving sustainable profitability and high growth. In establishing this unique club for its agencies, Sompo Sigorta embraced the predominant philosophy in the land where Sompo Group is based. The "Samurai Club" takes its name from the respected warrior but samurai-ism evolved into a philosophy of life formed from Buddhism and Confucianism. In 2019, Samurai Club started to operate actively and offers special trips, events, trainings, many different services and gifts for Sompo Sigorta's agencies.

Due to the Covid-19 pandemic, Samurai Club conducted its activities online in 2020. Surprise services and gifts were sent to Samurai Club agencies every month during the year. Sompo Sigorta plans to further improve and expand these activities in 2021.

Activities for distribution channels

Sompo Sigorta serves its customers with 2,440 agencies located across Turkey. By arranging events and trainings for key agencies in terms of sales and production, Sompo Sigorta aims to better familiarize them with the company and its products while also boosting their motivation. In 2020, events and trainings could not be held in person due to the Covid-19 pandemic. However, comprehensive product trainings and seminars were held for agents via online platforms during the year.

In addition, Sompo Sigorta provides an extensive range of communication support to its agency network through its Regional Directorates located in 10 different regions across the country. Agency requests related to corporate identity, branding, training, and the like are responded to quickly and comprehensively.

Insurance providers, even those that offer products and services through dealer networks, operate prestige clubs for their high performing agencies and dealers. These clubs are widely used in the sector across the world. First starting out on its journey

We care about the opinions of our customers and agencies

Sompo Sigorta deeply cares about the opinions of its customers and agencies. To measure customer satisfaction, Sompo Sigorta conducts surveys through interactive voice response (IVR) for customers who received service from the company. Customer satisfaction and experience related to services they receive in different areas are regularly measured. The surveys aim to make the service process experience understood from the eyes of the customer. Through these surveys, issues that customers report dissatisfaction with are identified. Action-oriented projects are implemented after identifying areas in need of improvement.

Marketing Activities

Sompo Sigorta focuses on projects aimed at adapting to digital transformation in product management.



In 2020, Sompo Sigorta became the main sponsor of CNN Türk's "Respect for Earth" programs hosted by Güven İslamoğlu in order to raise public awareness about climate change and global warming.

development activities that will bring Sompo Sigorta to the forefront are carried out regularly. New product efforts are supported with training activities and campaigns.

The opinions of members of the agency network, which serve and remain in constant contact with customers, are also solicited and measured on an ongoing basis. The Agency Satisfaction Survey queries agencies about the service and support they receive from Sompo Sigorta in order to improve business processes, gauge their opinions about the company, and increase their loyalty. Based on the survey results, Sompo Sigorta undertakes efforts to improve agency-related processes.

Corporate social responsibility

Today's world is racked by environmental and climate crises. The negative impact of global warming and climate change on water resources, food and other resources is inevitable. Understanding that even the smallest action is better than

none, Sompo Sigorta aims to inform society by actively sharing on global warming and climate change via its "Respect for Earth" initiative. Sompo Sigorta also publishes content that fosters social media sharing with its yerkureyesaygi.org website. In 2020, Sompo Sigorta became the main sponsor of CNN Türk's "Respect for Earth" program hosted by Güven İslamoğlu in order to raise public awareness about climate change and global warming.

Digital transformation in product management

Sompo Sigorta focuses on projects aimed at adapting to digital transformation in product management. The production performance of personal products are monitored on a distribution channel basis. Campaigns and product

During the global pandemic in 2020, Sompo Sigorta minimized the negative effects on its operations by further stepping up its ongoing digital transformation efforts. The WhatsApp claims line and claim payment process with camera applications were especially welcomed by customers during this pandemic year.

Key to development: innovation and technology

Sompo Sigorta embraces innovation as part of its corporate culture and is positioned as a sector leader with its innovative products.

In a market environment characterized by constantly changing customer needs, Sompo Sigorta provides innovative insurance solutions for different areas of life. Sompo Sigorta is committed to being a top ranking provider in terms of the diversity of its products and coverage while making a difference for the customer.

Sompo Sigorta aims to boost customer loyalty by providing a fast, easy and high quality experience in the claim and assistance services processes in addition to its coverage provided with its customer-focused vision. Leading the insurance sector forward with its innovative solutions, Sompo Sigorta is also a market leader in digitalization.

Over the years, Sompo Sigorta has introduced numerous pioneering and innovative applications. These include launching the first agency portal in the sector, implementing the first centralized claim assessment policies, developing the sector's first virtual POS application and rolling out the first fast sales screen. Sompo Sigorta's product range includes products that stand out in terms of their content, pricing and operational convenience, such as motor vehicle liability, motor vehicle insurance, household, personal accident, workplace package, complementary health and hazardous illness insurance. Sompo Sigorta's personal accident insurance product was launched as a first in the sector in terms of content. The SME Liability product, specially developed for the SME segment, provides coverage independently of the fire policy, making a difference in the sector. In addition, Sompo Climate Insurance, the first and only one of its kind in Turkey, protects individuals and their assets for four seasons of the year. This innovative product was launched in parallel with the Respect for Earth initiative. With Sompo Climate Insurance, Sompo Sigorta draws attention to global warming and climate change – the biggest threats of our time.

Products to meet customer needs

In 2020, Sompo Sigorta introduced Monthly Motor Vehicle Insurance and Covid-19 covered travel health products, which were widely appreciated by the sector and customers during the pandemic.

Digital solutions

The Covid-19 outbreak in 2020 once again demonstrated the importance of digitalization by disrupting norms and traditional ways of doing business in the insurance industry as in all sectors of the economy.

In 2020, Sompo Sigorta moved ahead on its digitalization journey, which started years ago, for both its customers and agencies. The digital platforms created have provided great benefits to both customers and the agency network, especially during the Covid-19 outbreak. These digital solutions are designed to facilitate the lives of both customers and agencies alike.

Sompo Sigorta's strategic goal is to use emerging and advanced technology efficiently. Customers and business partner agencies are provided data-based platforms where lean, analytical, and customer-focused insurance experiences occur.

Digital solutions for customers

Consumer preferences shifted toward the desire to reach products and services more easily and quickly due to fast-developing digital technologies. This shift affected the insurance industry as well as all other sectors of the economy in 2020.

During the year, Sompo Sigorta used its digital channels effectively in order to respond to changing customer needs.

Information on insurance products and services was conveyed to internet users through the corporate website without interruption. Users were allowed to purchase basic insurance products online. In addition, the corporate internet insurance portal enabled customers to meet many insurance needs – such as accessing insurance policy details, tracking claim information, and making renewals – and to complete their transactions easily.

Launched with the slogan “Insurance at Your Fingertips,” the Sompo Mobile application enables all current and potential customers to access many insurance services. These include policy purchasing, access to policy information, claim notification with process tracking, and assistance requests. The app continued to be enriched with new functionality throughout 2020.

Sompo Sigorta aims to deliver the best digital insurance experience while further developing its digital assets by focusing on its customers. Development of lean processes with efficient technologies in future processes is another strategic priority.

Digital solutions for agencies

In addition to standing by its customers and agencies, Sompo Sigorta aims to be accessible wherever they go. To this end, Sompo Sigorta introduced the digital insurance platform Ejento Web and the mobile insurance application Ejento Mobile. These new platforms were launched during the pandemic in 2020.

During the year, Sompo Sigorta implemented all necessary improvements and upgrades for agencies to work while safeguarding the health of their staff and enabling them to respond to customer needs in an uninterrupted and quick way.

In 2020, numerous projects were implemented to facilitate and accelerate policy preparation procedures and processes for agencies and assist them in finding answers to their questions when needed. These efforts were designed to provide agencies with a better user experience.

The Ejento Mobile application is currently in use by agencies and allows them to execute insurance transactions 24/7. During the year, Sompo Sigorta further developed the app and improved its user experience.

Distribution Channels

By the end of 2020, the distribution channel network that consists of 2,440 agencies in the agency sales channel, 12 captive agencies and 86 brokers in the corporate sales channel, 4 banks in the bank sales channel and 675 bank branches, is served with a sales organization of 90 employees in total.

Sompo Sigorta will continue its training activities aimed at increasing the competence and knowledge levels of its sales teams in 2021 as well.



Sompo Sigorta continues its sales activities through its Agency Sales, Corporate Sales, Bank Sales and Direct Sales channels and in-house organizational structuring in accordance with these channels.

In 2020, award and campaign mechanisms that offer growth alternatives to distribution channels with a wide range of products and enable sustainable income were implemented, and sales development activities and training and communication activities for business partners were continued.

By the end of 2020, the distribution channel network that consists of 2,440 agencies in the agency sales channel, 12 captive agencies and 86 brokers in the corporate sales channel, 4 banks in the bank sales channel and

675 bank branches, is served with a sales organization of 90 employees in total.

Support for distribution channels during the pandemic

- The company developed systems and processes that support remote working and communication in order to increase the communication between sales teams and distribution channels during the pandemic period.
- By organizing remote product and application trainings aimed at increasing the technical and sales competencies of the agencies, they contributed to their ability to produce in different product groups.
- As part of the training program, the level of communication and collaboration between the

Company and its business partners was strengthened by bringing the business units of the Head Office and agencies together on digital platforms.

Sompo Sigorta will continue its training activities aimed at increasing the competence and knowledge levels of its sales teams in 2021 as well. The company's digital capabilities will be used more in all sales channels. Newly developed systems and applications will be implemented to further increase the training and communication activities of business partners.

According to agency segmentation, privileged services will continue to be provided for the differentiating needs of agencies. It is planned to develop and continue the reward and campaign mechanisms aimed at increasing the revenues of the agencies sustainably.

Channel Distribution As of the End of 2020

Agency	2,440
QNB Finansbank	470 Branches
Anadolubank	115 Branches
Fibabanka	51 Branches
ICBC Bank	39 Branches
Broker	86 Brokers
Captive	12 Captive Agencies

Production Breakdown By Branches

TL thousand

Sales Channel	Gross Written Premiums
Agency	2,496,028
Anadolubank	114
Broker	241,138
Captive	60,740
Direct	373,656
Fiba Holding	0.4
Fibabanka	6,575
Finans Leasing	39,844
QNB Finansbank	113,329
ICBC Bank	1,289
Total	3,332,713

Innovation Efforts

Despite the global pandemic, Sompo Sigorta moved forward with its digital transformation activities in 2020, incorporating new advanced technologies and innovations into its current business practices and processes.



Sompo Sigorta focused on ecosystem interaction to improve the user experience of in-house applications and build stronger ties with the start-up ecosystem in insurance technologies.

Sompo Sigorta is proud to be known as the insurance company using technology the best. Despite the global pandemic, Sompo Sigorta moved forward with its digital transformation activities in 2020, incorporating new advanced technologies and innovations into its current business practices and processes.

During the year, Sompo Sigorta focused on ecosystem interaction to improve the user experience of in-house applications and build stronger ties with the start-up ecosystem in insurance technologies.

Ecosystem relations were established via online meetings, events and similar remote platforms rather than the physical environment due to health and safety precautions. While the pandemic spurred and accelerated digitalization in companies generally,

Sompo Sigorta also registered positive results with increased remote working and greater use of cloud-based solutions.

In 2020, Sompo Sigorta worked to improve the user experience of internal user applications in accordance with today's needs. These efforts expanded the usability of various interfaces and boosted their visual experience with internal resources while adding value to existing applications.

By examining the interface and usability of other applications used inside the company, Sompo Sigorta initiated efforts to renew them in terms of visuality and user experience. In addition, work is ongoing to integrate the tools used in projects related to Digital Claims Management. Efforts to modify these platforms for different usage scenarios were undertaken during the year.

Sompo Sigorta has continued to diversify its solutions by procuring services from start-ups that offer successful solutions in line with this vision of innovation, and to contribute to the innovation environment of the country and the sector by supporting these companies, as in the previous years.

In 2020, Sompo Sigorta held interviews with more than 25 start-ups and technology providers.

Proof of concept studies on artificial intelligence, chatbot, and video assistant were completed with five project solutions. An agreement was reached with one project and the solution was integrated into the company's internal processes. In addition, negotiations were conducted with various ventures to implement joint projects that will add value to Sompo Sigorta's digital transformation.

To transform Sompo Sigorta's innovation approach into a sustainable platform, negotiations are underway with specialist consultancy firms to start the process of establishing a corporate R&D Center.

In addition to its local collaborations with new ventures and technology firms, Sompo Sigorta enters into global partnerships and capitalizes on Sompo Holdings' worldwide reach to achieve sustainable success.

Collaboration discussions are ongoing to leverage various existing partnership relations with Sompo Holdings Digital Laboratory in Tokyo, which is also active in the world's leading technology hubs, such as Silicon Valley and Tel Aviv. These efforts are aimed at better capitalizing on current partnerships and connections across all Sompo Group companies.

In 2020, Sompo Sigorta worked to improve the user experience of internal user applications in accordance with today's needs.

In 2021, Sompo Sigorta plans to develop further products and services designed to boost its competitiveness in line with its digital transformation and innovation activities. Sompo Sigorta also aims to produce innovative solutions that are most appropriate for today's market environment and stakeholder expectations with its effective business processes and advanced technology tools.

In line with these goals, Sompo Sigorta plans to further improve the user experience of in-house applications and incorporate emerging technologies into its business applications and processes. In addition, Sompo Sigorta aims to provide innovative customer-oriented digital solutions, platforms and products for its customers.

Information Technologies

While Sampo Sigorta makes its successful growth graphic sustainable by closely following the technological developments with its innovative vision, it enables its customers to turn every innovation in the sector into an opportunity thanks to its innovative service approach.

Acting with the aim of providing the best experience to its customers and being the best insurance company in Turkey, Sampo Sigorta continues to invest in strong processes and strong technological infrastructure that will ensure the achievement of the target. In line with this strategic goal, the projects implemented in 2020 are the following:

Projects within the Claim Transformation Program

- **“Notification Processes Project”:** “Notification Processes Project,” which is one of the important projects under the Claim Transformation Program, went live in the middle of 2020. With this project, processes for obtaining notification from the call center, contracted and non-contracted services, enterprise website and customer channels will become much more straightforward, faster and offer better quality. In these efforts, processes and systems were implemented in which both customers and business partners could have a good experience.
- **“Motor Claim Processes Project”:** With the process changes made, it will be possible to monitor the whole process, while the speed and quality of claim file evaluation will be improved. Early warning mechanisms will allow advance notification of risks and action will be taken. The project, which has gone live gradually, is aimed to be completed in 2021.
- **“Non-Motor Claim Processes Project”:** Another important project carried out within the scope of the Claim Transformation Program is the “Non-Motor Claim Processes

Project.” With this project, work method in non-motor claim processes has been redesigned in line with customer expectations, digital file management processes were created, manual operations in the processes were eliminated and decision mechanisms were moved onto the system. The project, whose development stage continues, is planned to be implemented in the second quarter of 2021.

- Process designs of the “Bodily Injury Claim Processes Project” and “Heavy Claim Processes Project,” which are other important ongoing projects within the framework of the Claim Transformation Program, were completed. Their systematic developments are aimed to be completed and implemented in the first half of 2021.

Request/Complaint Management Processes Improvement Project

Request or complaint processes submitted by customers, agents or other stakeholders are discussed from end-to-end within the scope of “Request/Complaint Management Processes Improvement Project.” Within the scope of this project, the process was designed, standardized, recorded so as to ensure that the customer and the agency are returned with a solution as soon as possible, the traceability of the entire flow was maintained, the process was automated as much as possible by embedding the defined rules/decision-making mechanisms on the system, and the new process, where employees are able to focus on more value-added work by removing unnecessary operations, was ensured to work with

a new infrastructure. The project was implemented in the second quarter of 2020. With the project, a decrease in the response times to requests/complaints and an increase in customer satisfaction were measured within the year.

New Travel Platform Project

Within the scope of the “New Travel Platform Project,” travel products sales platforms were provided with a content and infrastructure suitable for the needs of both agencies and customers. And in terms of design, a flexible and user-friendly platform that is fully compatible with digital developments was opened to the use of all agencies in December 2020.

Personal Products’ Offer/Policy Processes Project

Within the scope of the Personal Products’ Offer/Policy Processes Project, the flow of the entire process starting from the receipt of the offer from the agency/bank up until its completion was reviewed and work methods and rules were redesigned. The design of the improvements to be carried out so agents/banks were able to receive online offers quickly and easily in the personal products, and to ensure rapid response on issues which require Company assessment, was completed and went live in the last quarter of 2020.

Broker Processes Project

With the same point of view, bid monitoring processes were redesigned as part of the “Broker Processes Project” in order to provide better service to brokers. System improvements related to these processes are planned to go live in the middle of 2021.



Document Management System and Correspondence Processes

One of the important steps for digitalization is to electronically archive the documents with meaningful data on them, which come to the Company from all channels, and to direct the relevant process owner to the business pool, to register all important content, to ensure traceability of incoming-outgoing document process, to reduce the durations of work completion. In this context, projects related to the “Document Management System and Correspondence Processes” were completed in phases and put into use in 2020.

The most important of these phases are the digitalization of legal and claim documents and their transfer to the relevant processes.

In 2020, improvement efforts were conducted and made online with QNB Finansbank in systems and processes, where insurance sales are made through the bank channel. Efforts to improve systems and processes with the Bank will continue in 2021 as well. With these projects, it was ensured that the work methods of both business partners and the Company were made easier, less manual, more automated and risk-free.

With the emergence of the obligation to work remotely due to Covid-19 in 2020, the entire company was enabled to work from home in a very short time.

Remote working projects

With the emergence of the obligation to work remotely due to Covid-19 in 2020, the entire company was enabled to work from home in a very short time. In realization of this adaptation in a very short time, the making of all processes executable, monitorable and measurable over the system in the projects carried out so far has a great effect.

In processes carried out with the documents sent to the company by mail, receiving the document and making it available through the system eliminates the need to bring it to the Company, thanks to the commissioning of the Document Management System. At the beginning of the remote working period, development and investments were made in system and network areas as needed, and employees are enabled to carry out their work as if they were working in the same office.

2021 targets

In 2021, projects that aim to digitalize the customer-touching platforms and provide a better end-to-end experience to the customer will be initiated. Besides, other process and infrastructure improvement projects, projects related to the UW processes and projects related to risk processes, which are determined within the framework of the Claim Transformation Program, are planned to be implemented.

In 2021, it is also aimed to start projects related to the Policy Management System. In addition, improvement projects are planned for the processes of the Call Center and Customer Relations Departments and for the systems they use.





**Is our energy
supply secure?**

**There
should be
different types
of insurance
in the energy
sector.**

**Our product
offerings should
support our
environmentalist
approach.**

**Solar
Power Plant
Insurance**

Sompo Sigorta conducts its “Respect for Earth” initiative to raise social and individual awareness in this key area by addressing the issue of the global climate crisis. The SPP Insurance product was launched for SMEs to provide support and protection for renewable energy systems.

Names and Surnames, Terms of Duty, Areas of Responsibility, Educational Background, Professional Experience of the Chairman and Members of the Board, General Manager and Deputy Managers, Managers of Departments under the Internal Audit Systems

Katsuyuki Tajiri

Chairman of the Board (Date of appointment: March 27, 2019)

Education:

- Sophia University/English Language and Studies

Work Experience:

- 1990-2006: Yasuda Fire & Marine Insurance Co
- 2006-2013: Sompo Japan Nipponkoa Insurance Inc. – Director
- 2013-2018: Sompo Holdings – Director
- 2019-Present: Sompo International Retail – Director

Recai Dalaş

Vice Chairman of the Board/CEO (Date of appointment: December 11, 2001)

Education:

- Istanbul University/Business Administration
- Istanbul University/Accountancy – Audit – Postgraduate

Work Experience:

- 1985-2001: Axa Oyak Sigorta
- 2001-Present: Sompo Sigorta – CEO

Besim Ergün

Member of Board (Date of appointment: March 26, 2019)

Education:

- Boğaziçi University/Civil Engineering

Work Experience:

- 1991-2001: Axa Oyak Sigorta – Deputy General Manager
- 2001-2004: Meteksan Sistem ve Bilgisayar Teknolojileri – Deputy General Manager
- 2004-2013: Sompo Sigorta – Deputy General Manager
- 2013-Present: Sompo Sigorta – Business Development Advisor

Şenol Ortaç

Deputy General Manager/Member of Board (Dates of appointment: May 5, 2004/March 26, 2019)

Education:

- Marmara University/Business Administration

Work Experience:

- 1995-2002: Axa Oyak Sigorta – Marketing Manager
- 2002-2004: Sompo Sigorta – Head of Department
- 2004-Present: Sompo Sigorta – Deputy General Manager (Personal Technical and Health)

Kemal Beceren

Deputy General Manager/Member of the Board (Dates of appointment: April 2, 2010/March 26, 2019)

Education:

- Boğaziçi University/Computer Engineering
- Boğaziçi University/Business Administration – Postgraduate

Work Experience:

- 1991-2000: QNB Finansbank – IT Group Manager
- 2001-2007: CarrefourSA – IT Group Manager
- 2007-2010: Sompo Sigorta – Coordinator
- 2010-Present: Sompo Sigorta – Deputy General Manager (Information Technologies and Operations)

Uğur Özer

Deputy General Manager (Date of appointment: August 1, 2013)

Education:

- Marmara University/Economics
- Istanbul University/Accounting and Financial Control – Postgraduate
- University of East Anglia/Economics – Postgraduate & Doctorate

Work Experience:

- 1991-2010: Undersecretariat of Treasury – Insurance Supervisor
- 2010-2013: Generali Sigorta – Deputy General Manager
- 2013-2020: Sompo Sigorta – Deputy General Manager (Claims and Legal Affairs)
- 2020-Present: Sompo Sigorta – Deputy General Manager (Claims)

Fahri Uğur

Deputy General Manager (Date of appointment: July 1, 2015)

Education:

- Hacettepe University/Finance
- New York University/Master of Business Administration

Work Experience:

- 2002-2013: Undersecretariat of Treasury – Insurance Supervisor
- 2013-2014: Türk P&I Insurance – Member of the Board
- 2013-2015: Halk Sigorta – Deputy General Manager (Technical)
- 2015-Present: Sampo Sigorta – Deputy General Manager (Financial Affairs)

Işın Mengenli

Deputy General Manager (Date of appointment: February 16, 2015)

Education:

- Boğaziçi University/Department of English Instruction
- New York University/Management and Organization

Work Experience:

- 1995-1998: Yapı Kredi Bank – Human Resources Specialist
- 1998-2000: Dışbank – Human Resources Manager
- 2000-2005: Deloitte – Human Resources and Management Consultancy Manager
- 2005-2007: Deloitte – Human Resources Director
- 2008-2010: Hay Group – Human Resources Consultancy Director
- 2011-2014: Mercer – Human Resources Consultancy Director
- 2015-Present: Sampo Sigorta – Deputy General Manager (Human Resources and Academy)

Ataman Kalkan

Deputy General Manager (Date of appointment: June 1, 2017)

Education:

- Boğaziçi University/Computer Engineering

Work Experience:

- 1997-1998: – Escort Yazılım – Project Manager
- 1999-2000: SFS Danışmanlık – Information Technologies Deputy Manager
- 2000-2007: Gima/CarrefourSA – Information Technologies Director
- 2007-2010: Sampo Sigorta – Technology Solutions Director
- 2011-2015: Sampo Sigorta – Personal Technical Group Director
- 2016-2017: Sampo Sigorta – Personal Technical Director
- 2017-Present: Sampo Sigorta – Deputy General Manager (Corporate Technical and Corporate Sales)

Ali Topraktepe

Internal Audit Manager

Education:

- Istanbul University/Business Administration

Work Experience:

- 1983-1991: Nordstern Sigorta – Accounting Manager
- 1991-1996: Rumeli Hayat Sigorta – Financial Affairs Manager
- 1996-1999: Nordstern İmtaş Sigorta – Financial Affairs Group Manager
- 1999-2004: Axa Oyak Sigorta – Budget Planning Manager
- 2005-Present: Sampo Sigorta – Internal Audit Manager

Mesrur Özkaya

Actuarial and Risk Management Manager

Education:

- Marmara University/Business Administration

Work Experience:

- 2011-2020: Undersecretariat of Treasury, Insurance Supervision Board – Insurance Supervisor

- 2020-Present: Sampo Sigorta – Actuarial and Risk Management Manager

Olgu Gümüş

Internal Control and Compliance Manager

Education:

- Istanbul Technical University/Management Engineering

Work Experience:

- 2007-2009: Ernst & Young, Technology and Information Security Risk Services – Auditor/Consultant
- 2009-2011: Ergo Sigorta – Senior Internal Auditor
- 2011-2020: Generali Sigorta
 - o Internal Control – Risk & Compliance Manager (6 years)
 - o Business Development Manager (2 years)
 - o Compliance Manager (Generali Global Health Services, Toronto/Canada) (1 year)
- 2020-Present: Sampo Sigorta – Internal Control and Compliance Manager

Deniz Çelik

MASAK (Financial Crimes Investigation Board) Compliance Officer

Education:

- Doğuş University/International Relations
- Marmara University/International Relations and the European Union – Postgraduate

Work Experience:

- 2007-2008: Accounting and Finance Academics Association – Congress Secretary
- 2008-2012: Dubai Group Sigorta – Compliance, Internal Control & Risk Management Specialist
- 2013-2018: Sampo Sigorta – Management Assistant
- 2018-Present: Sampo Sigorta – Senior Legislation & Compliance Manager

Information on Members of the Board of Directors

INFORMATION CONCERNING TRANSACTIONS CARRIED OUT BY MEMBERS OF THE BOARD OF DIRECTORS WITH THE COMPANY OR ON BEHALF OF OTHERS, AND THEIR OPERATIONS UNDER THE BAN ON COMPETITION WITHIN THE FRAMEWORK OF THE PERMISSION GIVEN BY THE GENERAL ASSEMBLY OF THE COMPANY

None.

EXPLANATIONS OF ADMINISTRATIVE AND JUDICIAL SANCTIONS IMPOSED AGAINST THE COMPANY AND MEMBERS OF THE BOARD DUE TO ANY ACTIONS WHICH CONTRAVENE THE LEGISLATIVE PROVISIONS

As a result of the investigation made by the Competition Board with its decision dated 03.05.2018 and numbered 18-13/240-M on the co-insurance transactions with high risk capacity in the insurance sector, the Company has imposed an administrative fine of 5,018,341.89 TL, 2 per thousand of the 2018 gross premium total with its decision dated 23.01.2020 and numbered 20-06/61-33. The administrative fine in question was paid as TL 3,763,756.42 by benefiting from the advance payment discount specified in the Misdemeanor Law No.5326, and our necessary legal objection rights were used against the decision.

FINANCIAL RIGHTS PROVIDED TO MEMBERS OF THE BOARD AND THE SENIOR EXECUTIVES

The financial rights provided to the members of the board and senior executives are set out in footnote 1.6 of the remuneration and similar benefits provided to the senior management in the audit report that is included in the 2020 annual report.

INFORMATION ON THE PARTICIPATION OF THE MEMBERS OF THE BOARD IN THE RELEVANT MEETINGS HELD DURING THE ACCOUNTING PERIOD

During the accounting period, 18 meetings of the Board of Directors were held with the participation of the Chairman and Members of the Board of Directors.

Information on the General Assembly

IF AN EXTRAORDINARY GENERAL MEETING WAS HELD DURING THE YEAR, INFORMATION ON THE EXTRAORDINARY GENERAL MEETING, INCLUDING THE DATE OF THE MEETING, THE DECISIONS TAKEN AT THE MEETING, AND THE TRANSACTIONS MADE REGARDING THE DECISIONS

No Extraordinary General Assembly Meeting was held in 2020.

FULFILLMENT OF DECISIONS OF THE GENERAL ASSEMBLY

All decisions taken at the General Assembly Meeting held on Friday, March 27, 2020 were fulfilled.

Summary Report of the Board of Directors Submitted to the General Assembly

In 2020, our company recorded premium generation of TL 3,333 million.

As a result of these activities, our company made a profit before tax of TL 571 million.

Shareholders' equity amounted to TL 2,023 million with paid-in capital amounting to TL 190 million, while our cash and cash equivalents amounted to TL 2,637 million and our asset volume reached TL 6,009 million.

With these results, our company posted a return on equity ratio of 24% in 2020.



Recai Dalaş

Vice Chairman of the Board and CEO

Information on Transactions Carried Out by the Company with the Company's Risk Group

The company's reinsurance transactions are carried out on an in-house basis under the terms and application principles applicable to third parties independent of Sompo International Holdings Ltd.

Cooperation is carried out with reinsurance companies which have been serving in the Turkish insurance market for many years, and which have been accepted and have been rated as acceptable by the various rating agencies.

Information regarding the transactions that the company carried out with the risk group, which the company is included, is provided in the footnote 45 on transactions with related parties in the audit report included in the 2020 annual report.

Information on Internal Audit Activities

The internal audit activities of the Company are conducted by the Internal Audit Department and under the Board of Directors taking into consideration the international auditing standards and within the relevant legal framework specified by the regulation.

An annual audit plan and program are prepared and submitted to the Board of Directors for approval and audits are conducted in line with this program.

In 2020, the risk assessment of the department processes was conducted, and the audit of the departments and processes with high risk was intensified. In this context, risk-based audit activities were carried out in 7 units, consisting of the Headquarters and Regional Directorates, and additionally in 5 processes. The findings in the reports issued after each audit were continuously monitored with the system established.

JSOX studies, which started within 2019, continued also in 2020 with the provision of information/documents from the relevant departments and with regular meetings with SIH. In addition, deficiencies or improvement areas have been identified for 2020, which is considered as a preparatory work.

Suggestions related to the findings identified during the audit activities were formed and requests were submitted to the related unit for the action to be taken for this purpose. Our reports are updated in quarterly periods following the improvements on this subject. Consultancy services are provided to senior management and Company departments upon request.

The Internal Audit Department conducts internal audit activities to achieve the following objectives:

- Protection of company assets,
- Ensuring that the activities of the Company are carried out in accordance with the laws, insurance legislation, the company policies, procedures and instructions,
- Accurate and reliable financial statements in accordance with the generally accepted accounting principles of the accounting system,
- Effective and efficient use of company resources.

It employs compliance audit, operation audit, system evaluation methods and related control techniques while carrying out internal audit activities.

The Internal Audit Department works to provide maximum benefit from the current information technologies system. Audit activities are supported by various controls, including restriction and authorization controls, which are designed to ensure that operations such as job acceptance, pricing and payments are carried out within the framework of the authorizations and rules contained in the procedures of the company and in accordance with the company policies, and which are installed in the automation systems.

During the audit activities carried out in 2020, no significant issues were identified which could have a negative impact on the financial structure of the Company.

Information on Financial Statements and Financial Structure, and Assessments on Financial Status, Profitability and Indemnity Solvency

Capital Adequacy Ratios	2020	2019
Gross Written Premiums/Shareholders' Equity	1.65	2.08
Shareholders' Equity/Total Assets (%)	33.7	31.2
Shareholders' Equity/Technical Reserves (%)	60.4	53.8

Asset Quality and Liquidity Ratios	2020	2019
Liquid Assets/Total Assets (%)	43.9	68.4
Liquidity Ratio	2.2	1.4
Current Ratio	1.5	1.4
Premium and Reinsurance Receivables/Total Assets	9.0	8.9
Agency Receivables/Shareholders' Equity (%)	11.4	9.8

Operating Ratios (%)	2020	2019
Loss Ratio (net)	70.5	72.4
Expense Ratio	24.5	25.9
Combined Ratio	95.0	98.3
Profit Before Tax/Gross Written Premiums	17.1	17.7
Technical Part Balance/Gross Written Premiums	12.5	12.2
Return on Equity	24.0	34.2

Profitability Ratios (%)	2020	2019
Conservation Ratio	60.5	65.5
Claims Payment Ratio, Net - New Calculation*	33.0	37.4

* Claims Paid, Net / (Claims Paid, Net + Term End Outstanding Claims Reserve, Net)

Determination of Whether the Company's Capital is Unrequited or Not, or Indebted or Not, and the Assessments of the Managing Body

Capital Adequacy Table

(TL thousand)	2020	2019
Required Equity Capital for the Company	819,993	703,171
Total Equity Capital Subject to Capital Adequacy Calculation	2,068,867	1,655,023
Capital Adequacy Result	1,248,874	953,035

The capital adequacy ratio of the Company stood at 2.52% as of the end of 2020.

Achievement of Targets Set in Previous Periods

(TL million)	Realization	Budget
Gross Written Premiums	3,333	3,932
Technical Part Balance	417	310
Profit Before Tax	571	470
Net Profit	437	367

INFORMATION ON REASONS IF TARGETS HAVE NOT BEEN MET, OR IF DECISIONS HAVE NOT BEEN FULFILLED, AND ASSESSMENTS THEREOF

Since the strategy of Sompo Sigorta is profitable growth, it did not enter into price competition in the sector, especially in Motor Vehicle and Traffic Insurance branches in 2020. For this reason, although a downward deviation from the budget was observed in premium generation, both profit before tax and net profit exceeded the budget.

Information on Risk Management Policies Applied by Risk Type

In accordance with the Regulation on the Internal Systems of Insurance and Reinsurance and Pension Companies ("Internal Systems Regulation") published in issue 26913 of the Official Gazette dated June 21, 2008 by the Undersecretariat of the Treasury, the company's internal systems activities are carried out by internal audit, internal control and risk management functions. Within this context, internal audit functions are carried out by the Internal Audit Department, internal control functions are carried out by the Internal Control and Compliance Department, and risk management functions are carried out by the Actuarial and Risk Management Department.

In order to be able to identify and control risks in the Company in a healthy manner and to establish controls in a timely manner to cope adequately with the effects of the risks when they actually occur, to properly assess the risks the Company is exposed to and in order to ensure the soundness of the financial position of the company, and to avoid unforeseen damages and losses, risk management policies and standards were established. The following points were taken into consideration during their establishment.

- Strategies, policies and implementation procedures related to the company's activities
- Compliance with the volume, nature and complexity of the company's activities
- Level of risk that the company may assume
- The company's monitoring and managing capacity
- The company's past experience and performance
- The level of expertise of the departmental managers in carrying out activities
- The policies and practices of the company's subsidiaries
- Obligations stipulated in law and other relevant legislation

All responsibility for the establishment and supervision of the risk management organizations lies with the Board of Directors. Important issues regarding risk management are handled by the Corporate Governance Committee on a quarterly basis. The Corporate Governance Committee supports the Board of Directors in decisions regarding the company's risk strategy and risk appetite as well as emergency measures to be taken in case of capital shortage.

Risks in operational activities are determined by department managers and Deputy General Managers in order to identify existing risks at the company and to identify possible risks that may occur. The process related to the operational risk management system is carried out by the Internal Control and Compliance Department. The risks identified in the Operational Risk Assessment study prepared within this scope include system risks, asset risks, work force risks and reputation risks.

In order to ensure that each department, or the affiliates of the company, carries out risk assessments, and thus, the risks which they are exposed to and which may have a significant impact on the management can be accurately assessed, our company manages the risks in accordance with their characteristics and conditions under the following main categories.

- Asset Risk
- Risk Acceptance/Commitment (Underwriting) Risk
- Operational Risks
- Liquidity Risk
- Counter Default Risk

By avoiding excessive exposure to these risks, the company acts in order to maintain an appropriate balance between risks and assets.

The company calculates the cumulative risk level by measuring the extent to which it is exposed to insurance risk acceptance / commitment risks, asset risks, liquidity and counter default risks and by establishing correlation between these in order to ensure that its financial position is sound. It manages the economic risk capital in an integrated manner by performing a comparison with its own equity and ensures that the capital allocation is not exceeded. For the product

areas in which the company operates, our company determines risk acceptance policies annually and undertakes revisions within the year if deemed necessary. With these risk acceptance policies, the minimum and maximum limits for risk analysis are determined on a product basis in the process from the tender process to the issuing of the policy, and the risks which will not be covered are determined. The company's business acceptance principles and similar procedures also support this policy. The company protects itself through reinsurance agreements by taking into account its financial structure for high risks and catastrophic events.

In addition, various committees have been established in order to carry out a detailed follow up of any elements which may pose risks to the company. The main committees include the Distribution Channels Risk Monitoring Committee, the Tariff Monitoring Committee and the Claim Committee.

Within the company, communication channels have been established enabling the employees to report any problems they face or actions they deem suspicious in view of the usual practices to the relevant management levels and the Internal Audit Department. An appropriate environment has been prepared for the identification of risks that may arise within the company. The internal control mechanisms established to prevent internal risks include established administrative policies, a functional separation of duties, defined distribution of duties and authorization limits and systematically defined restrictions and authorizations, and additionally the employees are required to make an annual declaration that the company's policies and procedures are read, understood and will be implemented.

Summary Financial Information Pertaining to the 5-Year Period, Including the Reporting Period

(TL thousand)	2016	2017	2018	2019	2020
Gross Written Premiums	2,236,156	2,264,027	2,509,171	3,363,088	3,332,713
Technical Part Balance	153,909	302,412	187,564	410,277	417,017
Profit Before Tax	177,345	350,588	381,639	596,755	571,305
Tax	35,323	72,259	93,862	126,212	134,363
Net Profit	142,022	278,330	287,778	470,543	436,942
Paid-in Capital	40,000	190,000	190,000	190,000	190,000
Shareholders' Equity	419,859	848,229	1,135,823	1,617,305	2,022,792
Total Assets	2,423,305	3,259,004	3,917,046	5,178,935	6,008,839

Information on the Dividend Distribution Policy and Recommendation on Use of the Undistributed Profit, If the Profit is Not Distributed, with Reasons Thereof

In line with the company objectives and the Group strategy, Sompo Sigorta Anonim Şirketi distributes profit in accordance with the Turkish Commercial Code, tax laws and insurance legislation.

During the determination of the amount subject to profit distribution, the balance between the interests of the shareholders and the interests of the company is maintained and the adequacy of the resources, which are in the legal records, subject to distribution, profitability, cash status, capital requirement and financing policies are taken into consideration in reaching the profit distribution decision.

Dividend distribution is decided upon the proposal of the Board of Directors at the discretion of the General Assembly. The annual profit of the company is determined according to the annual balance sheet. The General Assembly is authorized to decide on the transfer of some or all of the net period profit to the following year or to extraordinary reserves, as well on the decision on whether the dividend will be distributed in cash or be added to the capital and distributed within the legal periods stipulated in the legislation. After the General Assembly have put forward necessary reservations in accordance with the provisions of the law and the Articles of Association, it reserves the right to save the remaining Company earnings and is independent of the proposal put forward by the Board of Directors.

Dividend distribution is carried out on the basis of the net period profit recorded in the financial statements prepared in accordance with the current legislation, and is subjected to independent audit. The amount is determined after the legal and optional reserves are separated from the net period profit as well as any other funds required by the provisions of the law and Articles of Association.

It cannot be decided to distribute dividends, to transfer profit to the next year, or to allocate optional reserves without separating legal reserves.

The profit accrued during the profit distribution process may be paid at once or in several installments. The dividend distribution method is again decided by the General Assembly upon the proposal of the Board of Directors.

Dividend distribution issues are presented to shareholders in the Annual General Meeting for Informative purposes and disclosed to the public within the framework of the Information Disclosure Policy as stated in the annual report.

Other Matters

Information Regarding The Investments Made By The Company In The Relevant Accounting Period

- In 2020, consultancy services regarding the design and project management of the new Headquarters building were received.

Information Regarding The Company's Direct or Indirect Subsidiaries and Share Ratios

	December 31, 2020 Registered Value	Share Rate (%)	December 31, 2019 Registered Value	Share Rate (%)
Tarım Sig. Havuz İřlt. A.ř.	684,773	4.54	569,340	4.17
Subsidiaries, net	684,773		569,340	

Information Regarding Lawsuits Filed Against The Company That May Affect The Financial Status and Activities of The Company, and Their Possible Consequences

Information regarding the Lawsuits that may affect the Company's financial status and activities is presented in the footnote 42, which is given in the audit report included in the 2020 annual report.

Affiliation Report

In all transactions carried out with the controlling partner of the Company and the subsidiaries of the controlling partner in 2020, in accordance with the circumstances and conditions that are known to us at the time when the transaction is carried out or the measure is taken or avoided to be taken, it was concluded that appropriate countermeasures were provided in each transaction and no actions which may cause harm to the Company were taken (or required actions not taken), and within this framework, there are no transactions or actions that would require equalization.

Sompo Sigorta Shareholders	Share Ratios of the Shareholders
Sompo International Holdings Ltd.	100%

Sompo Sigorta Anonim Şirketi

**31 December 2020 Financial
Statements Together With Independent
Auditors' Report Thereon**
*(Convenience Translation of Financial
Statements and Related Disclo-
sures and Footnotes Originally
Issued in Turkish)*



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Director of Sompö Sigorta Anonim Şirketi

A) Audit of the Financial Statements

Opinion

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

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 prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation.

Basis for Opinion

We conducted our audit in accordance with the regulations on auditing principles 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 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 that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with 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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
a Turkish company and a member firm of the KPMG network of independent
member firms affiliated with the KPMG network of independent member firms



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 2.25 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 3.346.853.365 and constitute 56 percent of total liabilities.</p> <p>The Company recognises provisions for outstanding claims amounting to TL 2.228.924.200 for the possible future claims related to insurance contracts.</p> <p>There are also incurred but not reported provisions ("IBNR") amounting to TL 1.685.703.723, net in the provision for outstanding claims for possible future claims. Company management used actuarial assumptions and estimations for calculating the outstanding claims reserve.</p> <p>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 Company'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. We have obtained confirmation letter from Company'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 company actuarial specialist. 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 Company's registered actuary for accuracy of the past experience and legislation.</p> <p>We evaluated the adequacy and appropriateness of financial statement disclosures, related 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 Insurance Accounting and Financial Reporting 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 regulations on auditing principles in force as per the insurance legislation and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with regulations on auditing principles in force as per the insurance legislation 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
Engagement Partner

12 March 2021
İstanbul, Turkey

Sompo Sigorta Anonim Şirketi

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Sompo Sigorta Anonim Şirketi
Balance Sheet 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

ASSETS			
	Note	Audited Current Period December 31, 2020	Audited Prior Period December 31, 2019
I- Current Assets			
A- Cash and Cash Equivalents	2.12,14	2.637.198.477	3.543.604.161
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	2.12,14	2.156.989.743	2.836.077.582
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	2.12,14	480.208.734	707.166.208
6- Other Cash and Cash Equivalents	2.12,14	-	360.371
B- Financial Assets and Financial Investments with Risks on Policyholders		2.084.767.583	682.390.908
1- Available-for-Sale Financial Assets	11	1.021.752.947	524.519.964
2- Held to Maturity Investments	11	1.063.014.636	157.870.944
3- Financial Assets Held for Trading		-	-
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		-	-
C- Receivables from Main Operations	12	542.996.626	463.409.689
1- Receivables from Insurance Operations	12	556.843.834	468.351.649
2- Provision for Receivables from Insurance Operations	4.2,12	(15.039.982)	(6.134.734)
3- Receivables from Reinsurance Operations		-	-
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	12	172.748.647	137.131.846
10- Provision for Doubtful Receivables from Main Operations	4.2,12	(171.555.873)	(135.939.072)
D- Due from Related Parties	12,45	3.842.987	647.159
1- Due from Shareholders	12,45	3.842.987	647.159
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		-	-
E- Other Receivables	4.2,12	53.364.364	3.903.494
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4.2,12	260.953	105.509
4- Other Miscellaneous Receivables	4.2,12	53.103.411	3.797.985
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals		382.589.790	297.522.906
1- Deferred Acquisition Costs	17	258.827.334	242.925.012
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	2.10,13	107.410.991	41.144.918
4- Other Prepaid Expenses	17	16.351.465	13.452.976
G- Other Current Assets		99.356.261	6.586.317
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	19	77.839.447	-
3- Deferred Tax Assets		-	-
4- Job Advances	12	504.620	505.872
5- Advances Given to Personnel	12	213.775	347.527
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		20.798.419	5.732.918
8- Provision for Other Current Assets		-	-
I- Total Current Assets		5.804.116.088	4.998.064.634

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

Sompo Sigorta Anonim Şirketi
Balance Sheet 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*

ASSETS			
	Note	Audited Current Period December 31, 2020	Audited Prior Period December 31, 2019
II- Non-Current Assets			
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance 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- Due from Related Parties		-	-
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		-	-
C- Other Receivables		-	-
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets	9	684.773	569.340
1- Investments in Equity Shares		-	-
2- Investments in Associates	9	684.773	569.340
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		-	-
10- Impairment in Value of Financial Assets		-	-
E- Tangible Assets		160.485.327	153.562.987
1- Investment Properties	6.7	3.012.818	3.097.818
2- Impairment for Investment Properties		-	-
3- Owner Occupied Property	6	128.759.019	128.759.019
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	32.035.533	25.882.260
6- Motor Vehicles	6	888.638	2.542.612
7- Other Tangible Assets (Including Leasehold Improvements)	6	13.191.597	12.733.092
8- Tangible Assets Acquired Through Finance Leases	6	12.847.764	8.134.793
9- Accumulated Depreciation	6	(32.042.262)	(27.586.607)
10- Advances Paid for Tangible Assets (Including Construction in Progress)	6	1.792.220	-
F- Intangible Assets		12.139.552	11.998.229
1- Rights		-	-
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	36.258.387	31.637.689
6- Accumulated Amortization	8	(24.118.835)	(19.969.813)
7- Advances Paid for Intangible Assets	8	-	330.353
G- Prepaid Expenses and Income Accruals		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
II- Other Non-Current Assets	21	31.412.833	14.739.854
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	31.412.833	14.739.854
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
II- Total Non-Current Assets		204.722.485	180.870.410
Total Asset		6.008.838.573	5.178.935.044

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

Sompo Sigorta Anonim Şirketi
Balance Sheet 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*

LIABILITIES			
	Note	Audited Current Period December 31, 2020	Audited Prior Period December 31, 2019
III- Short-Term Liabilities			
A- Financial Liabilities	13,20	147.451.140	42.607.725
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	6.402.766	3.434.622
3- Deferred Leasing Costs	20	(1.713.907)	(383.867)
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	13,20	142.762.281	39.556.970
B- Payables Arising from Main Operations	19	254.868.095	207.343.952
1- Payables Arising from Insurance Operations	19	230.401.542	174.464.017
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	24.466.553	32.879.935
6- Discount on Payables from Other Operations		-	-
C-Due to Related Parties	19	13.869	9.322.313
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	19	13.869	9.322.313
6- Due to Other Related Parties		-	-
D- Other Payables	19	39.049.476	61.162.789
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution Related to Treatment Expenses	19	28.574.122	49.324.814
3- Other Miscellaneous Payables	19,23	10.989.554	12.433.420
4- Discount on Other Miscellaneous Payables	19	(514.200)	(595.445)
E-Insurance Technical Provisions	17	3.300.778.627	2.966.792.561
1- Reserve for Unearned Premiums - Net	2,24,17	1.066.586.732	1.202.349.517
2- Reserve for Unexpired Risks- Net	2,27,17	4.103.984	693.220
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	2,25,17	2.228.924.200	1.758.272.677
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net	17	1.163.711	5.477.147
F- Provisions for Taxes and Other Similar Obligations	19	24.265.816	95.349.464
1- Taxes and Funds Payable		22.410.721	41.144.457
2- Social Security Premiums Payable		1.855.095	1.865.505
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	19,35	134.363.095	126.211.626
6- Prepaid Taxes and Other Liabilities Regarding Current Year Income	19	(134.363.095)	(73.872.124)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks	23	23.146.578	4.628.290
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	23.146.578	4.628.290
H- Deferred Income and Expense Accruals	19	121.897.139	115.040.263
1- Deferred Commission Income	10	121.173.819	107.824.520
2- Expense Accruals		-	-
3- Other Deferred Income	19	723.320	7.215.743
I- Other Short-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
III – Total Short-Term Liabilities		3.911.470.740	3.502.247.357

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

Sompo Sigorta Anonim Şirketi
Balance Sheet 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*

LIABILITIES			
	Note	Audited Current Period December 31, 2020	Audited Prior Period December 31, 2019
IV- Long-Term Liabilities			
A- Financial Liabilities	20	6.240.029	2.102.608
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	7.680.670	2.155.502
3- Deferred Leasing Costs	20	(1.440.641)	(52.894)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
B- Payables Arising from Operating Activities		-	-
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		-	-
C- Due to Related Parties		-	-
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		-	-
D- Other Payables	19	13.112.611	10.872.421
1- Deposits and Guarantees Received	19	13.112.611	10.872.421
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
4- Payables to Social Security Institution		-	-
E-Insurance Technical Provisions	17	46.074.738	38.901.466
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
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	2.26,17	46.074.738	38.901.466
F-Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	23	3.065.139	3.113.245
1- Provisions for Employment Termination Benefits	23	3.065.139	3.113.245
2- Provisions for Pension Fund Deficits		-	-
H-Deferred Income and Expense Accruals	47	595.238	285.714
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income	47	595.238	285.714
I- Other Long-Term Liabilities	23	5.488.095	4.107.388
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities	23	5.488.095	4.107.388
IV - Total Long-Term Liabilities		74.575.850	59.382.842

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

Sompo Sigorta Anonim Şirketi
Balance Sheet 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*

EQUITY			
V- Equity	Note	Audited Current Period December 31, 2020	Audited Prior Period December 31, 2019
A- Paid in Capital		190.000.000	190.000.000
1- (Nominal) Capital	2.13,15	190.000.000	190.000.000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		100.042	36.097
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		100.042	36.097
C- Profit Reserves	15	1.395.750.272	956.725.709
1- Legal Reserves	15	42.777.778	54.315.038
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	1.365.479.436	883.399.137
4- Special Funds	15	(1.470.628)	(1.183.354)
5- Revaluation of Financial Assets	15	(19.844.371)	11.386.831
6- Other Profit Reserves	15	8.808.057	8.808.057
D- Retained Earnings		-	-
1- Retained Earnings		-	-
E- Accumulated Losses		-	-
1- Accumulated Losses		-	-
F-Net Profit/(Loss) for the Year		436.941.669	470.543.039
1- Net Profit for the Year		436.941.669	470.543.039
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
V- Total Equity		2.022.791.983	1.617.304.845
Total Equity And Liabilities		6.008.838.573	5.178.935.044

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

Sompo Sigorta Anonim Şirketi
Statement of Income
For the Year Ended 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*

	Note	Audited Current Period January 1- December 31, 2020	Audited Prior Period January 1- December 31, 2019
I-TECHNICAL SECTION			
A- Non-Life Technical Income		2.515.710.028	2.259.713.852
1- Earned Premiums (Net of Reinsurer Share)	17	2.150.199.675	1.828.207.603
1.1- Written Premiums (Net of Reinsurer Share)	17	2.017.847.654	2.203.404.868
1.1.1- Written Premiums, gross	17,24	3.332.713.298	3.363.087.938
1.1.2- Written Premiums, ceded	10,17,24	(1.177.010.044)	(1.007.488.165)
1.1.3- Written Premiums, SSI share	24	(137.855.600)	(152.194.905)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17,29	135.762.785	(374.563.205)
1.2.1- Reserve for Unearned Premiums, gross	17	90.932.017	(475.017.950)
1.2.2- Reserve for Unearned Premiums, ceded	10,17	61.623.166	72.372.831
1.2.3- Reserve for Unearned Premiums, SSI share	17	(16.792.398)	28.081.914
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(3.410.764)	(634.060)
1.3.1- Reserve for Unexpired Risks, gross	17	(24.232.759)	(2.573.414)
1.3.2- Reserve for Unexpired Risks, ceded	17	20.821.995	1.939.354
2- Investment Income - Transferred from Non-Technical Section		312.109.308	392.586.448
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1- Other Technical Income, gross		-	-
3.2- Other Technical Income, ceded		-	-
4- Accrued Salvage and Subrogation Income	17	53.401.045	38.919.801
B- Non-Life Technical Expense		(2.098.692.893)	(1.849.436.505)
1- Incurred Losses (Net of Reinsurer Share)	17	(1.569.866.605)	(1.362.886.993)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(1.099.215.082)	(1.052.705.769)
1.1.1- Claims Paid, gross	17	(1.522.869.422)	(1.460.685.073)
1.1.2- Claims Paid, ceded	10	423.654.340	407.979.304
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(470.651.523)	(310.181.224)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(638.778.673)	(443.519.087)
1.2.2- Change in Provisions for Outstanding Claims, ceded	17	168.127.150	133.337.863
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	(2.859.836)	(12.531.231)
4- Operating Expenses	32	(466.846.513)	(417.916.946)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
6- Other Technical Expense	47	(59.119.939)	(56.101.335)
6.1- Other Technical Expense, gross	47	(59.119.939)	(56.101.335)
6.2- Other Technical Expense, ceded		-	-
C- Net Technical Income-Non-Life (A – B)		417.017.135	410.277.347
D- Life Technical Income		-	-
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)		-	-
4.1- Other Technical Income, gross		-	-
4.2- Other Technical Income, ceded		-	-

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

Sompo Sigorta Anonim Şirketi
Statement of Income
For the Year Ended 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*

	Note	Audited Current Period January 1- December 31, 2020	Audited Prior Period January 1- December 31, 2019
I-TECHNICAL SECTION			
E- Life Technical Expense		-	-
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		-	-
3.1.1- Actuarial Mathematical Reserve			
3.1.2- Profit Share Reserve (Provision for Policies Relating to Life Insurance Policyholders)			
3.2- Change in Mathematical Provisions, ceded		-	-
3.2.1- Actuarial Mathematical Reserve, ceded			
3.2.2- Profit Share Reserve, ceded (Provision for Policies Relating to Life Insurance Policyholders)			
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5- Operating Expenses		-	-
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- Investment Income Transferred to the Non-Life Technical Section		-	-
F- Net Technical Income- Life (D – E)		-	-
G- Pension Business Technical Income		-	-
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		-	-
H- Pension Business Technical Expense		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G – H)		-	-

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

Sompo Sigorta Anonim Şirketi
Statement of Income
For the Year Ended 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*

	Note	Audited Current Period January 1- December 31, 2020	Audited Prior Period January 1- December 31, 2019
II-NON-TECHNICAL SECTION			
C- Net Technical Income – Non-Life (A-B)		417.017.135	410.277.347
F- Net Technical Income – Life (D-E)		-	-
I - Net Technical Income – Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		417.017.135	410.277.347
K- Investment Income		1.287.632.235	994.898.447
1- Income from Financial Assets	4.2	229.295.666	193.391.520
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	11	13.074.708	16.417.838
4- Foreign Exchange Gains	4.2	889.537.786	439.036.007
5- Income from Associates	4.2	56.875	139.308
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment	4.2	75.880	68.980
8- Income from Derivative Transactions	4.2	153.878.266	345.769.699
9- Other Investments	4.2	1.713.054	75.095
10- Income Transferred from Life Section		-	-
L- Investment Expense		(1.099.054.227)	(769.314.757)
1- Investment Management Expenses (inc. interest)		(8.663.995)	(8.912.758)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section		(312.109.308)	(392.586.448)
5- Loss from Derivative Transactions	4.2	(555.495.405)	(136.268.730)
6- Foreign Exchange Losses	4.2	(204.476.052)	(215.284.671)
7- Depreciation and Amortization Expenses	6,8	(18.309.467)	(16.262.150)
8- Other Investment Expenses		-	-
M- Income and Expenses From Other and Extraordinary Operations		(34.290.379)	(39.106.372)
1- Provisions	47	(40.377.575)	(36.399.876)
2- Rediscounts	47	(2.940.831)	6.914.322
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	35	8.428.400	-
6- Deferred Taxation (Deferred Tax Liabilities)	35	-	(6.525.688)
7- Other Income	47	2.640.794	1.604.447
8- Other Expenses and Losses	47	(2.041.167)	(4.699.577)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year		436.941.669	470.543.039
1- Profit for the Year		571.304.764	596.754.665
2- Corporate Tax Provision and Other Fiscal Liabilities	35	(134.363.095)	(126.211.626)
3- Net Profit for the Year		436.941.669	470.543.039
4- Monetary Gains and Losses		-	-

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

Sompo Sigorta Anonim Şirketi
Statement of Cash Flows
For the Year Ended 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*

	Note	Audited Current Period December 31, 2020	Audited Prior Period December 31, 2019
A. Cash flows from operating activities			
1. Cash provided from insurance activities		3.924.270.141	3.884.827.983
2. Cash provided from reinsurance activities		-	-
3. Cash provided from private pension business		-	-
4. Cash used in insurance activities		(2.496.444.755)	(3.590.090.296)
5. Cash used in reinsurance activities		-	-
6. Cash used in private pension business		-	-
7. Cash provided from operating activities		1.427.825.386	294.737.687
8. Interest paid		-	-
9. Income taxes paid	19	(264.542.044)	(73.872.124)
10. Other cash inflows		3.075.834	493.210.809
11. Other cash outflows		(533.103.415)	(515.679.793)
12. Net cash provided from operating activities		633.255.761	198.396.579
B. Cash flows from investing activities			
1. Proceeds from disposal of tangible assets	6,8	8.003.952	1.175.438
2. Acquisition of tangible assets	6,8	(18.959.319)	(135.272.990)
3. Acquisition of financial assets	11	(2.156.111.321)	(738.263.498)
4. Proceeds from disposal of financial assets	11	803.329.940	265.221.692
5. Interests received		186.967.320	195.344.009
6. Dividends received		56.875	139.308
7. Other cash inflows		352.292.256	345.913.774
8. Other cash outflows		(117.016.059)	(57.311.620)
9. Net cash provided by / (used in) investing activities		(941.436.356)	(123.053.887)
C. Cash flows from financing activities			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		-	-
4. Dividends paid		-	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
7. Net cash provided by financing activities		-	-
D. Effect of exchange rate fluctuations on cash and cash equivalents		3.942.238	(173.568.705)
E. Net increase /(decrease) in cash and cash equivalents		(304.238.357)	(98.226.013)
F. Cash and cash equivalents at the beginning of the year	2,12, 14	2.515.838.739	2.614.064.752
G. Cash and cash equivalents at the end of the year	2,12, 14	2.211.600.382	2.515.838.739

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

Sompo Sigorta Anonim Şirketi
Statement of Changes in Equity
For the Year Ended 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

Audited Changes in Equity – December 31, 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		190,000,000	-	11,386,831	-	-	54,315,038	-	891,059,937	470,543,039	-	1,617,304,845
II- Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-
III- New Balances 1 January 2020		190,000,000	-	11,386,831	-	-	54,315,038	-	891,059,937	470,543,039	-	1,617,304,845
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		-	-	(31,231,202)	-	-	-	-	-	-	-	(31,231,202)
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	(223,329)	-	-	(223,329)
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	436,941,669	-	436,941,669
I - Other reserves and transfers from retained earnings		-	-	-	-	-	(11,537,260)	-	482,080,299	(470,543,039)	-	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2020		190,000,000	-	(19,844,371)	-	-	42,777,778	-	1,372,916,907	436,941,669	-	2,022,791,983
Audited Changes in Equity – December 31, 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		190,000,000	-	-	-	-	39,926,152	-	618,119,528	287,777,690	-	1,135,823,370
II- Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-
III- New Balances 1 January 2019		190,000,000	-	-	-	-	39,926,152	-	618,119,528	287,777,690	-	1,135,823,370
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		-	-	-	-	-	-	-	(448,395)	-	-	(448,395)
D- Change in the value of financial assets		-	-	11,386,831	-	-	-	-	-	-	-	11,386,831
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	470,543,039	-	470,543,039
I - Other reserves and transfers from retained earnings		-	-	-	-	-	14,388,886	-	273,388,804	(287,777,690)	-	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2019		190,000,000	-	11,386,831	-	-	54,315,038	-	891,059,937	470,543,039	-	1,617,304,845

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

1. General Information

1.1. Name and Structure of the Parent Company

As of December 31, 2020 and December 31, 2019, capital group of Sompo Sigorta Anonim Şirketi (Formerly known as Sompo Japan Sigorta Anonim Şirketi) ("Company") whose capital is directly or indirectly controlled is Sompo International Holdings Inc.

The Company was established in Turkey on March 30, 2001, pursuant to the license obtained from Republic of Turkey Ministry of Treasury and Finance to engage in all types of property and casualty insurance and reinsurance business under the name of Fiba Sigorta Anonim Şirketi. The Company's legal title was changed to Finans Sigorta Anonim Şirketi from Fiba Sigorta Anonim Şirketi on June 5, 2002 and changed back to Fiba Sigorta Anonim Şirketi from Finans Sigorta Anonim Şirketi through Board of Directors' Resolution numbered 2007/150 and dated August 13, 2007.

As at June 15, 2010, Fiba Holding AŞ, the Company's main shareholder, has signed Share Purchase Agreement with Sompo Japan Insurance Inc. in order to transfer all shares. Following the approval of Turkish Treasury dated October 8, 2010 numbered 47481, the Company's majority portion of shares are transferred to Sompo Japan Insurance Inc. on November 2, 2010. European Bank For Reconstruction and Development has been taken over 399.600.000 shares with nominal value of TL 3.996.000 owned by Sompo Japan Insurance Inc on December 15, 2010. It was decided to change the title of the Company to "Sompo Japan Sigorta Anonim Şirketi" at the Ordinary General Assembly Meeting held on February 21, 2011.

Sompo Japan Insurance Inc. and Nipponka Insurance Co. merged under Sompo Japan Nipponka Insurance Inc. in 2014. The Company continued its activities under joint stock company after transferring 399.600.000 shares with nominal value of TL 3.996.000 owned by European Bank For Reconstruction to Sompo Japan Nipponkoa Insurance Inc. with the decision of Board of Directors numbered 538 dated at October 31, 2016.

According to Extraordinary General Meeting on May 15, 2019, the title of the Company has been decided to change as "Sompo Sigorta A.Ş." which was "Sompo Japan Sigorta A.Ş.", and the decision has been registered in official gazette with 9838 No on May 28, 2019.

On November 7, 2019, the sole shareholder of the Company has changed as "Sompo International Holdings Ltd." and it has published in official gazette with 9956 No on November 21, 2019.

1. General Information

1.2. Residency and legal nature of the organization, its country of incorporation and registered address (or if different than the place of the registered office, the main place of the operation)

The Company is registered at Turkey in 2001 and has the nature of a Joint Stock Company established and organized under the provisions of the Turkish Commercial Code. The Company operates in address of Beykoz-Kavacık, Rüzgarlıbahçe Mahallesi Cumhuriyet Caddesi No:10 Acarlar İş Merkezi C-Blok in İstanbul, Turkey.

1.3. Main Operations of the Company

The Company, operates all branches including fire and natural disasters, marine, water crafts, water crafts liability, motor vehicle, third party liability for motor vehicles (MTPL), accident, rail vehicles, air crafts, air crafts liability, general losses, general liability, suretyship, legal protection, credit, illness/health, support and financial losses branches except life branch within the framework of operating licenses received from the Republic of Turkey Ministry of Finance and Treasury.

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

The Company operates in compliance with the Insurance Law No.5684 (the "Insurance Law") issued on June 14, 2007 in Official Gazette No.26552 and the other regulations and regulations issued by the Republic of Turkey Ministry of Finance and Treasury. The Company operates in insurance branches stated in Note 1.3. As of December 31, 2020, the Company works with all authorized 2.442 agencies (December 31, 2019: 2.305 agencies).

1.5. Average number of employees during the period by category

The average number of the employees in the period in by categories is as follows:

	December 31, 2020	December 31, 2019
Senior level executives	7	8
Other personnel	646	624
Total	653	632

1.6. Salaries and similar benefits provided to senior-level executives

Total amount of salaries and similar benefits provided to senior-level executives such as chairman and members of Board of Directors and general manager, assistant general managers as of 1 January – 31 December 2020 period is TL 14.140.380 (December 31, 2019: TL 26.108.987).

1. General Information (continued)

1.7. Keys used in distribution of investment income and operating expenses (personnel, management, research & development, marketing and sales, outsourced utilities and services and other operating expenses) in the financial statements

In accordance with the January 4, 2008 dated and 2008/1 numbered “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 Republic of Turkey Ministry of Treasury and Finance, the number of policies generated for each sub-branch in the last 3 years is distributed according to average of 3 ratios that are proportion of gross written premium number and claim notification number to total issued policy number, proportion of gross written premium number and claim notification number to gross written premium number and proportion of gross written premium number and claim notification number to claim notification number.

The Company transferred the entire income it obtained from investment of financial assets form non-technical section to technical section and left the other investment income in the non-technical section. As of December 31,2020 the income transferred from non-technical to technical section this way is TL 312.109.308 (December 31, 2019: TL 392.586.448).

1.8. Whether the financial statements contain a single company or a group of companies

The accompanying financial statements only contain the financial information of Sompo Sigorta Anonim Şirketi.

1.9. Name and other identification of the reporting entity and any changes occurred in this information since the previous balance sheet date

Company Legal Title:	Sompo Sigorta Anonim Şirketi
Company Headquarter Address:	Kavacık Rüzgarlıbahçe Mahallesi Cumhuriyet Caddesi, No:10 Acarlar İş Merkezi, C Blok, Beykoz / İstanbul
Company's Web page Address:	www.somposigorta.com.tr

The information presented above has not changed since the end of the previous balance sheet period.

1.10 Events Occurred after the Balance Sheet Date

Events occurred after the balance sheet date have been disclosed in Note 46.

2. Summary of Significant Accounting Policies

2.1. Principles of Preparation

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

Insurance and Reinsurance and Pension Companies prepares financial statements according to Communiqué on Presentation of Financial Statements of the Turkish Republic Ministry of Treasury and Finance that entered into force and published on the Official Gazette dated April 18, 2008 and numbered 26851.

Since January 1, 2008, the Company recognizes its operations in compliance with the "Regulation on Financial Reporting of Insurance and Reinsurance and Pension Companies" that was published on July 14, 2007 and entered into force on January 1, 2008 and within the frame of the said regulation, Turkish Financial Reporting Standards ("TFRS") and other regulations, explanations and circulars published by the Republic of Turkey Ministry of Treasury and Finance in relation to the accounting and financial reporting principles. Pursuant to the letter of Republic of Turkey Ministry of Treasury and Finance dated February 18, 2008, numbered 9, "TMS 1-Financial Statements and Presentation", "TMS 27-Consolidated and Non-consolidated Financial Statements", "TFRS 1-Transmission to TFRS" and "TFRS 4-Insurance Contracts" were excluded from the scope of this practice in 2008. In addition, the insurance companies are required to apply the Communiqué on Preparation of Consolidated Financial Statements of Insurance and Reinsurance and Pension Companies that was published on the Official Gazette dated December 31, 2009, numbered 27097 ("Consolidation Communiqué") starting from March 31, 2009. Partnerships other than insurance and reinsurance and pension companies have been excluded from the scope till March 31, 2010 under the provisional article 2 of the said Communiqué.

The company operates subject to its own legislation in the fields of establishment, surveillance, accounting and independent auditing standards in accordance with the provisions of the VIII section of the Capital Market Law numbered 6362, the 5th paragraph of the 136th article. 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 ("SEDDK") established by the Presidential Decree dated 18 October 2019. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities of insurance sector was published by the Turkish Republic Ministry of Treasury and Finance.

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

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

2.1.2. Other accounting policies as applicable for better understanding of financial statements

Adjustment of Financial Statements in High Inflation Periods

In accordance with the Republic of Turkey Ministry of Treasury and Finance's statement no: 19387 issued on April 4, 2005, the Company's financial statements as of December 31, 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the Capital Market Board's (CMB) Decree Volume: XI, No: 25 "Accounting Standards in Capital Markets" which was published in the Official Gazette No: 25290 on January 15, 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Republic of Turkey Ministry of Treasury and Finance. Therefore, as of March 31, 2014 and December 31, 2012, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of December 31, 2004 (for inputs prior to December 31, 2004) and carrying inputs subsequent to December 31, 2004 at nominal value.

2.1.3. Functional Currency

The accompanying financial statements are presented in TL, which is the Company's functional currency.

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.4 Rounding grade of amounts presented in financial statements

Financial information given in TL is rounded to the nearest full TL value.

2.1.5 Measurement basis used to prepare financial statements

The financial statements have been prepared on the historical cost basis, adjusted for the effects of inflation accounting until December 31, 2004, which is the end of the hyperinflationary period, except for those financial assets held for trading that are measured at fair value where reliable measurement is possible.

2.1.6. Changes and errors in accounting policies

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.

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.

2.1.7. Changes and errors in accounting estimates

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.

Based on the evaluation made by the company's senior management, the Covid-19 pandemic did not cause a significant change in the accounting estimates of the Company as of the reporting date.

The clarification of accounting policies has been given in 3 - Significant accounting estimates and decisions note.

2.1.8. New Standards and Comments which are not yet adopted

Standards published as of December 31, 2020 but not yet in force and not implemented early

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

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.

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8. New Standards and Comments which are not yet adopted (continued)

Standards published as of December 31, 2020 but not yet in force and not implemented early (continued)

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

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 recognised 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.

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.

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8. New Standards and Comments which are not yet adopted (continued)

Standards published as of December 31, 2020 but not yet in force and not implemented early (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.

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.

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8. New Standards and Comments which are not yet adopted (continued)

Standards published as of December 31, 2020 but not yet in force and not implemented early (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.

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8. New Standards and Comments which are not yet adopted (continued)

Standards published as of December 31, 2020 but not yet in force and not implemented early (continued)

Annual Improvements to TFRS Standards 2018–2020 (continued)

Improvements to TFRS's (continued)

IBOR Reform and its Effects on Financial Reporting—Phase 2 (continued)

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.

2.2. Consolidation

It is requested to publish consolidated financial statements according to “Communiqué on the Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies” (“Consolidation Communiqué”) published by the Republic of Turkey Ministry of Treasury and Finance in the Official Gazette No: 21097 dated December 31, 2008 and insurance, reinsurance and pension companies; In accordance with the Consolidation Communiqué, consolidated financial statements have not been prepared due to the Company has no subsidiaries. .

2. Summary of the Accounting Policies (Continued)

2.3. Segment Reporting

An operating segment includes the performance of the Company's business activities, including revenues and expenses incurred from transactions with other segments of operations, generating revenue and expenses, and ensuring that the results of operations are regularly audited and measured by the Board of Directors (as the competent authority to make decisions) and it is a part of financial information noticed. Due to the fact that the main geographical area in which the Company is operating is Turkey, no geographical segment reporting has been presented. Moreover, since the Company continues its activities in the field of non-life insurance, no reports have been presented according to segment.

2.4. Provision for Foreign Currencies

Transactions have been booked in TL, which is the functional currency of the Company. The transactions realized in foreign currency during preparation of the financial statements are converted into the functional currency over the rates effective on the transaction date. Assets and liabilities in foreign currency in the balance sheet are converted into Turkish Lira over the foreign exchange purchase rate of Turkish Central Bank. The exchange rate difference arising from these transactions is included in the income statement.

2.5. Tangible Fixed Asset

Tangible assets have been booked adjusted costs in accordance with inflation for the period until December 31, 2004. Any inflation adjustment is made for tangible assets in after period, the amount has been adopted as the cost amount indexed for inflation as of December 31, 2004. Since January 1, 2005 if the cost of the tangible assets purchased after financial expenses and foreign exchange differences are recognized as amounts deducted from their remaining value.

Gains and losses arising on the disposal of tangible assets are calculated as the difference between net proceeds and net book value of the related tangible asset and reflected in the income statement of the related period.

Normal maintenance and repair costs incurred for tangible assets booked as expense.

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

Depreciation rates and estimated useful lives are as follows:

Tangible Assets	Estimated Useful Lives (years)	Depreciation Rates (%)
Buildings	50	2
Fixtures and installations	2-15	6.7-50
Motor vehicles	2-5	20-50
Other tangible assets (including leasehold improvements)	2-5	20-50
Tangible assets acquired through lease	5	20

2.6. Investment Properties

Investment property is held to obtain rental income or capital gains or both. Investment properties are measured at acquisition costs to include transaction costs in initial recognition. The Company measures investment property on a cost basis for property, plant and equipment (cost minus accumulated depreciation, minus impairment loss if any) after initial recognition).

2.7. Intangible Fixed Assets

The Company's intangible assets consist of software programs. Intangible assets are carried at cost in accordance with TAS 38 – Intangible Assets Accounting Standard. The costs of intangible assets are subject to inflation adjustment considering the period until the end of the high inflation period, which is the date of the entry into force of the law, for the assets entered into the currencies before December 31, 2004 and entries after December 31, 2004 have been reflected to financial statements considering purchase price.

The Company deducts the amortization expense for intangible assets over their useful lives using the straight-line method over their cost value.

2. Summary of Significant Accounting Policies (continued)

2.8. Financial Assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

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

Loans and receivables are non-derivative financial assets that have fixed or determinable payments, are not traded on an active market, and are created by providing money, goods and services to the debtor. Loans and receivables in the financial statements of the Company and provision for impairment are deducted and if there is interest receivable there is discounted value; if it is an interest rate receivable, it is accounted with the amortized cost calculated by the effective interest method.

Financial assets held to maturity are financial assets acquired with the intention to hold to maturity, other than fixed and determinable payments with fixed maturity and loans and receivables, including funding capability, conditions necessary to be held until maturity. Financial assets held to maturity are initially recognized at amortized cost using the effective interest method, less impairment losses, if any.

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

Available-for-sale financial assets are recorded at cost and are measured over the fair values of the relevant financial assets in the following periods. Unrealized gains and losses arising from changes in the fair values of financial assets available for sale and representing the differences between the amortized cost of the relevant financial assets calculated with the effective interest method and their fair values are shown in the "Valuation of Financial Assets" account under equity items. In case of disposal of available-for-sale financial assets, the value created in equity accounts as a result of the fair value application is transferred to profit or loss. For investments that are not traded in an active market, fair value is calculated using valuation methods; Fair value is determined based on the market prices of similar securities traded in the same quality markets in terms of interest, maturity and other similar conditions.

Some equity instruments quoted in active markets and some debt instruments held by the Company are classified as available-for-sale and are measured at fair value. The Company has some available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost. 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. In case of sale or impairment of the investment, the cumulative gain or loss accumulated in the valuation fund of financial assets is classified in the income statement.

Purchase and sale transactions of securities are accounted at the date of delivery.

Subsidiaries are classified as financial assets available-for-sale in the Company's financial statements. Subsidiaries that are not traded in organized markets and whose fair value cannot be reliably measured are recognized in the financial statements at cost after impairment losses are recognized.

Derecognition of financial assets

Financial assets are derecognized when the Company loses control of the contractual rights on those assets. In this case, the realization of these rights, and the maturity occurs when the expiration or delivery.

2. Summary of Significant Accounting Policies (continued)

2.9 Impairment on assets

Impairment of financial assets

For each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets has suffered an impairment. A financial asset or group of financial assets, and only about being the first to recognize that after one or more loss/ damage event that occurred, and such loss event of the related financial asset or group of assets that can be estimated reliably as a result of the impact on the estimated future cash flows when there is objective evidence that an impairment is assumed to be impaired and an impairment loss occurs. .

Receivables are measured at the lower of the net amounts at the end of the period. In the event of a situation that shows that the amounts of the loans and receivables will not be collected on a regular basis, a provision is made up to the amount that can be collected for receivables .

The recoverable amount of equity instruments is the fair value of the instrument. The estimated recoverable amount of debt instruments that are measured at fair value is the present value of future cash flows discounted at the current rate of interest on the market .

An event that occurs after impairment records is reversed if the objective is objectively reversing the impairment. The reversal of the impairment in the financial assets measured at amortized cost and debt securities classified as available-for-sale is based on the income statement. Reversal of impairment on financial assets, which are classified as equity securities classified as available-for-sale financial assets, is directly attributable to equity.

Impairment of fixed assets

The Company assesses at each reporting date whether there is any indication that its assets may have been impaired. If such an indication exists, it estimates the recoverable amount of the related asset within the scope of TAS 36 - "Accounting Estimates of Impairment of Assets" and allocates provision for impairment if the recoverable amount is less than the carrying amount of the related asset. The rediscount and provision expenses for the period have been disclosed in detail in Note 47.

2.10. Derivative financial instruments

As of reporting date, due to forward foreign currency contracts the Company has appreciation balance under their income accruals amounting to TL 107.410.991 (December 31, 2019: 41.144.918) and deprecation value under their other financial liabilities amounting to TL (142.762.281) (December 31, 2019: (39.556.970)). The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Revenue Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

2.11. Offsetting Financial Instruments

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

Revenue and expenses have been stated net as to the profit or loss that arise only as long as the reporting standards permit, or for similar transactions such as the trading of the Company.

2. Summary of Significant Accounting Policies (continued)

2.12. Cash and Cash Equivalents

"Cash and cash equivalents" that are essential for the preparation of cash flow statements can be expressed as cash on hand, cheques received, other cash and cash equivalents and demand deposits, time deposits in banks with original maturity of three months or less and securities which are not blocked for use.

As of December 31, 2020 and 2019, the details of cash and cash equivalents are as follows:

	December 31, 2020	December 31, 2019
Banks	2.156.989.743	2.836.077.582
Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	480.208.734	707.166.208
Other Cash and Cash Equivalents	-	360.371
	2.637.198.477	3.543.604.161
Interest Income Accruals of Banks	(5.728.799)	(39.512.253)
Other Cash and Cash Equivalents Discount	8.511.735	7.792.531
Bank deposits with due longer than three months	(428.381.031)	(996.045.700)
Cash and cash equivalents in the cash flows statement	2.211.600.382	2.515.838.739

2.13. Capital

As of December 31, 2020 capital group of the Company whose capital is directly or indirectly controlled is Sompo International Holding Inc. As of December 31, 2020 and December 31, 2019, the Company's capital and shareholder structure is as follows:

As of December 31, 2020;

Title	Share Amount (TL)	Share Rate (%)
Sompo International Holding Inc.	190.000.000	100,00
Paid in Capital	190.000.000	100,00

As of December 31, 2019;

Title	Share Amount (TL)	Share Rate (%)
Sompo Japan Nipponkoa Insurance Inc.	190.000.000	100,00
Paid in Capital	190.000.000	100,00

As at June 15, 2010, Fiba Holding A.Ş., the Company's previous main shareholder, has signed Share Purchase Agreement with Sompo Japan Insurance Inc. in order to transfer all shares. Following the approval of Republic of Turkey Ministry of Treasury and Finance dated October 8, 2010 numbered 47481, the Company's majority portion of shares are transferred to Sompo Japan Insurance Inc on November 2, 2010

As per the resolution of the Board of Directors dated November 1, 2010 numbered 2010/235, total 228.379.200 shares with nominal value of TL 2.283.792 owned by the real person-shareholders before the share transfer to Sompo Japan Insurance Inc., is transferred to Fiba Holding A.Ş.

As per the resolution of the Board of Directors dated November 2, 2010 numbered 2010/237, 2.807.876.700 shares owned by Fiba Holding A.Ş. with nominal value of TL 28.078.767 is transferred to Sompo Japan Asia Holdings Pte, 10.000 shares owned by Fiba Holding A.Ş, with nominal value of TL 100 is transferred to Sompo Japan Insurance (Singapore) Pte. Ltd, 10.000 shares owned by Fiba Holding with nominal value of TL 100 is transferred to Sompo Japan Insurance Company of America, 10.000 shares owned by Fiba Holding A.Ş, with nominal value of TL 100 is transferred to Japan Insurance Company of Europe Limited. 385.000.000 shares owned by Fiba Holding AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Insurance Inc. 385.000.000 shares owned by Fiba Holding AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Insurance Inc. 385.000.000 shares owned by Girişim Faktoring AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Nipponkoa Insurance Inc.

399.600.000 shares owned by Sompo Japan Nipponkoa Insurance Inc. with nominal value of TL 3.996.000 is transferred to European Bank for Reconstruction and Development on December 15, 2010. As per the resolution of the Board of Directors dated December 29, 2010 numbered 2010/268, total 370.833.000 shares with nominal value of TL 370.833 owned by the real person-shareholders is transferred to Sompo Japan Nipponkoa Insurance Inc.

2. Summary of Significant Accounting Policies(continued)

2.13 Capital(continued)

According to the resolution of Board of Directors No. 354 dated January 30, 2013, Sompo Japan Nipponko Asia Holdings Pte. Ltd. Owns 10.000 shares with a nominal value of TL 100, which is owned by Sompo Japan Nipponko Insurance (Singapore) Pte. 10.000 shares with a nominal value of TL 100 which the Company owns in the company, 10.000 shares with a nominal value of TL 100 with the shares of Sompo Japan Nipponko Insurance Company of America, 10,000 shares with a nominal value of TL 100 have been transferred to Sompo Japan Nipponkoa Insurance Inc.

According to the resolution of Board of Directors numbered 538 dated October 31, 2016, 399.600.000 shares with nominal value of TL 3.996.000 owned by European Bank For Reconstruction and Development were transferred to Sompo Japan Nipponkoa Insurance Inc.

It has been unanimously resolved to increase the total capital of the Company by cash amounting to TL 190,000,000 with the decision of the Board of Directors dated April 24, 2017 and numbered 563 and to amend Article 6 of the Articles of Association of the Company in the framework of the attached amendment text.

According to Extraordinary General Meeting on May 15, 2019, the title of the Company has been decided to change as "Sompo Sigorta A.Ş." which was "Sompo Japan Sigorta A.Ş.", and the decision has been registered in official gazette with 9838 No on May 28, 2019.

On November 7, 2019, the sole shareholder of the Company has changed as "Sompo International Holdings Ltd." and it has published in official gazette with 9956 No on November 21, 2019.

The privileges granted to shares representing the capital: None.

Registered capital system in the Company: None.

The Company's own shares bought back: None.

2.14. Insurance and Investment Contracts – Taxonomy

An insurance contract is a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk covers all risks except for financial risks. All premiums received within the scope of insurance contracts are recognized as income under the written premiums account.

Investment contracts are those contracts which transfer financial risk without significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable

As of the reporting date, the Company does not have a contract which is classified as an investment contract.

2.15. Discretionary Participation Features in Insurance and Investment Contracts

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 Company does not have any insurance or investment contracts that contain a DPF.

2. Summary of Significant Accounting Policies (continued)

2.16. Investment Contracts Without Discretionary Participation Features

As of the reporting date, the Company does not have any investment contracts without Discretionary Participation Features.

2.17. Payables

Financial liabilities represent liabilities resulting from transactions that require the transfer of cash or another financial asset to another entity. Financial liabilities in the Company's financial statements are stated at discounted value. When a financial liability is paid, it is deducted from the records.

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 Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation"; 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.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. 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.

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 the Turkish Tax Legislation, tax losses can be carried forward to offset against future taxable income for up to five years. The Company has no deductible financial losses as of the balance sheet dates.

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

In accordance with TAS 12 – *Turkish Accounting Standard for Income taxes*, deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, 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.

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

2. Summary of Significant Accounting Policies (continued)

2.18. Taxes (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 via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated November 18, 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. Benefits Provided to Employees

Provision for employee termination benefits

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at December 31, 2020 is TL 7.117 (December 31, 2019: TL 6.380).

The Company reserved for employee severance indemnities using actuarial method in compliance with the TAS 19-Employee Benefits. Therefore, as of December 31, 2020, actuarial calculations have been made for the related liabilities and recorded as TL 1.470.628 (deferred tax-free) actuarial loss in special funds under equity. (December 31, 2019: TL 1.183.354)

	December 31, 2020	December 31, 2019
Discount rate	3,89	3,10
Expected rate of salary/limit increase	15,00	15,00

The expected salary/limit increase ratio above is determined according to the government's annual inflation forecasts.

Other benefits

The Company has provided for undiscounted short-term employee benefits earned during the period as per services rendered in compliance with TAS 19 in the accompanying financial statements.

2.20. Provisions

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

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

2. Summary of Significant Accounting Policies (continued)

2.21. Revenue Recognition

Written Premiums

Written premiums represent the remaining amount after cancellations and tax deductions of policy premiums issued in previous years as well as policies issued during the period.

Subrogation and salvage income and other similar income

The accrued or collected subrogation, salvage and similar income items cannot be discounted in calculations related to the provision for outstanding claims that are accrued and determined on account (file outstanding) but are recognized in the income statement and under the relevant receivables account on the active side of the balance sheet.

To accomplish the assessment of salvage and subrogation receivables or income, the acquisition of the right of subrogation, to determine the exact amount and the term should not have been charged by the end of. According to the Turkish Commercial Code, in order to acquire the right of subrogation, compensation must be paid.

According to the Circular No. 2010/13 of the Republic of Turkey Ministry of Treasury and Finance dated September 20, 2010, the insurance companies must pay compensation to the insurers without having to obtain repayment from the insurance companies and must have received the insurance from the insurers and notify the insurance company or third parties. It is accrued to the extent that the indebtedness of the insurance company to the collateral limit. However, this amount is reserved against the counter insurance company within six months following the payment of the indemnity payment, or against the third party within four months.

On the other hand, if a protocol is signed between the debtor insurance company or the third parties and the repayment receivable together with the payment plan not exceeding twelve months in total within the six and four month periods described above, or if a document such as check or promissory note is taken for payment, Six months for the third person, and four months for the third person, and for the installments that are in the process of acceptance and collection.

As of December 31, 2020, the Company has presented no proceedings in gross salvage and subrogation receivables amounting to TL 88.775.172 (December 31, 2019: TL 61.082.552) and reinsurer's share amounting to TL 4.680.654 (December 31, 2019: TL 2.857.414) as subrogation and salvage receivables in receivables from main activities in technical income accounts. The receivable and salvage receivables amounting to gross TL 12.113.167 (December 31, 2019: TL 3.485.425) and the reinsurer share of TL 1.323.259 (December 31, 2019: TL 331.788), which are not collected in the above periods, have been provision in this receivable amount.

However, if a protocol that includes a payment plan exceeding 12 months in total is made or a document is received, a protocol must be signed for the receivable amount exceeding 12 months or maturity, or provision must be made on the date of receipt of the document. In addition, regardless of the payment dates specified in the protocol or received document, all of the installments received or outstanding in the event of any payment made in the twelve month period from the date of payment of the indemnity to the payment plan or in the event of a single maturity, it is necessary for the provision.

If the claim is made through litigation/execution the accrual will be made as of the date of commencement of these transactions and the provision for doubtful receivables is set as of the same date.

The Company has classified the net subrogation amounting to TL 162.568.164 (December 31, 2019: TL 127.365.228) in the doubtful receivables arising from the main activity by allocating the doubtful receivables provision for the remaining portion in the retirement of the proceeds from the litigation conducted through litigation and execution.

In order to accrue salvage income, all insurance costs of damaged goods should be compensated and those goods should be owned by insurance company or under the condition of secondarily ownership (salvage) by insurance company, the income generated from the sale of those goods has to be accrued on the related periods like salvage receivables. In that case, if goods which are under secondary ownership by insurance company are sold via third party (real/corporate) or given over to insurer or directly sold by Company, salvage income should be accrued and should not be deducted from paid claims or outstanding claims.

2. Summary of Significant Accounting Policies (continued)

2.21. Revenue Recognition (continued)

As at December 31, 2020 and December 31, 2019, collected subrogation and salvage income per branches is as follows:

	December 31, 2020	December 31, 2019
Motor vehicles	449.684.170	368.580.628
Third part liability for motor vehicles	20.596.202	18.990.196
Fire and Natural Disaster	1.122.021	1.851.865
Transportation	1.775.186	1.166.657
General Losses	77.680	172.413
Accident	-	2.482
Other	82.387	36.379
Total	473.337.646	390.800.620

As at December 31, 2020 and December 31, 2019, accrued subrogation and salvage income per branches is as follows:

	December 31, 2020	December 31, 2019
Motor vehicles	60.493.014	41.761.521
Third part liability for motor vehicles	21.716.282	15.400.768
Fire and Natural Disaster	1.048.945	550.254
Transportation	636.326	430.221
General Losses	59.197	42.129
Accident	-	-
Other	140.754	40.245
Total	84.094.518	58.225.138

Commission income and expense

As further disclosed in Note 2.24 - Reserve for unearned premiums, commissions paid to the agencies related to the production of the insurance policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced before January 1, 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after January 1, 2008.

Interest income and expense

Interest income and expense are recognized using the effective interest method by basis of accrual. The effective interest rate is the rate that exactly discounts the estimated future cash payments of financial assets or liability and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

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

Trading income/expense

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

2. Summary of Significant Accounting Policies (continued)

2.22. Leasing Transactions

The Company has applied TFRS 16 for leases with more than 12 months of lease term.

The Company recognizes the lease payments as an expense on a straight-line basis lower than 12 months of lease term.

The maximum period of the lease contracts is 3 years. Tangible assets acquired by way of finance leases are recorded 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 asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are measured at net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Lease liability is measured at fair value of rent payments that have not been paid on the date rent is actually begin in accordance TFRS 16. Rent payments are discounted as using incremental borrowing 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 20.96%. The calculated duration weighted average of alternative borrowing interest rates applied to Euro lease liabilities is 4.22%. The relevant rates are 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 pandemic does not have a negative impact on the Company's rental payment terms and payment schedule as of the reporting date.

2.23. Profit Share Distribution

Transferring the net profit for the period resulting from the Company's 2019 activities to reserves was decided at the Ordinary General Meeting on March 27, 2020.

2.24. 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 August 7 2007 dated Official Gazette and put into effect starting from January 1, 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies. In commodity transport insurance contracts with nonspecific due date, 50% of the remaining amount which is accrued in the last three months is reserved as unearned premiums reserve.

Reserve for unearned premiums is calculated for all insurance contracts except for the contracts which the company provides mathematical reserve. Reserve for unearned premiums is also calculated for the annual premiums of the annually renewed long term insurance contracts.

Since the Technical Reserves Regulation published on August 7, 2007 entered into force on January 1, 2008, Republic of Turkey Ministry of Treasury and Finance has issued the “Circular on the Provision of Insurance and Reassurance and Pension Companies’ Provisions for Compliance with the Provisions of the Insurance Law No. 5684” dated July 4, 2007 and numbered 2007/3 within the period between the publication date of the Technical Reserves Regulation and the date of entry into force (“Compliance Circle “). In previous calculations, earthquake premiums were deducted during the calculation of unearned premiums; After June 14, 2007 and the Circular for compliance of policies issued, net of unearned premiums should not be stated that during the earthquake premium provisions. Accordingly, the Company began to calculate the unearned premium reserves for the earthquake premiums written after this date, when the Company did not calculate the unearned premium reserves for the earthquake premiums written before June 14, 2007.

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.

2. Summary of Significant Accounting Policies (continued)

2.24. Unearned Premium Reserve (continued)

According to the Regulation Regarding the Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and the Amendment of the Regulation on the Assets That This Provisions are Invested, published in the Official Gazette dated July 28, 2010, numbered 27655, during the calculation of the unearned premiums liabilities related to insurance contracts that is indexed to currency, if not determined any currency on the insurance contracts, the selling currency rate announced by the Central Bank of the Republic of Turkey on the Official Gazette is taken into consideration .

As of the balance sheet date, the Company has allocated unearned premium reserves in the financial statements amounting to TL 1.776.976.965 (December 31, 2019: TL 1.867.908.982) and reinsurer share for unearned premiums amounting to TL 641.533.008 (December 31, 2019: TL 579.909.842). In addition, the share transferred to Social Security Institution for unearned premiums have been TL 68.857.225 (December 31, 2019: TL 85.649.623).

2.25. Outstanding Claims Reserve

Claims are recorded in the year in which they occur, based on reported claims or on the basis of estimates when not reported. Provision for outstanding claims represents the estimate of the total reported costs of notified claims on an individual case basis at the balance sheet date as well as the corresponding handling costs. Incurred but not reported claims ("IBNR") are also provided.

Claims incurred before the accounting periods but reported subsequent to those dates are accepted as incurred but not reported ("IBNR") claims. In accordance with the circular issued by Turkish Treasury dated December 5, 2014 and numbered 2014/16, as of January 1, 2015 selection of data to be used in the calculation of branch-basis, adjusting prices, selection of most appropriate method to be interfere with the development factors are performed by the Company's actuary. Incurred but not reported ("IBNR") calculation methods are Standard Chain, Claim/Premium, Cape Cod, Frequency/Severity, Munich Chain or Bornhuetter Ferguson. The selection of the data to be used on a branch basis will be made by the company actuary by using the actuarial methods to intervene in the development factors and the selection of the most appropriate method and development factors and the adjustment factors and these issues will be detailed in the actuarial report to be submitted to the Republic of Turkey Ministry of Treasury and Finance in accordance with Article 11 of the Actuarial Regulation.

IBNR is used to estimate the amount of provision that should be set aside in the current period based on the historical loss incurred. As of December 31, 2020 and December 31, 2019, the Company has preferred the Standard Chain Method in all branches. In the ACLM table the large loss elimination was made as outlined on September 20, 2010 (Box Plot method). Logarithmic loss distribution in suretyship and third-party liability for motor vehicles branch was examined and large loss elimination was done according to percentile method and for other branches according to Box Plot method.

	December 31, 2020		December 31, 2019	
	Number of Eliminated Files	Big Claims Threshold	Number of Eliminated Files	Big Claims Threshold
Direct Indemnification	14	3.323.826	8	6.500.000
General Losses	-	-	15	4.169.964
Aircraft	1	1.289.675	1	1.000.000
Transportation	-	-	1	15.000.000
Watercraft Liability	5	1.596.476	4	1.500.000
Fire and Natural Disasters	77	1.362.153	26	2.000.000
Total	97		55	

2. Summary of Significant Accounting Policies (continued)

2.25. Outstanding Claims Reserve (continued)

Following the related circular, IBNR has been calculated gross by Company's actuary using the methods listed below by considering claim periods. For related gross IBNR amounts among the related claim periods net IBNR has been calculated by considering reinsurance rates to register the effect of current reinsurance agreements.

	Using Method	December 31, 2020		December 31, 2019	
		IBNR to Reserve (100% transaction level – Salvaged)	IBNR without accrued salvage (%100 level – negative %100)	IBNR to Reserve (100% transaction level – Salvaged)	IBNR without accrued salvage (%100 level – negative %100)
Motor Vehicles	Standard	(22.386.511)	(76.194.228)	(3.598.592)	(42.916.367)
Water Crafts	Standard	1.511.206	1.511.206	585.688	585.688
Third Party Liability for Motor Vehicles (MTPL)	Standard	1.625.737.157	1.608.773.395	1.248.686.867	1.235.277.981
Facultative Motor Liability	Standard	43.941.941	43.607.684	37.594.403	37.332.710
Water Crafts Liability	Standard	1.703.086	1.703.086	1.233.600	1.233.600
Fire and Natural Disasters	Standard	6.391.747	3.547.765	6.336.344	4.284.223
Accident	Standard	1.466.527	1.466.527	1.728.289	1.728.289
General Losses	Standard	13.163.452	12.707.023	8.567.685	8.122.922
Financial Losses	Standard	1.226.872	1.226.872	1.206.493	1.206.493
Health	Standard	2.686.225	2.686.225	905.534	905.534
Transportation	Standard	3.565.517	2.371.921	2.463.109	1.533.957
General Liability	Standard	111.609.609	111.609.487	78.653.733	78.589.470
Suretyship	Standard	1.717.050	1.376.022	2.115.592	2.113.285
Legal Protection	Standard	423.925	423.605	412.239	412.239
Total		1.792.757.803	1.716.816.590	1.386.890.984	1.330.410.024

In accordance with the Constitutional Court decision which was published in the Official Gazette dated October 9, 2020 and numbered 31269, the phrase "general conditions" in Article 90 on the compulsory financial liability (traffic insurance) side within the scope of the Highways Traffic Law canceled on the grounds that it is contrary to the Constitution. A detailed analysis of the cancellation decision carried out and this effect reflected in the incurred but not reported compensation amount calculated as of 31 December 2020.

Company has considered the 100% result of IBNR calculation and has reflected TL 1.792.757.803 (December 31, 2019: TL 1.386.890.984) gross and TL 107.054.080 (December 31, 2019: TL 84.056.449) reinsurance share on financial statements. The amounts transferred to the Traffic and General Liability pool for IBNR account are not shown above. As of December 31, 2020 Company has reflected net amount of TL 2.228.924.200 (December 31, 2019: TL 1.758.272.677) outstanding claims reserve on its financial statements.

In accordance with the Provisional Article 12 of the Regulation Amending the Regulation on Tariff Application Principles in Motor Vehicles Compulsory Financial Liability Insurance published in the Official Gazette dated July 11, 2017 and numbered 30121, it has been announced that the Pool of Risky Insurers was established as of April 12, 2017. Accordingly, the amounts calculated for damages received from the pool are included in the IBNR calculation.

Company has separated death and disability compensation with treatment costs according to circular numbered 2011/18, and only treatment costs are included in the calculations made for preparing the financial statements.

Within the scope of third party liability for motor vehicles (MTPL) Insurance, for the financial year 2011, for the amount transfer to Social Security Institution for incurred accidents which happened before publishing the law numbered 6111 and within the scope of Compulsory Third Party Liability Insurance for Road Passenger Transportation and Compulsory Road Passenger Transportation Personal Accident Insurance, for the financial year 2011, for the amount transfer to Social Security Institution for incurred accidents which happened before publishing the law numbered 6111, the factors to use are notified by Republic of Turkey Ministry of Treasury and Finance.

Additional reserve for claims from the pool has been calculated in 31 December 2020 and using %112 (31 December 2019: %122) final loss/premium ratio -over 89 base premium- according to Risky Insureds Pool Actuarial Valuation Report on Estimate of Final Loss/Premium Ratio Range which is sended by Turkish Motor Insurers Bureau at December 31, 2020.

2. Summary of Significant Accounting Policies (continued)

2.25. Outstanding Claims Reserve (continued)

Within this scope, Company has reflected the notified and calculated amounts to its financial statements which are calculated according to the explanations made in circular numbered 2011/18 before and after the publishing date of the law.

Regarding the law and legislations mentioned above, due to the transfer to SSI, as of December 31, 2020, Company has TL 28.574.122 (December 31, 2019: TL 49.324.814) liability in short term liabilities due to SSI from treatment costs. As of December 31, 2020 the amount of premium transfer to SSI related with the period after the law is TL 137.855.600 (December 31, 2019: TL 152.194.905).

Regulation related with “Litigious Outstanding Claims” in the scope of “Circular related with the explanations about the calculation of Incurred but Not Reported (IBNR) indemnity provision” numbered 2011/23:

According to the 1st paragraph of 4th item of the Regulation for Reporting of Insurance, Pension and Reinsurance Firms “with this regulation, Company’s activities are accounted in the frame of legislation provisions of Public Oversight Accounting and Auditing Standards Authority for the preparation and presentation of financial statements, except the notifications made by Republic of Turkey Ministry of Treasury and Finance for the topics stated in the second paragraph”. In the 1st paragraph of 6th item of the same regulation balance sheet is defined as “a table which reflects the fiscal and financial position of the Companies at a given period, which shows assets, liabilities and equities of the Company truly and fairly dividing them into active and passive accounts”.

In this framework, for a true presentation of financial statements with the circular numbered 2011/23, for the files in the lawsuit process, provisions should be made evaluating the winning and losing possibilities and for the files in the lawsuit process, deductions to make for which principles are identified.

In accordance with the Circular No 2016/22, which regulates the procedures and principles regarding the discounting of net cash flows arising from outstanding claims reserve, the Company is using the last legal interest rate (%9) which is in Official Gazette. As of December 31, 2020, the Company has made net discount amounting to TL 395.745.564 in the outstanding claims calculation. (December 31, 2019: TL 317.551.643).

2.26. Equalization provision

In accordance with the Regulation on Technical Reserves, insurance companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalize the fluctuations within the claim ratios that may occur during the following accounting periods. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums. Provisions are made until it meets the 150% of the highest amount of net premium written in the last 5 years.

Following the end of the 5th year, depending the premium production amount under the condition of provision amount is lower than the previous year balance sheet amount, the difference is classified in the other profit reserves under the owner’s equity. Related amount which is transferred to equity could be kept as a reserve or may be subject to a capital increase or may be used in the compensation payments.

If the damage occurs, amounts hit the reinsurer and amounts which are under exemption limit can not be deducted from equalization reserve. If there are claims paid due to the commitments given, starting with the provision made 1st year, it is deducted from the provision by using the FIFO method.

Equalization reserves are stated in the accompanying financial statements under the non-current liabilities in the “Other Technical Reserves” account. As of balance sheet date, net TL 46.074.738 (December 31, 2019: TL 38.901.466) equalization reserve is booked.

Following the “Circular About Usage of Equalization Reserve and Additional Explanations for Some Circulars” published by Republic of Turkey Ministry of Finance numbered 2012/1, equalization reserve booked for the related branches for the beginning years, is booked as debit in balance sheet and is booked as credit in Change in Other Technical Provisions account.

2. Summary of Significant Accounting Policies (continued)

2.27. Unexpired Risk Reserves

Within the framework of Regulation on Technical Reserves, as of each balance sheet date, Companies has to make liability adequacy test for the last 12 months, while booking the unexpired risk reserves, due to the possibility of claims and compensations to occur according to the current insurance contracts are higher than the unexpired risks reserves booked for those insurance contracts. While making related test, net unexpired risks reserves amount should be multiplied with the expected net claim premium ratio. Expected net claim premium ratio is calculated by dividing incurred claims (outstanding claims (net) + paid claims (net) – ceded outstanding claims (net)) into earned premium (written premiums (net) + ceded unexpired risks reserve (net) – unexpired risk reserve (net)). While calculating the earned premiums, ceded unexpired risk reserves and commissions paid to intermediaries and deferred portion of commissions received from reinsurer which are stated as net in the unexpired risk reserve of the period are ignored.

If the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share. As a result of the related test, as at the end of the reporting period Company has booked TL 27.894.960 (December 31, 2019: TL 3.662.201) unexpired risk reserves and TL 23.790.976 (December 31, 2019: TL 2.968.981) reinsurance share of unexpired risk reserves.

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.

2.28. 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).

2. Summary of Significant Accounting Policies (continued)

2.28. Related Parties (continued)

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

As an aim of the financial statements partners, upper level managers and board of directors, affiliates controlled by themselves and their family or affiliated companies to themselves, participations and jointly controlled entities are accepted as related parties.

2.29. Earnings per Share

Earnings per share is calculated by dividing net profit for the period into weighted average unit share of the Company. Firms in Turkey, by distributing at the share rate of actual shareholders may increase share capital ("No-par shares") from retained earnings. In the calculation of earnings per share, no-par shares are determined as issued shares.

2.30. Events After Reporting Date

As at the end of the Company's reporting period, events after reporting period which gives additional information of Company's financial position (events occurred after reporting period and which need to be adjusted) are reflected to financial statements. Significant events occurred after reporting period and not needed to be adjusted are explained in the disclosures.

3. Significant Accounting Estimates and Requirements

The preparation of financial statements requires the use of estimates and assumptions which define possible liability and commitments as of balance sheet date and income and expenses for the period ended. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are reviewed regularly and changes are made in the profit and loss accordingly. Major accounting estimates made by the Company are related with outstanding claim reserves and other technical reserves and impairment of assets, and these estimates and assumptions are disclosed in the notes. Further, significant estimates used in preparation of financial statements as follows.

Benefits Provided to Employees

The Company has calculated and accounted retirement pay liability in the accompanying financial statements using actuarial estimations. As of December 31, 2020 Company's retirement pay liability is TL 3.065.139 (December 31, 2019: TL 3.113.245).

Doubtful Receivables from Main Operations

Company has made allowance for doubtful receivable amounted TL 8.987.709 (December 31, 2019: TL 8.573.844) on its financial statements ended as at December 31, 2020 for receivables under the executive and legal follow-up phase from insurance companies and intermediaries. Besides, Company has made provision amounted TL 4.250.074 (December 31, 2019: TL 2.981.097) for receivables from insurance operations which are not under legal follow-up but Company believes that receivables are not collectible.

Subrogation Receivables

As of December 31, 2020 Company has booked net subrogation receivables amounted TL 162.568.164 (December 31, 2019: TL 127.365.228) according to the accrual basis for the subrogation receivables under legal and execution phase and for the not confirmed personal subrogation receivables before allowance for doubtful receivable (after deducting the reinsurance share).

3. Significant Accounting Estimates and Requirements(continued)

Outstanding Claim Reserve

When calculating the outstanding claims reserve, many estimates and provisions, as well as definitive evidence such as experts, expert opinions, consultant views are applied. It may take a long time for the amount of outstanding claims to reach the definitive end. For this reason, actuarial chain ladder method is used to calculate the outstanding claim reserve based on the experience of the Company in previous years. In the past years, the development of the damage has been used in the calculation of future damage amounts. This calculation is based on the development of the claims paid, the average amount of compensation per claim in the past, the number of past claims and the expected loss/premium ratio. In accordance with the Technical Reserves Regulation, as of September 30, 2010, the basis of the application of actuarial chain ladder methods determined by the Republic of Turkey Ministry of Treasury and Finance for the fiscal period is calculated but the unreported compensation amount is calculated. The difference between the accrued and provisioned outstanding claims provision and the selected actuarial chain ladder method is realized but not reported.

In addition, in the branches where the actuary has performed major damage dismantling, the next year qualification difference calculation is performed for the big damages that are extracted. Major damage elimination is calculated in accordance with the "F-Major Damage Article" of the General Assembly dated 5 December 2014 and numbered 2014/16 issued by the Republic of Turkey Ministry of Treasury and Finance. Major Damage Elimination Branches are Land Vehicles, Traffic, Fire and Natural Disasters, Water Vehicles Liability, General Losses, Financial Losses, General Liability, Direct Surety and Optional Financial Liability.

As of December 31, 2020 Company's net outstanding claims reserve is TL 2.228.924.200 (December 31, 2019: TL 1.758.272.677).

Deferred Tax

When determining the deferred tax assets, various estimations and evaluations are used. As of December 31, 2020 Company has calculated and booked deferred tax asset amounted TL 31.412.833 (December 31, 2019: TL 14.739.854).

4. Insurance and Financial Risk Management

4.1. Insurance Risk Management

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Risk is incidental due to the nature of the insurance process. The most basic risk in insurance contracts is the possibility of realized claims and rights and benefits provided to policyholders are realized above the technical provisions in the financial statements made for insurance contracts.

In every field and stage of insurance operations the definition of risk is made clearly and risk is abolished, possibilities of risks under control or to be insurable should be examined comprehensively.

First condition to manage risk is being able to define the risk. Basic risk fields to manage in Insurance Operations by Company are identified as follows:

- Insurable assets
- Pricing models, tariff structure
- Reinsurance
- Optimum conservation
- Claim costs
- Intermediaries
- Insurance contract provisions

4. Insurance and Financial Risk Management(continued)

4.1. Insurance Risk Management(continued)

The most significant resource to manage the risk is the convenience of the data for analyzing which is produced by Company's operations (premium production resources, client, policy, product, branch, commitment, claim file, numbers, premiums etc.).

Risk, in essence is a variable factor, therefore it is vital for Companies to follow the development of risk down to the last detail and form and/or direct strategies according to risk. To manage risk, essential point is to set up and activate internal control mechanisms for the identification of risk areas and points. For this purpose, Company primarily has formed committees for risks for which they regard as significant. Agency Risk Tracing Committee, Pricing and Watching Tariffs Committee, Claim and Risk Acceptance Basics Committee are the main committees formed for risk management.

Insurable Assets

In insurance, segmentation is crucial for the identification of insurable assets. As it is prescribed by the law, segmentation by branches, is not enough for the definition of risk. Defining various factors separately by Company via the systems maintain meaningful connections like client, client's insurance demands, operation type, locality, external factor, past statistics, possible damage volume and frequency, insurable securities and assets become convenient for pricing. In this stage today's communication platforms and technological advances enable to make faster and more accurate definitions.

In addition to these, during insurance of Small and Middle-Sized Enterprises ("SME") and industrial risks, risk acceptance and expertise evaluation criterias should be identified clearly and should put down in black and white. Criteria for the acceptance of this kind of significant risks must be convenient with the scope of reinsurance contracts made.

Pricing Models, Tariff Structure

Most important resource for to create the price of an insurance product is the past statistics. By using the advanced technology, the accuracy of statistical data, security, entrance to the system convenient for creating price and tariff and becoming meaningful information in the data set become possible. For this purpose Company has made software investment in 2008. By this investment detailed analysis can be made on the basis of distribution channel, risk location, style of use, client and policy. By this analysis damage frequency and violence modeling systems and tariff and pricing process are implemented much more sensitively. With the developments in planning and reporting fields, the effect of analysis of Company's premium production for current and previous year to period end and future periods can be made via using current data and projected assumptions.

Reinsurance

Company is under risk due to assets taken under insurance commitment. By considering the qualification (risk size, risk possibility) of insurance assets and Company's equity power, Company transfers some part of risks taken on to reinsurers via made agreements. After this transfer, while Company is sharing the obtained premiums with transfer rate to reinsurer, Company takes commission over it and shares the claim liability that it has to endure with same transfer rate to reinsurer too.

The power of the reinsurer that Company has made agreement for risk sharing, dependency of the matters that put sides under obligation, criteria to transfer reinsurer (which kind of risks, commission to receive, payment dates etc.) are determined as the significant risk areas in this matter. Company transfer the risks as part of the proportional reinsurance agreements with surplus and quota-share treaties by branches. For the business which exceeds treaty capacities varies for different branches, facultative reinsurance is practiced by technical units.

4. Insurance and Financial Risk Management(continued)

4.1 Insurance Risk Management(continued)

The reinsurers who worked mostly and their last credit ratings are as follows:

Reassurer	Grading	Standard & Poors		Grading	AM Best	
		Appearance	Date		Appearance	Date
Milli Re	trA+	-	18 June 2020	B	Stationary	18 June 2020
Sompo Japan Nipponkoa Insurance Inc.	A+	Stationary	16 July 2019	A+	Stationary	14 August 2020
Mapfre Re	A+	Stationary	15 October 2020	A	Stationary	21 October 2020
Munich Re	AA-	Stationary	29 May 2020	A+	Stationary	17 July 2020
Everest Re	A+	Stationary	25 July 2019	A+	Stationary	29 May 2020
QBE	A+	Stationary	2 July 2020	A	Stationary	14 August 2020

Optimum Conversation

Some of the risks that Company decided to adopt are valid which is similar to the risk emerged during the reinsurance plan matter. For the risks which is under its conservation, Company purchases protection in definite criterias ("XL") too. Company management believes that, Company's data set's (statistics) quality helps the right evaluation of these data and the determination of optimum conservation level.

Claim Costs

Claim costs is the Company's main expense factor. From the risk standpoint, alongside it's a direct cash outflow factor, due to the obligation of compensating the victimization of insured, every process from the notification of claim to the payment of claim should be divided into risk areas and should be followed. Claim handling costs are settled down to every claim has reached to its real compensation amount and to provide that every claim has been paid to right person or institution. During this process, arrangement of insurance policy, client, insured assets, quality of claim, expertise, elimination of claim, spare parts and labor etc. and other expense items are the risk and cost factors and they directly affect the technical results of the Company. Company follows the relevant risk related with claim costs via Claim and Risk Acceptance Basics Appraisal Committee.

Intermediaries

Company realizes significant part of premium production from insurance intermediaries (agency, broker, banks etc.). Authorities of policy issuance and premium collections of intermediaries are transferred authorities from insurance companies. From the selection of risk and client to offer right price, on the other hand from incurred claims to collection of premium on time the senility that Companies are responsible to show is to be expected from agencies too. However, Company makes the controls whether authorized agencies rule their operations or not convenient with Company's policy, via analyzing the collected data by agency.

At the same time, in order to manage receivable transfer risk accurately, proper commitments are taken by agency and it is practiced to increase the application of direct collection systems.

Insurance Contract Provisions

Company makes provisions for not yet due, not certain debts and liabilities and even if it has not occurred per statistics income and expense factors that may bring right and/or liability. The primary objective here is, Company's responsibilities to government, clients, partners and shareholders are convenient with laws and they are accurately stated in financial statements and Company's books.

It is a significant risk that the technical provisions booked are not entirely enough to meet Company's liabilities. In this context, with the regulations it made legal authority has clearly stated that insurance companies has to book the reserves that they need to make provisions are calculated standard and accurately. In order to eliminate those risks, Company make practices for management of all risk areas oriented to provide the security and accuracy of the data used and decent and fast practice of management reporting system.

4. Insurance and Financial Risk Management(continued)

4.2. Financial Risk Management

Introduction and Overview

This note shows the risks that Company is exposed to each one of stated below, accordingly Company's policy, procedures and aims in order to manage and measure its risks and information about capital management. Company is exposed to the below risks emerged due to the usage of financial instruments.

- credit risk
- liquidity risk
- market risk

Whole responsibility belongs to the Board of Directors during the establishment and supervision of structure of risk management. Board of Directors manages the effectiveness of risk management system via Company's internal audit department.

Company's risk management policy are established in order to, identify and analyze the risks that Company faces, determine the risk limits and controls, follow the risks and convenience of them to the defined limits. Risk management policy and systems are reviewed regularly the way that they reflect the changes in products and services presented and market conditions. Company aims to develop a disciplined and constructive control environment that every employee understands their duty and responsibilities via education and management standards.

Credit Risk

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The balance sheet items that the Company is exposed to credit risks are as follows:

- cash and cash equivalents
- held-to-maturity financial assets
- premium receivables from policyholders
- receivables from intermediaries
- receivables from reinsurance companies related to commissions and claims paid
- reinsurance shares of insurance liability
- receivables from related parties
- other receivables

The Company's financial assets, which are subject to credit risk are generally composed of domestic government bonds and time and demand deposits kept in banks and other financial institutions in Turkey and such receivables are not deemed to have high credit risk.

Most common method to manage insurance risk is to make reinsurance contract. However, the transfer of insurance risk via insurance contract does not remove the liability of first insurer Company. If reinsurance firm does not pay the claim, Company's responsibility against policyholder continues. Company evaluates the reliability of reinsurance firm by investigating the financial position of the related firm before the yearly contract made and by regarding the compensation payment performance of the firm.

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Credit Risk (continued)

On December 31, 2020 and December 31, 2019, net book value of the assets that is exposed to credit risk are shown in the table below:

	December 31, 2020	December 31, 2019
Cash and cash equivalents (Note 14)	2.637.198.477	3.543.604.161
Receivables from main operations (Note 12)	542.996.626	463.409.689
Reinsurer share in outstanding claims reserve (Note 10), (Note 17)	776.078.059	607.950.909
Financial Assets (Note 11)	2.084.767.583	682.390.908
Other receivables (Note 12)	53.364.364	3.903.494
Due from related parties (Note 12)	3.842.987	647.159
Total	6.098.248.096	5.301.906.320

As at December 31, 2020 and December 31, 2019, the aging of the receivables from main operations and reserved provisions are as follows:

	December 31, 2020		December 31, 2019	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	479.571.889	-	405.808.016	-
Past due 0-30 days	28.520.852	-	24.410.267	-
Past due 31-60 days	24.581.616	-	11.056.529	-
Past due 61-180 days	11.681.914	(2.552.418)	21.258.062	-
Past due 181-365 days (*)	2.451.744	(2.451.744)	6.556.266	(6.134.734)
Past due over 1 year	20.216.302	(19.023.529)	9.029.127	(8.573.844)
Provision for Doubtful Subrogation				
Receivables from Main Operations	162.568.164	(162.568.164)	127.365.228	(127.365.228)
Total	729.592.481	(186.595.855)	605.483.495	(142.073.806)

(*) In accordance with the Republic of Turkey Ministry of Treasury and Finance's letter numbered B.02.1.HM.O.SGM.0.3.1/01/05 and dated February 3, 2005, If subrogation transactions are carried out through lawsuit/enforcement, the related amounts are followed in the doubtful receivables from main operations account in the financial statements. And also the same amount of doubtful receivables are set aside. As of December 31, 2020 and December 31, 2019, the Company also recognizes and makes provisions for its subrogation and salvage income in accordance with the principles set out in the circular dated September 20, 2010 and numbered 2010/13 of the Ministry of Treasury and Finance.

The movements of provision for receivables from insurance operations are as follows:

	December 31, 2020	December 31, 2019
Provision for receivables from insurance operations at the beginning of the period	142.073.806	106.275.326
Provisions for agency receivables during the period	1.682.842	425.645
Provisions for subrogation and salvage receivables during the period	42.839.207	35.372.835
Provision for receivables from insurance operations at the end of the period	186.595.855	142.073.806

Liquidity Risk

Liquidity is the risk that the Company's struggle to perform its obligations which is arised from financial liabilities.

Management of liquidity risk

To avoid liquidity risk, maturity match between the assets and liabilities are considered, liquid assets are conserved in order to meet liquidity need completely.

4. Insurance and Financial Risk Management(continued)

4.2. Financial Risk Management(continued)

Liquidity Risk(continued)

Management of the liquidity risk (continued)

As of December 31, 2020 and 2019 remaining maturity distribution of monetary assets and liabilities are;

December 31, 2020	Book value	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	2.637.198.477	1.258.950.756	948.452.080	234.602.531	195.193.110	-
Financial instruments and financial investments that risk of them belongs to insured	2.084.767.583	172.224.050	579.249.479	552.088.749	353.661.005	427.544.300
Receivables from main operations	542.996.626	233.152.915	90.360.844	180.758.993	28.176.204	10.547.670
Receivables from related parties	3.842.987	3.842.987	-	-	-	-
Other receivables	53.364.364	53.364.364	-	-	-	-
Total monetary assets	5.322.170.037	1.721.535.072	1.618.062.403	967.450.273	577.030.319	438.091.970
Financial liabilities	153.691.169	153.691.169	-	-	-	-
Payables from main operations	254.868.095	169.703.202	25.220.386	59.944.507	-	-
Due to related parties	13.869	13.869	-	-	-	-
Other liabilities	52.162.087	14.137.137	38.024.950	-	-	-
Insurance technical provisions (*)	2.228.924.200	-	-	-	2.228.924.200	-
Tax and other similar liabilities and provisions for them	24.265.816	24.265.816	-	-	-	-
Provisions related with other risks	31.699.812	31.699.812	-	-	-	-
Total monetary liabilities	2.745.625.048	393.511.005	63.245.336	59.944.507	2.228.924.200	-
Net monetary position	2.576.544.989	1.328.024.067	1.554.817.067	907.505.766	(1.651.893.881)	438.091.970
December 31, 2019	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	3.543.604.161	1.688.912.568	834.948.484	722.038.246	297.704.863	-
Financial instruments and financial investments that risk of them belongs to insured	682.390.908	23.468.388	51.747.803	120.844.753	279.565.460	206.764.504
Receivables from main operations	463.409.689	195.501.780	72.917.074	161.518.885	24.911.779	8.560.171
Receivables from related parties	647.159	647.159	-	-	-	-
Other receivables	3.903.494	3.903.494	-	-	-	-
Total monetary assets	4.693.955.411	1.912.433.389	959.613.361	1.004.401.884	602.182.102	215.324.675
Financial liabilities	44.710.333	44.710.333	-	-	-	-
Payables from main operations	207.343.952	148.103.768	23.146.663	35.543.743	549.778	-
Due to related parties	9.322.313	9.322.313	-	-	-	-
Other liabilities	72.035.210	39.504.533	32.530.677	-	-	-
Insurance technical provisions (*)	1.758.272.677	-	-	-	1.758.272.677	-
Tax and other similar liabilities and provisions for them	95.349.464	40.096.542	55.252.922	-	-	-
Provisions related with other risks	11.848.923	11.848.923	-	-	-	-
Total monetary liabilities	2.198.882.872	293.586.412	110.930.262	35.543.743	1.758.822.455	-
Net monetary position	2.495.072.539	1.618.846.977	848.683.099	968.858.141	(1.156.640.353)	215.324.675

(*) Outstanding claims provisions are presented under short term liabilities in the accompanying financial statements.

Market Risk

Market risk is the risk that changes might happen in interest rate and currency rates may affect the Company's income or the value of financial assets that Company holds. The purpose of managing the market risk is to control of market risk amount is at acceptable parameters by optimizing the risk profitability.

Currency Risk

Company is exposed to the currency risk due to insurance and reinsurance operations made indexed to foreign exchange.

Foreign exchange gains and losses arised from foreign currency transactions are booked in records in the period which process is taken place. At the end of the period, amount of foreign currency active and passive accounts are valued using the T.C. Central Bank's buying rate of exchange and converted to TL and exchange differences occurred are reflected to books as a foreign exchange gain or loss.

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Market Risk (continued)

The details of currency risk that Company is exposed to be is listed in the table below:

December 31, 2020	USD	Euro	Other Currencies	Total
Cash and cash equivalents	43.059.317	27.046.049	-	70.105.366
Receivables from main operations	136.694.094	153.789.897	308.404	290.792.395
Total foreign currency assets	179.753.411	180.835.946	308.404	360.897.761
Payables from main operations	41.829.463	40.355.052	470.876	82.655.391
Insurance technical provisions	66.847.596	9.031.812	20.005	75.899.413
Other payables	5.509.728	2.008.826	-	7.518.554
Total foreign currency liabilities	114.186.787	51.395.690	490.881	166.073.358
Balance sheet position	65.566.624	129.440.256	(182.477)	194.824.403
December 31, 2019	USD	Euro	Other Currencies	Total
Cash and cash equivalents	3.605.732	5.824.520	-	9.430.252
Receivables from main operations	75.587.523	102.642.489	242.684	178.472.696
Total foreign currency assets	79.193.255	108.467.009	242.684	187.902.948
Payables from main operations	43.512.295	36.925.416	419.395	80.857.106
Insurance technical provisions	15.006.174	8.627.586	27.403	23.661.163
Other payables	4.736.746	1.637.970	-	6.374.716
Total foreign currency liabilities	63.255.215	47.190.972	446.798	110.892.985
Balance sheet position	15.938.040	61.276.037	(204.114)	77.009.963

In order to evaluate the table above related foreign currency amounts are converted to TL.

As at the end the of reporting period currency rates used to convert to foreign currencies are listed below:

	USD	Euro
December 31, 2020	7,3405	9,0079
December 31, 2019	5,9402	6,6506

Exposure Rate Risk

Due to the possibility of TL's 10% value decrease against currencies below, as of the period ended at December 31, 2020 and 2019 increase/(decrease) to be stated in equity and income statement (net of deferred tax) is shown in the table below. This analysis is prepared assuming that all other variables, especially interest rates remained stable. If TL's value increases 10% against related currencies the effect will be at the same amount but with reverse direction.

	December 31,2020 Income Statement	December 31, 2019 Income Statement
USD	6.556.662	1.593.804
Euro	12.944.026	6.127.604
Other	(18.248)	(20.411)
Total, net	19.482.440	7.700.997

4. Insurance and Financial Risk Management(continued)

4.2. Financial Risk Management(continued)

Exposure Interest Rate Risk

The risk that available for sale financial instrument portfolios face is the fluctuation in the market value of financial instruments as a result of the changes in interest rates. The basic risk that not available for sale financial instrument portfolios experience is the loss which will emerge due to the fluctuation that will occur in the upcoming cash flows and the decrease in fair value of financial instruments, as a result of the changes in interest rates in the market. Management of interest rate risk is made by following the interest rate margin and determining the previously approved limits for repricing bands.

As of December 31, 2020 and 2019, interest profile of Company's interest yield and not interest yield financial assets and liabilities are detailed in the table below:

	December 31, 2020	December 31, 2019
<i>Financial assets with fixed interest rates:</i>		
Bank deposit (Note 14)	2.126.448.182	2.825.249.042
Available for sale financial assets (Note 11)	776.577.697	474.268.610
Financial assets held-to maturity	1.063.014.636	157.870.944
<i>Variable interest financial assets</i>		
Available for sale financial assets (Note 11)	245.175.250	50.251.354

Interest rate sensitivity of the financial instruments

Interest senility of income statement is the effect of net interest income to the change of interest rate in assumed defiance's below, as of at the end of the years of December 31, 2020 and 2019, fair value of financial assets that their fair value differences are reflected to profit or loss, variable interest not available for sale financial assets and liabilities. During this analysis, other variables, especially the currency rates are assumed as stable.

December 31, 2020	Income Statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	-	-	(8.704.363)	9.004.979
Available for sale financial assets	-	-	(8.704.363)	9.004.979

December 31, 2019	Income Statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	-	-	(7.514.075)	7.858.631
Available for sale financial assets	-	-	(7.514.075)	7.858.631

4. Insurance and Financial Risk Management(continued)

4.2. Financial Risk Management(continued)

Classification of fair value measurements(continued)

Level 1: Registered (unadjusted) prices in the active market for identical assets and liabilities ,

Level 2: Directly (via prices) or by implication (by deriving from prices) observable data except the registered prices for assets and liabilities which taken part in the 1st level

Level 3: The data (not observable data) related to the assets and liabilities which does not depend on the observable market data

Classification requires that the usage of observable market data if it is applicable.

December 31,2020	Level 1	Level 2	Level 3	Total
Financial Assets:				
Available for sale financial assets (Note 11)	1.021.752.947	-	-	1.021.752.947
Total Financial Assets	1.021.752.947	-	-	1.021.752.947

December 31,2019	Level 1	Level 2	Level 3	Total
Financial Assets:				
Available for sale financial assets (Note 11)	524.519.964	-	-	524.519.964
Total Financial Assets	524.519.964	-	-	524.519.964

Capital Management

Company's major capital management policies are stated below:

- To adapt the capital adequacy conditions determined by Republic of Turkey Ministry of Treasury and Finance
- By ensuring the Company's sustainability providing permanent returns to shareholders and partners
- By determining the price of insurance policies in proportion with received insurance risk level, providing sufficient return to shareholders .

The Capital Adequacy of the Company is calculated within the framework of the Regulation on the Measurement and Assessment of the Capital Adequacy of Insurance and Reinsurance Companies and Pension Companies, which is published and published in the Official Gazette dated August 23, 2015 and numbered 29454. As of December 31, 2020, Company's minimum required equity capital amount calculated is TL 819.993.114 (December 31, 2019: TL 703.171.116). As of December 31, 2020, Company's equity capital is TL 1.248.873.607 (December 31, 2019: TL 953.035.195) more than minimum required equity capital amount.

Gains and losses arised from financial assets

	December 31, 2020	December 31, 2019
Foreign exchange gains	889.537.786	439.036.007
Income gained from financial investments	229.295.666	193.391.520
Income gained from derivative transactions	153.878.266	345.769.699
Valuation of financial assets	13.074.708	16.417.838
Income gained from building, land and property	75.880	68.980
Incomes of subsidiaries	56.875	139.308
Other income	1.713.054	75.095
Gains obtained from financial assets	1.287.632.235	994.898.447
Loss from disposal of financial assets	(555.495.405)	(136.268.730)
Foreign exchange losses	(204.476.052)	(215.284.671)
Losses obtained from financial assets	(759.971.457)	(351.553.401)
Financial gains and losses recognized in income statement, net	527.660.778	643.345.046

5. Segment Information

A segment is a severable part of Company's product or service production (operating segments) or economic environment (geographical section) in which risk and benefits of products and services produced may be distinguished from other segments.

Scope segments: As of the end of the reporting period, since the Company carries operations in the non-life insurance field which is followed as a sole reporting section, segment reporting is not presented.

6. Tangible Fixed Assets

Movement of tangible fixed assets between the periods of January 1 - December 31, 2020 and January 1 - December 31, 2019 are as follows:

	January 1, 2020	Additions	Disposals	December 31, 2020
Cost:				
Investment Properties (Note 7)	3.097.818	-	(85.000)	3.012.818
Owner Occupied Property	128.759.019	-	-	128.759.019
Furniture and Fixtures	25.882.261	8.025.172	(1.871.900)	32.035.533
Motor Vehicles	2.542.612	467.000	(2.120.974)	888.638
Other Tangible Assets (including leasehold improvements)	12.733.092	458.505	-	13.191.597
Fixed assets obtained via leasing	72.809	-	-	72.809
Right-of-use assets ⁽¹⁾	8.061.984	11.807.729	(7.094.758)	12.774.955
Advances on tangible fixed assets	-	1.792.220	-	1.792.220
	181.149.595	22.550.626	(11.172.632)	192.527.589
Accumulated depreciation:				
Investment Properties (Note 7)	(197.345)	(54.858)	11.900	(240.303)
Owner Occupied Property	(586.350)	(1.517.581)	-	(2.103.931)
Furniture and Fixtures	(15.210.095)	(4.675.076)	1.375.929	(18.509.242)
Motor Vehicles	(559.208)	(346.996)	688.908	(217.296)
Other Tangible Assets (including leasehold improvements)	(7.889.585)	(1.753.149)	-	(9.642.734)
Fixed assets obtained via leasing	(72.809)	-	-	(72.809)
Right-of-use assets ⁽¹⁾	(3.071.215)	(3.371.162)	5.186.430	(1.255.947)
	(27.586.607)	(11.718.822)	7.263.167	(32.042.262)
Net book value	153.562.988			160.485.327

⁽¹⁾ All of right-of-use assets consists vehicles as of December 31, 2020.

	January 1, 2019	Additions	Disposals	December 31, 2019
Cost:				
Investment Properties (Note 7)	1.991.878	1.105.940	-	3.097.818
Owner Occupied Property	8.542.769	120.216.250	-	128.759.019
Furniture and Fixtures	23.077.456	3.679.813	(875.009)	25.882.260
Motor Vehicles	1.946.281	695.265	(98.934)	2.542.612
Other Tangible Assets (including leasehold improvements)	11.003.656	1.930.931	(201.495)	12.733.092
Fixed assets obtained via leasing	72.809	-	-	72.809
Right-of-use assets ⁽¹⁾	-	8.221.216	(159.232)	8.061.984
	46.634.849	135.849.415	(1.334.670)	181.149.594
Accumulated depreciation:				
Investment Properties (Note 7)	(150.826)	(46.519)	-	(197.345)
Owner Occupied Property	(249.180)	(337.170)	-	(586.350)
Furniture and Fixtures	(11.662.398)	(4.187.511)	639.814	(15.210.095)
Motor Vehicles	(114.326)	(467.967)	23.085	(559.208)
Other Tangible Assets (including leasehold improvements)	(5.796.600)	(2.259.672)	166.687	(7.889.585)
Fixed assets obtained via leasing	(72.809)	-	-	(72.809)
Right-of-use assets ⁽¹⁾	-	(3.230.447)	159.232	(3.071.215)
	(18.046.139)	(10.529.286)	988.818	(27.586.607)
Net book value	28.588.710			153.562.987

⁽¹⁾ All of right-of-use assets consists vehicles as of December 31, 2019.

Revaluation is not applied over tangible fixed assets.

There is not any change in depreciation calculation method in the current period.

7. Investment Properties

As of balance sheet date, details of investment properties as follows:

	December 31, 2020	December 31, 2019
	Book value	Book value
İzmir Konak –Building	556.520	556.520
İzmir Karşıyaka- Building	416.320	416.320
Malatya – Office	46.294	46.294
Konya – Karatay, Land	6.931	6.931
İstanbul Esenyurt Flat	-	85.000
Heybeli Ada-House	749.272	749.022
İzmir Bornova- Building	523.603	523.603
Sapanca	240.150	240.150
Bilecik Land	23.150	23.400
Fon Sg Land	317.478	317.478
Kartal Building	133.100	133.100
Total	3.012.818	3.097.818
Accumulated depreciation	(240.303)	(197.345)
Net book value	2.772.515	2.900.473

Rent income gained from investment properties is TL 75.880 during the period (31 December 2019: TL 68.980).

8. Intangible Fixed Assets

Movements of intangible fixed assets between the periods of January 1 - December 31, 2020 and January 1 - December 31, 2019 are as follows:

	January 1, 2020	Additions	Transfer	Disposals	December 31, 2020
Cost:					
Other intangible fixed assets	31.637.689	8.192.617	354.159	(3.926.078)	36.258.387
Advances given	330.354	23.805	(354.159)	-	-
	31.968.043	8.216.422	-	(3.926.078)	36.258.387
Accumulated depreciation:					
Other intangible fixed assets	(19.969.814)	(6.590.645)	-	2.441.624	(24.118.835)
	(19.969.814)	(6.590.645)	-	2.441.624	(24.118.835)
Carrying Amount	11.998.229				12.139.552
	January 1, 2019	Additions	Transfer	Disposals	December 31, 2019
Cost:					
Other intangible fixed assets	24.093.519	7.314.438	229.732	-	31.637.689
Advances given	229.732	330.353	(229.732)	-	330.353
	24.323.251	7.644.791	-	-	31.968.042
Accumulated depreciation:					
Other intangible fixed assets	(14.236.949)	(5.732.864)	-	-	(19.969.813)
	(14.236.949)	(5.732.864)	-	-	(19.969.813)
Carrying Amount	10.086.302				11.998.229

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9. Investments in Associates

	December 31, 2020		December 31, 2019	
	Registered Value	Share rate %	Registered Value	Share rate %
Tarım Sig. Havuz İřlt. A.ř.	684.773	4,54	569.340	4,17
Associates, net	684.773		569.340	

10. Reinsurance Assets and Liabilities

Reinsurance assets and liabilities of Company's cedent business title as a result of the current reinsurance agreements are showed detailed in the table below:

Reinsurance assets	December 31, 2020	December 31, 2019
Reinsurer's share of outstanding claim reserve (Note 17)	776.078.059	607.950.909
Reinsurer's share of unearned premiums reserve (Note 17)	710.390.233	665.559.465
Reinsurer's share of equalization reserve (Note 17)	146.847.467	116.977.086
Receivables from reinsurance firms (Note 12)	43.167.393	34.056.353
Reinsurer's share of unexpired risks reserve (Note 17)	23.790.976	2.968.981
Total	1.700.274.128	1.427.512.794

There is not recognized impairment related with reinsurance assets.

Reassurance Liabilities	December 31, 2020	December 31, 2019
Payables to reinsurance firms, net (Note 19)	146.395.544	145.964.085
Deferred commission income (Note 19)	121.173.819	107.824.520
Total	267.569.363	253.788.605

Gains and losses which recognized in the income statement according to the Company's reinsurance agreements are shown in the table below:

	December 31, 2020	December 31, 2019
Ceded premiums to reinsurer in the current period	(1.177.010.044)	(1.007.488.165)
Reinsurer's share of unearned premiums reserve at the beginning of the year	(665.559.465)	(565.104.720)
Reinsurer's share of unearned premiums reserve at the end of the year	710.390.233	665.559.465
Earned reinsurer premiums	(1.132.179.276)	(907.033.420)
Reinsurer share of claims paid in the current period (Note 17))	423.654.340	407.979.304
Reinsurer share of outstanding claims reserve at the beginning of the year (Note 17)	(607.950.909)	(474.613.046)
Reinsurer share of outstanding claims reserve at the end of the year (Note 17)	776.078.059	607.950.909
Reinsurer's share in claims (Note 17)	591.781.490	541.317.167
Accrued commission income in the period from reinsurers (Note 32)	210.741.770	184.457.831
Deferred commission income at the beginning of the year	107.824.520	94.018.857
Deferred commission income at the end of the year (Note 19), (Note 32)	(121.173.819)	(107.824.520)
Commission income earned from reinsurers (Note 32)	197.392.471	170.652.168
Change in unexpired risk reserves, reinsurer share (Note 17)	20.821.995	1.939.354
Change in equalization reserve, reinsurer share (Note 17)	29.870.381	24.098.264
Total, net	(292.312.939)	(169.026.467)

11. Financial Assets

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

December 31, 2020				
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Government Bond – TL	610.000.000	678.161.183	693.306.000	693.306.000
Private sector bond - TL	329.495.955	336.347.069	328.446.947	328.446.947
Available for sale financial assets	939.495.955	1.014.508.252	1.021.752.947	1.021.752.947

December 31, 2019				
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Government Bond – TL	487.000.000	451.545.335	474.268.610	474.268.610
Private sector bond - TL	50.000.000	50.000.000	50.251.354	50.251.354
Available for sale financial assets	537.000.000	501.545.335	524.519.964	524.519.964

December 31, 2020				
	Nominal Value	Acquiring Cost	Fair Value	Carrying Amount
Debt Instruments:				
Eurobond Government Bonds-USD	286.815.357	285.109.145	290.480.848	290.387.267
Eurobond Private Sector Bonds-USD	762.846.782	769.967.407	772.764.338	772.627.369
Financial assets held-to maturity	1.049.662.139	1.055.076.552	1.063.245.186	1.063.014.636

December 31, 2019				
	Nominal Value	Acquiring Cost	Fair Value	Carrying Amount
Debt Instruments:				
Bank Bills – TL	164.000.000	139.333.540	162.796.140	157.870.944
Financial Assets Held-to Maturity	164.000.000	139.333.540	162.796.140	157.870.944

There is not overdue but not impaired yet financial assets in Company's financial asset portfolio.

There is not security that represents borrowing which is issued in the current period or amortized in the current period of previously issued.

Movement of financial assets in the current period is presented below:

December 31, 2020	Available for sales	Held to maturities	Total
Balance at the beginning of the period	524.519.964	157.870.944	682.390.908
Additions	966.910.911	1.189.200.410	2.156.111.321
Disposals (either sold or settled)	(453.947.995)	(349.381.945)	(803.329.940)
Change in the fair value of financial assets	(15.729.933)	65.325.227	49.595.294
Balance at the end of the period	1.021.752.947	1.063.014.636	2.084.767.583

December 31, 2019	Available for sales	Held to maturities	Total
Balance at the beginning of the period	-	178.332.763	178.332.763
Additions	501.545.336	236.718.162	738.263.498
Disposals (either sold or settled)	-	(265.221.692)	(265.221.692)
Change in the fair value of financial assets	22.974.628	8.041.711	31.016.339
Balance at the end of the period	524.519.964	157.870.944	682.390.908

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12. Credits and Receivables

	December 31, 2020	December 31, 2019
Receivables from main operations (Note 4.2)	542.996.626	463.409.689
Other receivables ^(*) (Note 4.2)	53.364.364	3.903.494
Receivables from related parties (Note 4.2), (Note 45)	3.842.987	647.159
Total	600.203.977	467.960.342
Short-term receivables	589.656.307	459.400.171
Long-term receivables	10.547.670	8.560.171
Total	600.203.977	467.960.342

(*) As of December 31, 2020, the Company's other receivables amounted TL 53.364.364 (31 December 2019: TL 3.903.494) consist of receivables from TARSIM (Agricultural Insurance Pool) Natural Disaster Insurance Institution (TCIP) and other receivables.

As at 31 December 2020 and 31 December 2019, the details of the receivables from main operations are as follows:

	December 31, 2020	December 31, 2019
Receivables from agencies, brokers and intermediaries	414.619.474	354.473.880
Allowance for doubtful receivables from main operations- subrogation receivables	162.568.164	127.365.228
The amounts to be collected via subrogation and salvage	84.094.518	58.225.138
Receivables from main operations- Legal follow-up	10.180.483	9.766.618
Receivables from insured	10.605.584	12.486.715
Receivables from reinsurance firms (Note 10)	43.167.393	34.056.353
Receivables from insurance companies	6.908.599	10.621.131
Rediscount of receivables from insurance operations	(2.551.734)	(1.511.568)
Total receivable from insurance operations	729.592.481	605.483.495
Allowance for doubtful receivable from main operations – subrogation receivables (Note 4.2)	(162.568.164)	(127.365.228)
Allowance for doubtful receivable from main operations – legal and execution follow-up (Note 4.2)	(8.987.709)	(8.573.844)
Impairment provision of premium receivables from agency, broker and intermediaries	(4.250.074)	(2.981.097)
Provision of subrogation and salvage receivable	(10.789.908)	(3.153.637)
Total provisions for receivables from insurance operations	542.996.626	463.409.689

Company makes provisions for receivables as following the dated September 20, 2010 published by Ministry of Treasury and Finance “Circular numbered 2010/13 Related with Subrogation and Salvage Income” which states following the 6 months of claim payment of accrued subrogation receivables for in debt insurance firm or following the 4 months for 3rd parties. As of December 31, 2020 Company has made provisions for receivable amounted to TL 7.314.537 (December 31, 2019: TL 820.608) for the subrogation receivables not collected in the periods stated in the circular above

As at 31 December 2020 and 31 December 2019, the details of mortgages and other commitments for the Company's receivables are presented below:

	December 31, 2020	December 31, 2019
Mortgage bond	24.857.000	25.067.000
Guarantee letter	34.852.500	27.879.585
Other commitments received	7.575.769	7.162.054
Other guarantee and bails	29.470.014	4.194.094
Total	96.755.283	64.302.733

12. Receivables (continued)

Provisions for doubtful receivables for overdue receivables and receivables not due yet:

a) Movement of allowance for doubtful receivables (due) in legal and execution follow-up in the period as follows:

	December 31, 2020	December 31, 2019
Receivable provision in legal and execution follow-up at the beginning of the period	8.573.844	8.450.867
Canceled in the period	(413.867)	(8.107)
Booked provision in current period	827.732	131.084
Receivable provision in legal and execution follow-up at the end of the year	8.987.709	8.573.844

b) Movement of premium receivable provisions in the period as follows:

	December 31, 2020	December 31, 2019
Premium receivable provision at the beginning of the period	2.981.097	2.678.429
Canceled in the period	(413.866)	-
Booked provision in current period	1.682.843	302.668
Premium receivable provision at the end of the year	4.250.074	2.981.097

c) Movement of subrogation receivable provision which is subject to a suit in the period as follows:

	December 31, 2020	December 31, 2019
Receivable provision which is subject to a suit at the beginning of the year	127.365.228	92.661.886
Net booked provision in current period	35.202.936	34.703.342
Receivable provision which is subject to a suit at the end of the year	162.568.164	127.365.228

d) Movement of subrogation and salvage receivables provisions in the period as follows:

	December 31, 2020	December 31, 2019
Subrogation and salvage receivables provision at the beginning of the year	3.153.637	2.484.144
Booked/cancelled provisions in the current period	7.636.271	669.493
Subrogation and salvage receivables provision at the end of the year	10.789.908	3.153.637

Company's receivable and payable relationship with shareholders, subsidiaries and associates are stated detailed in Note 45.

Receivables and payables which does not have an exchange rate guarantee and represented via foreign currencies and the separate amounts of current foreign exchange moneys and their conversion rate to TL is stated in Note 4.2.

13. Derivative Financial Instruments

As of reporting date, due to forward foreign currency contracts the Company has appreciation balance under their income accruals amounting to TL 107.410.991 (December 31, 2019: 41.144.918) and depreciation value under their other financial liabilities amounting to TL (142.762.281) (December 31, 2019: (39.556.970)). The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Income Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

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Originally Issued in Turkish, See Note 2.1.1*

14. Cash and Cash Equivalents

As at December 31, 2020 and December 31, 2019, details of cash and cash equivalents are as follows:

	December 31, 2020	December 31, 2019
Bank Deposits	2.156.989.743	2.836.077.582
Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	480.208.734	707.166.208
Other Cash and Cash Equivalents	-	360.371
Total	2.637.198.477	3.543.604.161

As at December 31, 2020 and December 31, 2019, detail of bank deposits account as follows:

		December 31, 2020		December 31, 2019	
		Original Amount	TL Amount	Original Amount	TL Amount
Demand:					
USD	1.861.894	13.667.233	607.005	3.605.732	
EUR	1.002.030	9.026.188	876.083	5.824.520	
TL	7.848.140	7.848.140	1.398.288	1.398.288	
Time:					
USD	145.717.690	798.839.118	-	-	
EUR	99.227.798	1.164.635.663	362.079.788	2.408.047.835	
TL	162.973.401	162.973.401	417.201.207	417.201.207	
Total		2.156.989.743		2.836.077.582	

As of December 31, 2020 and December 31, 2019, other cash and cash equivalents consist of credit card receivables. Credit card receivables are hold for 26 and 90 days blockage in account.

Details of financial assets which Company gave as a commitment on behalf of Republic of Turkey Ministry of Treasury and Finance as a need of insurance operations are as follows:

		December 31, 2020		Fair Value	Book Value
		Nominal Value	Acquisition Value		
Blocked Amounts	359.786.184	359.786.184	361.060.571	361.060.571	
Total	359.786.184	359.786.184	361.060.571	361.060.571	

		December 31, 2019		Fair Value	Book Value
		Nominal Value	Acquisition Value		
Blocked Amounts	337.215.540	313.787.389	334.653.296	330.482.980	
Total	337.215.540	313.787.389	334.653.296	330.482.980	

15. Equity

Paid Capital

As of December 31, 2020, the Company's nominal capital is TL 190.000.000 (31 December 2019: TL 190.000.000) Company's capital is comprised of issued and worth of Kuruş 1 nominal value for each one of 19.000.000.000 numbers of shares.

There is no privilege recognized to equity shares which represents the capital.

Sompo International Holding Inc. is the capital group whose direct or indirect control over the Company's capital as of December 31, 2020 and December 31, 2019.

There are not Company's own equity shares which is kept by Company or Company's associate or Company's subsidiaries. There are not equity shares in Company to issue for float shares by force of futures and contracts.

15. Equity

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:

	December 31, 2020	December 31, 2019
Legal reserves at the beginning of the year	54.315.038	39.926.152
Transfer to profit and other reserves	(11.537.260)	14.388.886
Legal reserves at the end of the period	42.777.778	54.315.038

Extraordinary reserves

The movement table for extraordinary reserves is as follows:

	December 31, 2020	December 31, 2019
Extraordinary reserves at the beginning of the year	883.399.137	610.010.333
Transfer to profit and other reserves	482.080.299	273.388.804
Extraordinary reserves at the end of the period	1.365.479.436	883.399.137

Revaluation of Financial Assets

The movement table for revaluation of financial assets is as follows:

	December 31, 2020	December 31, 2019
Revaluation differences as the beginning of the period	11.386.831	-
Change in the fair value of financial assets	(31.231.202)	11.386.831
Revaluation differences as the end of the period	(19.844.371)	11.386.831

Other reserves

At dated July 4, 2007 and numbered 2007/3 published by Republic of Turkey Ministry of Treasury and Finance "Circular of Orientation of Provisions of Insurance, Reinsurance and Pension Firms to the numbered 5684 Provisions of Insurance Laws" for the year 2007 it is sentenced not to book earthquake damage provision. However, previously booked earthquake damage provisions (earthquake damage provision amount which is stated in balance sheet as of December 31, 2006) are required to transfer to voluntary reserves according to the temporary 5th item of mentioned law, for this purpose it is stated that the current earthquake damage provision amount as of December 31, 2006 and including the gains obtained via directing related amount to investment, related provisions are going to be transferred to 549.01 account "transferred earthquake damage provisions" which will be identified as of September 1, 2007 and it will not be a subject to dividend payment and will not be transferred to another account under no circumstances. Following related circular Company has stated TL 8.808.057 (December 31, 2019 – TL 8.808.057) earthquake damage provision under other profit reserves which Company has booked in its December 31, 2006 financials due to the earthquake damage provision Company has booked and including the gains obtained via directing related amount to investment.

Special Funds

TAS 19 - Employee Benefits Related to Turkey Accounting Standard requires the use of actuarial method in calculating the provision for employee termination benefits. As of 31 December 2020, actuarial calculation has been made for related liabilities and actuarial loss (deferred tax free) has been recorded amounting to TL 1.470.628 in special funds under equity. (31 December 2019: TL 1.183.354)

16. Other Provisions and Capital Component of Discretionary Participation

As of December 31, 2020 and 2019 there is not any other reserves which is stated under equity except the previously booked earthquake damage provision which is recognized under "other profit reserves". As of December 31, 2020 and 2019 Company does not have a contract with a future of capital component of discretionary participation.

17. Insurance Liabilities and Reinsurance Assets

As of December 31, 2020 and December 31, 2019, the details of insurance technical reserves of the Company are as follows:

	December 31, 2020	December 31, 2019
Gross unearned premiums reserve	1.776.976.965	1.867.908.982
Reinsurer's share of unearned premiums reserve (Note 10)	(641.533.008)	(579.909.842)
SSI's share of unearned premiums reserve (Note 10)	(68.857.225)	(85.649.623)
Unearned premiums reserve, net	1.066.586.732	1.202.349.517
Gross outstanding claim reserve	3.005.002.259	2.366.223.586
Reinsurer's share of gross outstanding claim reserve (Note 4.2) (Note 10)	(776.078.059)	(607.950.909)
Outstanding claim reserve, net	2.228.924.200	1.758.272.677
Equalization reserve	192.922.205	155.878.552
Reinsurer's share of equalization reserve (Note 10)	(146.847.467)	(116.977.086)
Equilization reserve, net	46.074.738	38.901.466
Unexpired risks reserve	27.894.960	3.662.201
Reinsurer's share of unexpired risks reserve (Note 10)	(23.790.976)	(2.968.981)
Unexpired risks reserve, net	4.103.984	693.220
Other technical reserve (*)	1.163.711	5.477.147
Reinsurer's share of other technical reserve	-	-
Other technical reserve, net	1.163.711	5.477.147
Total technical provisions, net	3.346.853.365	3.005.694.027
Short term	3.300.778.627	2.966.792.561
Medium and long term	46.074.738	38.901.466
Total technical provisions, net	3.346.853.365	3.005.694.027

(*) The Company makes provision for amounts that can be returned to fleet customers as of 2019. It is stated in the protocols made with these customers that if the loss/premium ratio which is previously determined is below, a refund will be made.

Unearned premiums reserve:

	December 31, 2020		
	Gross	Reinsurer and SSI share	Net
Unearned premiums reserve at the beginning of the year	1.867.908.982	(665.559.465)	1.202.349.517
Written premiums in the period	3.332.713.298	(1.314.865.644)	2.017.847.654
Earned premiums in the period	(3.423.645.315)	1.270.034.876	(2.153.610.439)
Unearned premiums reserve at the end of the year	1.776.976.965	(710.390.233)	1.066.586.732

	December 31, 2019		
	Gross	Reinsurer and SSI share	Net
Unearned premiums reserve at the beginning of the year	1.392.891.032	(565.104.720)	827.786.312
Written premiums in the period	3.363.087.938	(1.159.683.070)	2.203.404.868
Earned premiums in the period	(2.888.069.988)	1.059.228.325	(1.828.841.663)
Unearned premiums reserve at the end of the year	1.867.908.982	(665.559.465)	1.202.349.517

17. Insurance Liabilities and Reinsurance Assets (continued)

Provision for outstanding claims

	December 31, 2020		
	Gross	Reinsurer Share	Net
Outstanding claim reserve at the beginning of the year	2.366.223.586	(607.950.909)	1.758.272.677
Reported claims in the period and the changes in estimations of outstanding claim reserve at the beginning of the year	2.161.648.095	(591.781.490)	1.569.866.605
Claim payments during the period	(1.522.869.422)	423.654.340	(1.099.215.082)
Outstanding claim reserve at the end of the year	3.005.002.259	(776.078.059)	2.228.924.200

	December 31, 2019		
	Gross	Reinsurer Share	Net
Outstanding claim reserve at the beginning of the year	1.922.704.499	(474.613.046)	1.448.091.453
Reported claims in the period and the changes in estimations of outstanding claim reserve at the beginning of the year	1.904.204.160	(541.317.167)	1.362.886.993
Claim payments during the period	(1.460.685.073)	407.979.304	(1.052.705.769)
Outstanding claim reserve at the end of the year	2.366.223.586	(607.950.909)	1.758.272.677

	December 31, 2020			December 31, 2019		
	Gross	Reinsurer Share	Net	Gross	Reinsurer Share	Net
Incurring and reported claims	1.675.472.113	(736.506.072)	938.966.041	1.336.468.177	(563.478.392)	772.989.785
Incurring but not reported claims	1.792.757.803	(107.054.080)	1.685.703.723	1.386.890.984	(84.056.449)	1.302.834.535
Net Cash Flow						
Discount	(463.227.657)	67.482.093	(395.745.564)	(357.135.575)	39.583.932	(317.551.643)
Total	3.005.002.259	(776.078.059)	2.228.924.200	2.366.223.586	(607.950.909)	1.758.272.677

Equilization Reserve

	December 31, 2020		
	Gross	Reinsurer Share	Net
Equilization reserve at the beginning of the year	155.878.552	(116.977.086)	38.901.466
Net change	37.043.653	(29.870.381)	7.173.272
Equilization reserve at the end of the year	192.922.205	(146.847.467)	46.074.738

	December 31, 2019		
	Gross	Reinsurer Share	Net
Equilization reserve at the beginning of the year	124.726.204	(92.878.822)	31.847.382
Net change	31.152.348	(24.098.264)	7.054.084
Equilization reserve at the end of the year	155.878.552	(116.977.086)	38.901.466

17. Insurance Liabilities and Reinsurance Assets (continued)

Provision for unexpired risks

	December 31, 2020		
	Gross	Reinsurer Share	Net
Provision for unexpired risks at the beginning of the period	3.662.201	(2.968.981)	693.220
Net change	24.232.759	(20.821.995)	3.410.764
Provision for unexpired risks at the end of the period	27.894.960	(23.790.976)	4.103.984

	December 31, 2019		
	Gross	Reinsurer Share	Net
Provision for unexpired risks at the beginning of the period	1.088.787	(1.029.627)	59.160
Net change	2.573.414	(1.939.354)	634.060
Provision for unexpired risks at the end of the period	3.662.201	(2.968.981)	693.220

Claim Development Table

The main assumption used to predict the outstanding claim reserve is Company's claim development experience from the past periods. Company management uses its own judgments while determining how external factors like legal decisions and changes in regulations will affect the outstanding claim reserve. Sensitivity of some estimations like legal changes and uncertainties during the prediction process is not measurable. Besides, long delays between the time of claim incurred and the time payment is made inhibits the determination of outstanding claim reserve definitely as of balance sheet date. Therefore, total liabilities may differ depending on the subsequent events and the differences occurred due to the re-estimation of liabilities are reflected to financial statement in upcoming periods. The development of insurance liabilities enables to measure the Company's performance of estimation of total claim liabilities. The numbers that is shown in the upside of below tables, from the years claims has incurred in, show the change of Company's total estimations for claims in the subsequent years. The numbers that are shown in the underside of the tables, give the outstanding claim reserves stated in financial statements and their confirmation.

17. Insurance Liabilities and Reinsurance Assets(continued)

December 31, 2020	2014	2015	2016	2017	2018	2019	2020	Total
Claim Year								
Claim year	269.378.483	496.318.042	690.717.354	942.987.036	1.202.095.331	1.395.035.839	1.434.315.263	6.430.847.348
1 year later	279.959.576	527.599.455	766.575.828	1.087.794.972	1.375.689.927	1.567.111.249	-	5.604.731.007
2 year later	300.128.181	556.441.207	827.317.075	1.183.335.849	1.488.393.062	-	-	4.355.615.174
3 year later	310.663.948	585.670.824	864.475.965	1.238.627.025	-	-	-	2.999.437.762
4 year later	324.072.668	609.129.010	885.326.499	-	-	-	-	1.818.528.177
5 year later	333.471.558	640.219.553	-	-	-	-	-	973.691.111
6 year later	342.981.510	-	-	-	-	-	-	342.981.510
Gross incurred claims	342.981.510	640.219.553	885.326.499	1.238.627.025	1.488.393.062	1.567.111.249	1.434.315.263	7.596.974.161
Total payments made up to today	292.934.405	460.481.426	698.157.375	1.035.475.924	1.275.934.093	1.263.426.508	1.084.354.286	6.110.764.017
Total provision in financial statements	50.047.105	179.738.127	187.169.124	203.151.101	212.458.969	303.684.741	349.960.977	1.486.210.144
Gross outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2014	-	-	-	-	-	-	-	189.261.969
Gross IBNR amount booked as of December 2020	-	-	-	-	-	-	-	1.792.757.803
Outstanding claim provisions discount adjustment	-	-	-	-	-	-	-	(463.227.657)
Total gross outstanding claim reserve amount stated in financial statements at the end of the year	-	-	-	-	-	-	-	3.005.002.259
December 31, 2019	2013	2014	2015	2016	2017	2018	2019	Total
Claim Year								
Claim year	214.667.782	269.378.483	496.318.042	690.717.354	928.845.197	1.143.651.876	1.334.796.903	5.078.375.637
1 year later	218.389.776	279.959.576	527.599.455	766.575.828	1.059.249.292	1.272.263.113	-	4.124.037.040
2 year later	227.602.688	300.128.180	556.441.207	827.317.075	1.141.914.178	-	-	3.053.403.328
3 year later	238.365.704	310.663.949	585.670.824	864.475.964	-	-	-	1.999.176.441
4 year later	248.266.046	324.072.668	609.129.010	-	-	-	-	1.181.467.724
5 year later	251.691.580	333.471.557	-	-	-	-	-	585.163.137
6 year later	256.588.691	-	-	-	-	-	-	256.588.691
Total gross incurred claims	256.588.691	333.471.557	609.129.010	864.475.964	1.141.914.178	1.272.263.113	1.334.796.903	5.812.639.416
Total payments made up to today	225.804.120	286.759.377	451.073.961	676.991.806	963.983.526	1.111.981.965	913.926.045	4.630.520.800
Total provision in financial statements	30.784.571	46.712.180	158.055.049	187.484.158	177.930.652	160.281.148	420.870.858	1.182.118.616
Gross outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2013	-	-	-	-	-	-	-	154.349.561
Gross IBNR amount booked as of December 2019	-	-	-	-	-	-	-	1.386.890.984
Outstanding claim provisions discount adjustment	-	-	-	-	-	-	-	(357.135.575)
Total gross outstanding claim reserve amount stated in financial statements at the end of the year	-	-	-	-	-	-	-	2.366.223.586

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17. Insurance Liabilities and Reinsurance Assets (continued)

December 31, 2020	2014	2015	2016	2017	2018	2019	2020	Total
Claim Year								
Claim year	220.020.264	308.382.993	532.214.006	774.381.543	851.527.142	991.274.011	1.105.555.763	4.783.355.722
1 year later	226.137.672	329.875.624	625.731.202	872.803.697	929.188.086	1.065.606.195	-	4.049.342.476
2 year later	245.494.893	355.044.564	681.353.361	934.107.652	948.791.907	-	-	3.164.792.377
3 year later	254.128.906	367.279.167	711.993.893	955.227.787	-	-	-	2.288.629.753
4 year later	265.318.527	377.463.530	731.271.391	-	-	-	-	1.374.063.448
5 year later	272.546.084	382.716.440	-	-	-	-	-	655.262.524
6 year later	277.993.027	-	-	-	-	-	-	277.993.027
Total gross incurred claims	277.993.027	382.716.440	731.271.391	955.227.787	948.791.907	1.065.606.195	1.105.555.763	5.467.162.510
Total payments made up to today	245.423.254	341.205.732	601.376.812	802.072.951	821.871.244	939.132.340	883.970.675	4.635.053.008
Total provision in financial statements	32.569.773	41.510.708	129.894.579	153.154.836	126.920.663	126.473.855	221.585.088	832.109.502
Net outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2014	-	-	-	-	-	-	-	-
Net IBNR amount booked as of December 2020	-	-	-	-	-	-	-	106.856.539
Outstanding claim provisions discount adjustment	-	-	-	-	-	-	-	1.685.703.723
Total net outstanding claim reserve amount stated in financial statements at the end of the year	-	-	-	-	-	-	-	(395.745.564)
								2.228.924.200

December 31, 2019	2013	2014	2015	2016	2017	2018	2019	Total
Claim Year								
Claim year	168.827.560	220.020.264	308.382.993	532.214.006	780.952.935	939.208.379	1.045.819.636	3.995.425.773
1 year later	173.259.936	226.137.672	329.875.624	625.731.202	906.891.308	1.072.662.779	-	3.334.558.521
2 year later	180.311.176	245.494.893	355.044.564	681.353.361	983.768.552	-	-	2.445.972.546
3 year later	189.152.946	254.128.906	367.279.167	711.993.893	-	-	-	1.522.554.912
4 year later	197.428.136	265.318.527	377.463.530	-	-	-	-	840.210.193
5 year later	200.946.786	272.546.084	-	-	-	-	-	473.492.870
6 year later	204.287.125	-	-	-	-	-	-	204.287.125
Total gross incurred claims	204.287.125	272.546.084	377.463.530	711.993.893	983.768.552	1.072.662.779	1.045.819.636	4.688.541.599
Total payments made up to today	186.619.306	240.721.294	334.813.222	583.617.985	830.333.345	937.280.339	872.848.599	3.986.234.090
Total provision in financial statements	17.667.819	31.824.790	42.650.308	128.375.908	153.435.207	135.382.440	172.971.037	682.307.509
Net outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2013	-	-	-	-	-	-	-	-
Net IBNR amount booked as of December 2019	-	-	-	-	-	-	-	90.682.276
Outstanding claim provisions discount adjustment	-	-	-	-	-	-	-	1.302.834.535
Total net outstanding claim reserve amount stated in financial statements at the end of the year	-	-	-	-	-	-	-	(317.551.643)
								1.758.272.677

17. Insurance Liabilities and Reinsurance Assets(continued)

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

	December 31, 2020			December 31 2019		
	To be provided (**)	Provided (*)	Book value	To be provided (**)	Provided (*)	Book value
Non-life:						
Financial assets (*)	246.473.829	359.786.184	361.060.571	271.580.976	313.787.389	330.482.980
Total	246.473.829	359.786.184	361.060.571	271.580.976	313.787.389	330.482.980

(*) In accordance with the article 6 of Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies", government bonds classified under financial assets are shown by using the daily prices published by CBRT as of December 31, 2020 and 2019.

(**) In accordance with the article 7 of Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies", insurance companies and pension companies operating in the life and personal accident branches have to provide their guarantees following the 2 months of capital adequacy calculation periods. In accordance with Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies" Companies send their capital adequacy table to T.C. Ministry of Treasury and Finance for the June and December periods within the 2 months period.

Insurance guarantee amounts given by branches

	December 31, 2020	December 31, 2019
Third party liability for motor vehicles (MTPL)	22.521.311.707.044	14.656.141.821.128
Fire and Natural Disasters	3.449.324.266.700	2.333.073.736.913
Accident	103.408.680.103	77.718.429.383
General Losses	876.111.066.731	611.846.739.925
Transportation	435.217.082.227	258.508.134.608
General Liability	116.064.089.266	79.303.558.556
Motor Vehicles	153.398.756.413	92.372.570.482
Health	835.223.526.416	533.878.319.023
Legal Protection	61.243.105.479	48.225.347.137
Aircraft	4.690.956.393	4.690.956.393
Financial Losses	61.021.446.601	39.209.902.131
Water Craft	8.528.183.577	5.092.099.494
Water Craft Liability	2.368.018.686	1.457.665.371
Total	28.627.910.885.636	18.741.519.280.544

Company's number of life insurance policies, additions, disposals during the period and the related mathematical reserves

None.

Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period

None.

Distribution of mathematical reserves for life insurance policyholders who left the company's portfolio as individual or group during the period

None.

Accrued subrogation and salvage income

As of December 31, 2020, the Company has subrogation and salvage income amounting to TL 53.401.045 (December 31, 2019: TL 38.919.801).

17. Insurance Liabilities and Reinsurance Assets(continued)

Deferred commission expenses

Hanging in the following periods of paid commissions to related intermediaries for premium production is capitalized under the "prepaid expenses" account. Prepaid expenses amounted TL 382.589.790 (December 31, 2019: TL 297.522.906) consist of deferred production commission amounted TL 258.827.334 (31 December 2019: TL 242.925.012), income accruals amounted TL 107.410.991 (December 31, 2019: 41.144.918) and other prepaid expenses amounted TL 16.351.465 (31 December 2019: TL 13.452.976)

Movement of deferred production commissions as of December 31, 2020 and 2019 is as follows:

	December 31,2020	December 31,2019
Deferred production commissions at the beginning of the year	242.925.012	185.071.189
Commissions to intermediaries accrued during the period (Note 32)	479.060.087	462.295.367
Commissions recognized as expense during the period (Note 32)	(463.157.765)	(404.441.544)
Deferred production commissions at the end of the year	258.827.334	242.925.012

Individual pension

None.

18. Investment contract liabilities

None.

19. Trade and other payables and deferred income

	December 31,2020	December 31,2019
Financial liabilities	153.691.169	44.710.333
Payables from main operations	254.868.095	207.343.952
Income related to future months/years and expense accruals	121.897.139	115.040.263
Taxes and other similar liabilities to be paid and their provisions	24.265.816	95.349.464
Other payables	52.162.087	72.035.210
Dues to related parties	13.869	9.322.313
Total	606.898.175	543.801.535
Short-term liabilities	587.545.535	530.826.506
Medium and long-term liabilities	19.352.640	12.975.029
Total	606.898.175	543.801.535

With "Numbered 6111 Law to make change in Restructuring of Some Receivables and Social Insurance and General Health Insurance Law and Some Other Law and Delegated Legislations" dated February 25, 2011 and numbered 27857 came into force by issued in Official Gazette and dated August 27, 2012 and numbered 28038 issued in the Official Gazette "Regulation of Rules and Procedures Related with the Collection of Service Fees which is presented to Whom it may Concern due to the Traffic Accidents" and written premiums between the time period of Regulation numbered 2012/17 and all of the payable amount TL 28.574.122 (December 31, 2019: TL 49.324.814) to be ceded to SSI for those premiums, is classified under short term liabilities as "Payables to Social Security Institution Related to Treatment Expenses".

As of December 31, 2020 and 2019 other payables consist of premiums to be ceded to SSI related with treatment costs and payments to make for external benefit and services.

Income related to future months and expense accruals consist of deferred commission income (Note 10) amounting to TL 121.173.819 (31 December 2019: TL 107.824.520) and other expense accruals amounted to TL 723.320 (31 December 2019: TL 7.215.743).

19. Trade and other payables and deferred income(continued)

Details of Company's payables from main operations account as of December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Payables to reinsurance firms (Note 10)	149.977.537	147.577.436
Payables to agency and insurance companies	84.005.998	28.499.932
Rediscount on payables to reinsurance firms (Note 10)	(3.581.993)	(1.613.351)
Total payables from insurance operations	230.401.542	174.464.017
Other payables from main operations	24.466.553	32.879.935
Payables from main operations	254.868.095	207.343.952

As of December 31, 2020 and December 31, 2019, receivables from other main operations consist of receivables to authorized services and suppliers.

Corporate tax provision and taxes to be paid are detailed below:

	December 31, 2020	December 31, 2019
Prepaid taxes	212.202.542	73.872.124
Provision of calculated corporate tax	(134.363.095)	(126.211.626)
Current period tax asset / (liability), net	77.839.447	(52.339.502)

20. Financial Liabilities

As of 31 December 2020 and 31 December 2019 financial liabilities are as follows:

	31 December 2020	31 December 2019
Expense accruals from derivatives	142.762.281	39.556.970
TFRS 16 lease liabilities	10.928.888	5.153.363
	153.691.169	44.710.333

As of December 31, 2020, due to forward foreign currency contracts the Company has depreciation balance under their other financial liabilities account. The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Revenue Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

As of December 31, 2020, the Company has recognized lease liability amounting to TL 10.928.888 (31 December 2019: TL 5.153.363) within the scope of TFRS 16 and its part of TL 3.154.548 (31 December 2019: TL 436.761) is reflected in the financial statements as deferred lease liability.

21. Deferred Tax

Items that resulted in deferred tax assets and liabilities as of December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
Equilization reserve	8.367.006	7.800.159
Unexpired risk reserve	820.797	152.508
Sliding scale commission provision	3.462.721	2.905.436
Provision for retirement pay and unused vacation	1.710.647	1.588.539
Impairment provision expenses for receivables from main operations	3.097.403	1.448.918
Bonus provision	4.000.000	880.000
Stop loss provision	232.742	1.204.972
Provision for business cases	51.811	138.224
Difference between local Tax Legislation and Reporting Standards for tangible and intangible fixed assets	(1.755.208)	(1.152.590)
Financial items and derivative instruments valuation differences - rediscounts	10.379.778	(1.112.660)
Other	1.045.136	886.348
Deferred tax asset, net	31.412.833	14.739.854

As of December 31, 2020 and December 31, 2019, the Company has no unused financial losses.

The movement of deferred tax assets during the period is as follows:

	December 31, 2020	December 31, 2019
Beginning of the period - 1 January	14.739.854	24.350.741
Deferred tax income, net (Note 35)	8.428.400	(6.525.688)
Deferred tax income / (loss) shown under equity	8.244.579	(3.085.199)
End of the period	31.412.833	14.739.854

22. Retirement social aid liabilities

None.

23. Provision for Other Liabilities and Expense

As at December 31, 2020 and December 31, 2019; the details of the provisions for other risks are as follows:

	December 31, 2020	December 31, 2019
Short-term employee rights premium provisions	20.000.000	4.000.000
Business case provisions	259.056	628.290
Other	2.887.522	-
Allowance for cost expenses	23.146.578	4.628.290
Provisions for employee termination benefits	3.065.139	3.113.245
Unused vacation provision	5.488.095	4.107.388
Total provisions for other risks	31.699.812	11.848.923

The movement of provision for employment termination benefits during the period is as follows:

	December 31, 2020	December 31, 2019
Provision for employment termination benefit at the beginning of the period	3.113.245	2.016.034
Payments during the period	(1.137.617)	(1.370.906)
Provision booked during the period	730.418	1.893.251
Actuarial loss	359.093	574.866
Provision for employment termination benefit at the end of the year	3.065.139	3.113.245

Movement of unused vacation provision in the period is as follows:

	December 31, 2020	December 31, 2019
Unused vacation provision at the beginning of the period	4.107.388	3.064.669
Payments during the period	(437.119)	(416.353)
Provision booked during the period	1.817.826	1.459.072
Unused vacation provision at the end of the year	5.488.095	4.107.388

Movement of business cases provision in the period is as follows:

	December 31, 2020	December 31, 2019
Business case provisions at the beginning of the year	628.290	922.464
Payments during the period	(131.125)	(586.271)
Provision amount booked/(cancelled) during the period	(238.109)	292.097
Business case provision at the end of the year	259.056	628.290

As of December 31, 2020 and December 31, 2019, the details of other payables are as follows:

	31 December 2020	31 December 2019
Payables to suppliers	10.741.762	10.084.088
Other payables	247.792	2.349.332
	10.989.554	12.433.420

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24. Net Insurance Premium

January 1 – December 31, 2020	Motor vehicles	Motor vehicles liability	Fire and natural disasters	General losses	Transportation	Accident	Other	Total
Premiums received	730.304.869	1.598.442.434	417.014.991	252.523.793	52.554.467	11.683.011	270.189.733	3.332.713.298
Premiums transferred to the reinsurance	(3.684.362)	(520.751.586)	(365.607.115)	(158.638.307)	(33.312.144)	(1.498.316)	(93.518.214)	(1.177.010.044)
Premiums transferred to the SSI	-	(137.753.391)	-	-	-	(102.209)	-	(137.855.600)
Total	726.620.507	939.937.457	51.407.876	93.885.486	19.242.323	10.082.486	176.671.519	2.017.847.654

January 1 – December 31, 2019	Motor vehicles	Motor vehicles liability	Fire and natural disasters	General losses	Transportation	Accident	Other	Total
Premiums received	858.267.447	1.716.811.187	345.331.452	197.945.786	36.170.605	13.998.584	194.562.877	3.363.087.938
Premiums transferred to the reinsurance	(2.662.756)	(504.092.843)	(297.702.413)	(117.940.541)	(21.805.441)	(2.317.954)	(60.966.217)	(1.007.488.165)
Premiums transferred to the SSI	-	(152.027.634)	-	-	-	(167.271)	-	(152.194.905)
Total	855.604.691	1.060.690.710	47.629.039	80.005.245	14.365.164	11.513.359	133.596.660	2.203.404.868

25. Fee Income

None.

26. Investment Income/(Expense)

Investment income is presented in "Note 4.2 – Financial Risk Management" above

As of December 31, 2020, the Company's insurance transaction tax is TL 8.663.995 (December 31, 2019: TL 8.912.758).

27. Net income accrual on financial assets

Shown in the "Financial risk management" note (Note 4.2) above.

28. Assets that their fair value differences reflected to the profit or loss

Shown in the "Financial risk management" note (Note 4.2) above.

29. Insurance rights and demands

	December 31, 2020	December 31, 2019
Claims paid as deducted reinsurers' share	(1.099.215.082)	(1.052.705.769)
Change in unearned premium reserve, as deducted reinsurers' and SSI share	135.762.785	(374.563.205)
Change in outstanding claims reserve, as deducted reinsurers' share	(470.651.523)	(310.181.224)
Change in equalization reserve as deducted reinsurers' share	(7.173.272)	(7.054.084)
Change in other reserves as deducted reinsurers' share	4.313.436	(5.477.147)
Change in unexpired risks reserve as deducted reinsurers' share	(3.410.764)	(634.060)
Total	(1.440.374.420)	(1.750.615.489)

30. Investment agreement rights

None (31 December 2019: None).

31. Mandatory other expenses

Grouping of expenses based on the characteristics and functions in the Company is presented in Note 32 below.

32. Expense by nature

As at December 31, 2020 and December 31, 2019; the details of the operating expenses are disclosed as follows:

	December 31, 2020	December 31, 2019
Commission expenses (Note 17)	(463.157.765)	(404.441.544)
Intermediary commissions accrued during the period (Note 17)	(479.060.087)	(462.295.367)
Change in deferred production commissions (Note 17)	15.902.322	57.853.823
Employee benefits expenses (Note 33)	(143.063.127)	(122.764.077)
Commission income earned from reinsurers (Note 10)	197.392.471	170.652.168
Accrued commission income from reinsurers during the period (Note 10)	210.741.770	184.457.831
Change in deferred commission income (Note 10)	(13.349.299)	(13.805.663)
Rent expenses	(8.033.367)	(7.004.517)
Management and service expenses	(5.957.469)	(4.919.665)
IT expenses	(15.158.095)	(9.968.719)
Vehicle expenses	(744.354)	(1.806.674)
Marketing and sales expenses	(18.432.992)	(25.645.304)
Communication expenses	(1.957.591)	(1.494.015)
Travel expenses	(599.889)	(883.190)
Taxes, duties and fees	(852.037)	(3.750.387)
Printed matters and office supplies expenses	(1.904.780)	(2.636.821)
Mail and cargo expenses	(387.492)	(513.718)
Consulting expenses	(1.612.753)	(1.917.744)
Bank charges expense	(2.377.273)	(822.739)
Total	(466.846.513)	(417.916.946)

33. Employee benefit expenses

The details of employee benefits expenses for the period ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Salary and wages	(89.664.042)	(72.727.425)
Other vested benefits	(16.677.422)	(17.914.086)
Bonus, premium and commission	(23.312.147)	(22.009.743)
Employer's share of social security premium	(13.409.516)	(10.112.823)
Total	(143.063.127)	(122.764.077)

34. Financial costs

All financial costs for the period are shown in the note "Financial risk management" above (Note 4.2). There is no financial allowance for the cost of production or the cost of fixed assets.

35. Income taxes

Items composing the income tax expenses stated in the financial statements are as follows:

	December 31, 2020	December 31, 2019
Corporate tax liability:		
Calculated corporate tax provision	(134.363.095)	(126.211.626)
Deferred tax:		
Deferred tax income/(loss) (Note 21)	8.428.400	(6.525.688)
Total	(125.934.695)	(132.737.314)

As of December 31, 2020 and 2019 confirmation of Company's operational profit before taxes arised in Company's financial statements and Company's actual income tax provision calculated via active tax rate are detailed in the table below:

	December 31, 2020		December 31, 2019	
		Tax Rate (%)		Tax Rate (%)
Profit before tax	562.876.364		603.280.353	
Income tax provision by legal tax rate	(123.832.800)	(22,00)	(132.721.678)	(22,00)
Non-deductible expenses	(315.124)	(0,06)	(982.136)	(0,16)
Other	(1.786.771)	(0,32)	966.500	0,16
Total income tax income/(expense)	(125.934.695)	(22,38)	(132.737.314)	(22,00)

36. Net foreign exchange gains

Shown in the "Financial risk management" note (Note 4.2) above.

37. Earnings per share

Earnings per share is calculated by dividing net profit of the Company by the weighted average number of shares.

	December 31, 2020	December 31, 2019
Profit as of accounting period	436.941.669	470.543.039
Weighted average number of stocks	19.000.000.000	19.000.000.000
Earnings per share (TL)	0,023	0,025

38. Dividends per share

General Assembly Meeting took place on March 27, 2020, it was decided to transfer the net profit of the Company from the operations of financial year 2019 operations to the profit reserves.

39. Cash generated from operations

Cash flows from operating activities are disclosed in the statement of cash flows.

40. Equity share convertible bonds

None.

41. Cash convertible privileged equity shares:

None.

42. Risks

During the ordinary operations Company faces many legal conflicts, cases and claims for damages mainly from insurance operations. These cases are reflected to financial statements by providing necessary provisions in allowance for cost expenses and outstanding claims reserve.

As of December 31, 2020 total amount of all cases against the Company is TL 291.344.249 (December 31, 2019: TL 258.725.671) on the other hand possible responsibility amount that Company is obliged to pay if the case concludes against the Company including the opened cases and execution proceedings made is TL 846.784.875.

43. Commitments

The details of the guarantees given in the non-life insurance branches in accordance with the Company's activities are given in Note 17.

As part of operational lease total minimum rent payment amounts to be paid for the real estates which is rented for the usage of head office and region offices and rent vehicles assigned to sales team is as follows:

TL commitments	December 31, 2020	December 31, 2019
Less than 1 year	516.612	5.109.356
More than a year, less than five years	624.480	11.006.239
Sum of minimum rent payments to be paid	1.141.092	16.115.595

44. Business merges

None.

45. Related party transactions

Sompo Japan Nipponkoa Insurance Inc. And the groups to which they are affiliated and the associates and subsidiaries of these groups are defined as related parties for these financial statements.

As of December 31, 2020 and December 31, 2019, the related party balances are as follows:

	December 31, 2020	December 31, 2019
Sompo International Holdings Inc.	3.842.987	647.159
Receivables from related parties	3.842.987	647.159
	December 31, 2020	December 31, 2019
Sompo Japan Insurance Company of Europe	(359.896)	(239.609)
Sompo Japan Insurance Company of Europe Germany Branch	58.257	67.608
Sompo International Holdings Inc.	876.572	(2.088.594)
Payables from insurance operations	574.933	(2.260.595)

45. Related party transactions (continued)

Transactions with related parties for the periods ended at December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
Sompo Japan Insurance Company of Europe	371.505	169.066
Sompo Japan Insurance Company of Europe Germany Branch	126.913	92.079
Sompo International Holdings Inc.	20.177.577	17.853.686
Commissions taken	20.675.995	18.114.831
	December 31, 2020	December 31, 2019
Sompo Japan Insurance Company of Europe	1.749.221	828.901
Sompo Japan Insurance Company of Europe Germany Branch	498.090	365.570
Sompo International Holdings Inc.	48.993.554	44.121.861
Ceded premium	51.240.865	45.316.332
	December 31, 2020	December 31, 2019
Sompo Japan Insurance Company of Europe	1.634.517	1.155.142
Sompo Japan Insurance Company of Europe Germany Branch	(221.812)	286.826
Sompo International Holdings Inc.	21.598.396	34.879.632
Claims paid	23.011.101	36.321.600
	December 31, 2020	December 31, 2019
Sompo International Holdings Inc.	359.181	208.255
Non-operating income	359.181	208.255

No guarantees have been taken against receivables from related parties.

There are no doubtful receivables from shareholders, subsidiaries and joint ventures.

There are not any liabilities like warranty, commitment, bail, advance and endorsement on behalf of shareholders, subsidiaries and associations.

46. Events occurred after reporting date

None.

47. Other

47.1 Details of “Other” items in the balance sheet which exceed 20% of its respective account group of 5% of total assets:

None.

47.2. Due from and due to personnel classified in “Other receivables” and “Other short-term or long-term payables” that exceed 1% of total assets:

None.

47.3. Receivables from salvage and subrogation followed under off-balance sheet items:

None.

47.4. Income and expenses related to prior periods and the amounts and sources of expenses and losses”

None.

Possessed real rights on properties and their values

None.

47.5. Other information that has been obliged to present by Republic of Turkey Ministry of Treasury and Finance

Provision and rediscount income/expenses of the period

a) Provision Expenses

The details of rediscount and provision expenses for the periods ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Impairment provision expenses booked for receivables from main operations, net	(36.885.778)	(35.128.987)
Unused vacation provision expenses	(1.380.707)	(1.042.719)
Retirement pay provision expenses	407.198	(522.345)
Business cases provision (expense)/cancellation	369.234	294.175
Rent provision expense	(2.887.522)	-
Provisions account	(40.377.575)	(36.399.876)

	December 31, 2020	December 31, 2019
Rediscounts interests income / (expenses)	(2.940.831)	6.914.322
Rediscount account	(2.940.831)	6.914.322

	December 31, 2020	December 31, 2019
Unearned premium provisions	(135.762.785)	374.563.205
Outstanding claim reserve	(470.651.523)	(310.181.224)
Unexpired risk reserve	(3.410.764)	(634.060)
Equalization reserve	(7.173.272)	(7.054.084)
Other reserves	4.313.436	(5.477.147)
Technical Provisions	(612.684.908)	51.216.690

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47. Other (continued)

b) Other Expenses and Losses

	December 31, 2020	December 31, 2019
Non-deductible expenses (-)	(1.432.384)	(4.464.256)
Other expenses and losses (-)	(608.783)	(235.321)
Other expenses and losses (-)	(2.041.167)	(4.699.577)

c) Other Income and Profits

	December 31, 2020	December 31, 2019
Late charge income	2.640.794	1.604.447
Other income and profits	2.640.794	1.604.447

d) Other Long-term deferred incomeer prepaid Income

	December 31, 2020	December 31, 2019
Commission income	(595.238)	(285.714)
Prepaid income	(595.238)	(285.714)

e) Other technical expenses

	December 31, 2020	December 31, 2019
Assistance service expenses	(48.183.909)	(47.843.805)
Other technical expenses	(10.936.030)	(8.257.530)
Other technical expenses	(59.119.939)	(56.101.335)

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47. Other (continued)

47.6. Statement of profit distribution

	Note	Current Period December 31, 2020	Prior Period December 31, 2019
1.DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1. PROFIT FOR THE PERIOD		562.876.364	603.280.353
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		(125.934.695)	(132.737.314)
1.2.1. Corporate tax (Income Tax)		(134.363.095)	(126.211.626)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Tax and Legal Liabilities		8.428.400	(6.525.688)
A NET PROFIT FOR THE PERIOD (1.1 – 1.2)		436.941.669	470.543.039
1.3. PREVIOUS YEARS' LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		-	23.527.152
1.5. LEGAL RESERVES KEPT IN THE COMPANY (-)		-	-
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]		436.941.669	447.015.887
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To Common Shareholders		-	-
1.6.2. To Preferred Shareholders		-	-
1.6.3. To Owners of Participating Redeemed Shares		-	-
1.6.4. To Owners Of Profit-sharing Securities		-	-
1.6.5. To Owners Of Profit And Loss Sharing Securities		-	-
1.7. DIVIDEND TO EMPLOYEES (-)		-	-
1.8. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1. To Common Shareholders		-	-
1.9.2. To Preferred Shareholders		-	-
1.9.3. To Owners of Participating Redeemed Shares		-	-
1.9.4. To Owners Of Profit-sharing Securities		-	-
1.9.5. To Owners Of Profit And Loss Sharing Securities		-	-
1.10. SECOND LEGAL RESERVE (-)		-	-
1.11. STATUTORY RESERVE (-)		-	-
1.12. EXTRAORDINARY RESERVES		-	(447.015.887)
1.13. OTHER RESERVES		-	-
1.14. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES		-	-
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To Common Shareholders		-	-
2.3.2. To Preferred Shareholders		-	-
2.3.3. To Owners of Participating Redeemed Shares		-	-
2.3.4. To Owners Of Profit-sharing Securities		-	-
2.3.5. To Owners Of Profit And Loss Sharing Securities		-	-
2.4. DIVIDENDS TO EMPLOYEES (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
3.1. TO COMMON SHAREHOLDERS		-	-
3.2. TO COMMON SHAREHOLDERS (%)		-	-
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. TO COMMON SHAREHOLDERS		-	-
4.2. TO COMMON SHAREHOLDERS (%)		-	-
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

General Assembly Meeting took place on March 27, 2020 Company's net profit for the period from the operations of financial year 2019 is decided to transfer to the profit reserves. Authorized member for profit distribution is General Assembly and as of financial statements date General Assembly meeting did not take place yet. Since profit distribution proposal for financial year 2020 is not yet prepared by Board of Directors, in 2020 profit distribution table only distributable net income for the period is stated.

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