
2019
Annual Report

MAPFRE Sigorta

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MAPFRE Sigorta

ANNUAL REPORT RELATED TO THE TERM BETWEEN 01.01.2019 AND 31.12.2019 PREPARED IN COMPLIANCE WITH ARTICLE 516 OF TURKISH COMMERCIAL CODE AND REGULATIONS RELATED TO FINANCIAL STRUCTURE OF INSURANCE, REINSURANCE AND PENSION COMPANIES

We present the ANNUAL REPORT which we have prepared in compliance with the procedures and principles specified in compliance with the regulation on the Financial Structure of the Insurance, Reinsurance and Pension Companies and the Article 516 of the Turkish Commercial Code related to the activities of our company in 2019 along with its annexes. March 13, 2020

Best Regards

MAPFRE SİGORTA A.Ş.



Stefan JENSEN
Vice Chairman
General Manager



Hüsamettin KAVİ
Board Chairman

INDEPENDENT AUDITOR REPORT RELATED WITH ANNUAL REPORT OF BOARD OF DIRECTORS

To MAPFRE Sigorta Anonim Şirketi General Assembly,

Remarks

As we have audited the full set financial statements of MAPFRE Sigorta Anonim Şirketi (“Company”) related to the account term of January 1, 2019 - December 31, 2019, we have also audited the Annual Report related this account term. In our opinion, the examinations made by using the financial information included in the annual report of the Board of Directors and the information in the audited financial statements of the Board of Directors about the status of the Company are consistent with all important aspects, the full set of audited financial statements and the information we have obtained during the independent audit and it reflects the truth.

2. Basis of Opinion

The independent audit we have conducted, the regulations regarding the independent audit principles in force in accordance with the insurance legislation and the Public Oversight are carried out in compliance with Independent Auditing Standards, which is part of Turkey Auditing Standards (BDSs) which is published by Accounting and Auditing Standards Authority (“KGK”). Our responsibilities for these standards are explained in detail in the Independent Auditor’s Responsibilities for Independent Audit of the Annual Report in our report. We declare that we are independent from the Company in compliance with the Ethical Rules (“Ethical Rules”) for Independent Auditors which is declared by KGK and the ethical provisions in the legislation on independent audit. Ethical rules and other responsibilities related to ethics within the scope of the legislation are carried out by us. We believe that the independent audit evidences which we obtained during the independent audit can be regarded as sufficient and appropriate to make our opinion.

Our Auditor’s Opinion on Full Set Financial Statements

We have given a positive opinion in the auditor’s report which is dated March 13th, 2020 related to the full set financial statements of the Company for the accounting term of January 1, 2019 - December 31, 2019.

Responsibility of the Board of Directors related to the Annual Report

Company management is responsible for the following in relation to the Annual Report according to the provisions of “Regulation on Insurance and Reinsurance and Financial Bodies of Pension Companies” published in the Official Gazette dated August 7, 2007 and numbered 26606 and Article 514 of the Turkish Commercial Code (“TCC”) numbered 6102.

- a) It prepares the Annual Report in the first three months after the balance sheet day and presents it to the general assembly.
- b) It prepares the Annual Report; Company’s financial position with the flow of its activities for that year in all aspects accurately, completely, straightforwardly, fairly and honestly. In this report, the financial situation is evaluated in compliance with the financial statements. The report also indicates the Company’s development and possible risks in clear. The Assessment of the Board of Directors on these issues is also available in the report.

c) The annual report also includes the following:

- Events that take place in the company and having special importance after the end of the activity year,
- The company's research and development works,
- Financial benefits such as wages, bonuses, primes, allowances, travel, accommodation and representation expenses, cash and cash facilities, insurance and similar guarantees paid to board members and top level managers.

The Board of Directors considers the secondary legislation of the Ministry of Commerce and related institutions when preparing the annual report.

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

Our purpose is to ensure whether the financial information included in the annual report within the framework of the provisions of the Turkish Commercial Code and the Communiqué, and the Assessments made by the Board of Directors using the information which is available in the audited financial statements about the Company's condition are consistent with the audited financial statements of the Company and the information we have obtained in the independent audit; to give an opinion about whether it reflects the truth and to form a report that includes our opinion.

Our independent audit has been implemented in compliance with the regulations and BDSs related to the independent audit principles in force according to the insurance legislation. These standards requires planning and performance by ensuring compliance with ethical requirements and obtaining reasonable assurance whether the independent audit's financial statements which is available in the annual report and the Board of Directors' information about the Company's condition are consistent with the financial statements and the details obtained during the audit, and whether they reflect the truth.

KPMG Independent Audit and Independent Accountant Financial Advisory Corporation
A member firm of KPMG International Cooperative

Ali Tuğrul Uzun, SMMM
Responsible Auditor

March 13th, 2020
İstanbul, Türkiye



GENERAL INFORMATION

THE ASSESSMENTS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE GENERAL MANAGER RELATED TO THE ACTIVITY TERM AND THEIR EXPECTATIONS FOR THE FUTURE

Dear Shareholders,

Our company's pre-tax profit in 2019 was TRY 20.408.196 and net income after tax was TRY 4.493.966.

Our total premium production reached 2.797 million TRY with an increase of 5.8% when compared to the previous year while our market share decreased from 4.84% in 2018 to 4.04% in 2019. Thereafter, we ranked the 5th in the sector in compliance with the premium production last year, and this year we have completed the 7th.

While the traffic branch that constitutes 30% of our total portfolio decreased by 3% in 2019, the sector increased its premium production by 18%. This is the result of the fact that we have continued to implement the maximum tariff prices set by the Treasury and Finance Ministry in the traffic branch in 2019 and that our number of inforce policies decreased by more than 20% as some fleet business was not renewed.

We have completed 2019 as a leader in the engineering branch in terms of premium production with a market share of 10%.

The negative developments in exchange rates and macroeconomic indicators continued to affect 2019 financial statements after the first half of 2018. And 2019 year left its place to a more stable environment both in exchange rates and macroeconomic indicators.

On the other hand, I feel grateful to mention that our financial strength rating has been raised from AA (Tur) to AA + (Tur) by the international rating agency Fitch Ratings in 2019. This score increase is given as a result of our company's financial and technical power, management structure, risk acceptance policy, and independent Assessment based on the Assessment criteria which is generally accepted in the international platform.

2020 year will be the year in which we will give our effort to achieve our company's strategic goals. We have no doubt that we will achieve these goals with the contributions of all our stakeholders, especially our employees.

Our 2019 activity results are submitted for your attention.

Kind regards,



Stefan JENSEN
Vice Chairman
General Manager



Hüsamettin KAVI
Board Chairman

SUMMARY FINANCIAL DETAILS RELATED TO THE ACTIVITY RESULTS

Dear Shareholders,

The results of our company's commercial activities in 2019 are submitted below for your information. The total premium production of our company was 2.800.485.978 TRY.

It was observed that there is a decrease of 1.47% in the auto accident branch, which constitutes 44.64% of the total premium production, and a premium increase of 26.47% in the health branch, which constitutes 25.27% when analyzed by branches.

Our company's technical result in 2019 was recorded as 21.883.035 TRY. Out of 483.245.133 TRY total expenses, 257.626.324 TRY was for administrative expenses and 225.618.809 TRY was for commission expenses. The technical income was recorded as 191.973.514 TL.

Out of the investment income amounting to 393.669.596 TRY, 313.154.656 TRY has been sent to technical part. Amortization expense was recorded as 26.651.379 TRY and other income / expense was recorded as 37.256.313 TRY.

The pre-tax profit of our company reached 20,408,196 TRY in 2019 while the profit after tax was 4.493.966 TRY.

Sincerely yours.

Respectfully submitted for your information.



Stefan JENSEN
Vice Chairman
General Manager



Hüsamettin KAVI
Board Chairman

[1]The investment income transferred to the non-life technical section amounting to TRY 248,324,342 and bad debts of accrued recourses in the amount of TRY -22,989,488 were deducted from the technical division balance which was indicated as TRY -42,228,418 in the financial statements dated December 31, 2018, and the net operating expense of TRY 193,196,775, which was calculated by deducting the net commission expense from operating expenses, was added to the technical division balance.

[2]Net commission expenses were deducted from the operating expenses which were set out in the financial statements dated December 31, 2018.

[3]The profit remaining after the deduction of the technical profit amounting to TRY -120,345,472 from the profit for the period which was indicated as TRY 20,671,961 in the financial statements dated December 31, 2018, was defined as financial profit, at a figure of TRY 141,017,433.

Company title and subject of activity

The title of the company is MAPFRE SİGORTA A.Ş. It was founded on August 16, 1948 in Istanbul, Turkey, the main activity fields are designing, marketing, and performing sales and after sales services for insurance branches of credit, illness / health, Watercraft Liability, Aircraft Liability, General Damages, Motor Vehicles, Rail Vehicle, Air Vehicle, Accident, General Liability, Motor Vehicles Liability, Water Vehicles, Transportation, Fire and Natural Disasters, Security Abuse, Financial Losses and Legal Protection.

The historical development of the company and changes in the articles of association (if any) and the reasons

T. Genel Sigorta A.Ş. which was founded on August 16, 1948 with 1,000,000 TRY income in İstanbul, Sirkeci with the participation Türkiye Kredi Bankası A.Ş. and the businessmen of that term. It continues its 70th year of service to the Turkish Insurance Sector with its paid capital of 350 million TRY.

The innovations that our company brought to the sector;

- To bring the insurance called Contractor All Risks in Turkey in 1950,
- The company which opened the first branch in Anatolia in 1961 with the opening of its liaison office in Adana,
- To organize the first seminar for agencies in 1977,
- The efforts of agencies to process information and insurance applications in the most effective and economical way under the name of 'Elite Project' in 1985,
- To open the first management trainee program in the insurance market in 1988,
- To start the private workshop network establishment
- To serve only the company customers who has losses.

Turkey continued to operate under difficult conditions with the liquidation of Bank Loans, and has joined within the organization of Çukurova Holding A.Ş. which has an important place in the economy of the country and capital changes in 1975.

Our Company which has experienced a very serious process such as the transfer of Pamukbank, which is one of the biggest shareholders of the company and the biggest production source, to the SDIF, in 2002, has managed to perform its operations and services with successful results rather above the sector.

Genel Sigorta was assessed by the international rating company in 2001 with the A + (Tur) financial power score. This success has been achieved so far, the Fitch rating agency has increased our national financial power rating to AA (Tur) in 2007 and AA + (Tur) in 2019 and confirmed our financial power rating as AA + (Tur) on August 22th, 2019.

In 2007, Transfer of the dominant shares of our company to MAPFRE, the largest insurance group in Spain, has been completed as of September 20th, 2007, and MAPFRE S.A.'s 280,000,000 shares owned by the Company representing 80% of the Company's capital were transferred to MAPFRE International S.A., a subsidiary responsible for international investments as of 23 April 2008.

Demir Toprak İthalat İhracat ve Tic. A.Ş. share amounting to 35.000.000 TRY which represent 10% of the company's capital was transferred to MAPFRE International S.A. based on the permission letter of the Prime Ministry Undersecretariat of Treasury dated 03.12.2009 and numbered 51308, and the transfer was recorded in the Company share book. Thus, the share of MAPFRE Internacional S.A increased by 99.75%.

34,109,046 TRY of Avor shares which represent 9.75% of the company's capital were transferred to MAPFRE International S.A. and the transfer transaction was recorded in the share book after the Board of Directors meeting held on September 29th, 2010.

The company has bought a 51% majority share of Genel Servis which has 6 common vehicle repair stations across the country where it has been working as a long-term business partnership in September 2012.

The title of the company has changed as MAPFRE SİGORTA A.Ş as of October 12th, 2016.

The company's commercial center is transferred to Torun Center, Fulya Mahallesi, Büyükdere Caddesi No. 74 D Blok Mecidiyeköy 34381 İstanbul as of June 19th, 2017, decision of the Board of Directors numbered 01 June 2017/31 has been taken and the related decision is published in Turkey Trade Registry Gazette dated 29 June 2017 and No. 9356.

Company contact details

The company's registered office is in Torun Center, Fulya Mahallesi Büyükdere Caddesi No.74 D Blok Mecidiyeköy 34381 İstanbul Turkey. The company has branch offices in Adana, Ankara, Antalya, Bursa, İzmir, İstanbul, İzmit, Mersin, Malatya, Konya, Kayseri, Samsun, Gaziantep, Eskişehir, Çorlu and Denizli provinces. Contact information regarding the General Directorate and Branch Directorates are as follows.

General Directorate

Torun Center, Fulya Mahallesi Büyükdere Caddesi
No.74 D Blok Mecidiyeköy 34381 İstanbul
Phone : 0212 334 90 00
Fax : 0212 334 90 19
e-mail : info@mapfre.com.tr
Web address: www.mapfre.com.tr

Büyükükellefler Tax Office
879 001 8869
Registry No: 38676

Istanbul Branch Office

Barış Mahallesi Eğitim Vadisi Bulvarı No.19
34520 Megakent -Beylikdüzü İSTANBUL
Tel : 0212 871 46 12
Fax : 0212 871 46 13
e-mail : istanbulbolge@mapfre.com.tr

Ankara Branch Office

Yukarı Öveçler Mah.Cevizlidere Caddesi No:1/13
06460 Dikmen- Çankaya ANKARA
Tel : 0312 472 75 72
Fax : 0312 472 58 59
e-mail : ankarabolge@mapfre.com.tr

Bursa Branch Office

Alaattin Bey Mahallesi İzmir Yolu Caddesi
Uludağ Ticaret Merkezi No:277/G
16120 Nilüfer BURSA
Tel : 0224 441 41 41 pbx
Fax : 0224 441 63 55
e-mail : bursa@mapfre.com.tr

Kayseri Branch Office

Gültepe Mahallesi Mustafa Kemal Paşa Bulvarı No: 52/A
38140 Melikgazi KAYSERİ
Tel : 0352 236 36 30
Fax : 0352 233 20 30
e-mail : kayseribolge@mapfre.com.tr

Adana Branch Office

Cemal Paşa Mahallesi Fuzuli Caddesi Egemen Apt.
No: 71 Zemin Kat 01440 Seyhan Adana
Tel : 0322 459 58 58
Fax : 0322 459 58 62
e-mail : adana@mapfre.com.tr

Antalya Branch Office

Fabrikalar Mah.Namık Kemal Bulvarı No: 59
07090 Kepez ANTALYA
Tel : 0242 312 12 30 pbx
Faks : 0242 313 06 04
e-mail : antalyabolge@mapfre.com.tr

İzmir Branch Office

Manas Bulvarı Adalet Mahallesi No: 39
Kule B Kat 43 Folkart Towers 35530 Bayraklı - İZMİR
Tel : 0232 242 40 00
Faks : 0232 242 44 00
e-mail : izmirbolge@mapfre.com.tr

Konya Branch Office

Musalla Bağları Mahallesi Ankara Caddesi No: 71/A
42110 Selçuklu KONYA
Tel : 0332 235 86 86
Faks : 0332 235 80 00
e-mail : konyabolge@mapfre.com.tr

Samsun Branch Office

Kuzey Yıldızı Mahallesi 100. Yıl Bulvarı 38/5
55080 - Canik - SAMSUN
Tel : 0362 431 01 21
Fax : 0362 431 01 04
e-mail : samsunbolge@mapfre.com.tr

İzmit Branch Office

Yahya Kaptan Mah. Şehit Ergün Köncü Sokak. No: 45/A
41050 İzmit-Kocaeli
Tel : 0262 321 50 60
Fax : 0262 321 50 59
e-mail : izmitbolge@mapfre.com.tr

Eskişehir Branch Office

Hoşnudiye Mah.Kızılıcıklı Mahmut Pehlivan Cad.
No: 47/A - 26130 Tepebaşı / Eskişehir
Tel : 0222 240 13 33
Fax : 0222 240 13 38
e-mail : eskisehirbolge@mapfre.com.tr

Çankaya Branch Office

Oğuzlar Mahallesi Çetin Emeç Bulvarı No.62
06520 Balgat-Çankaya ANKARA
Tel: 0312 441 00 84
Fax: 0312 441 00 87
e-mail: cankaya@mapfre.com.tr

Malatya Branch Office

Niyazi Mahallesi Karakaş Sok. No: 10
44100 BATTALGAZİ - MALATYA
Tel : 0422 325 21 35
Fax : 0422 323 17 10
e-mail : malatyabolge@mapfre.com.tr

Trakya Branch Office

Kazmiye Mahallesi Aşık Veysel Sok. Çalık Apt
59860 Dükkan B 2 No:15 Çorlu
Tel : 0212 708 70 80
Fax : 0212 708 70 81
e-mail : istanbulbolge@mapfre.com.tr

Gaziantep Branch Office

İncilipınar Mahallesi 3 nolu Cadde Akınalan İş Merkezi
27090 Şehitkamil GAZİANTEP
Tel : 0342 220 51 11
Fax : 0342 324 00 97
e-mail : gaziantep@mapfre.com.tr

Denizli Branch Office

Kuşpınar Mah. Kıbrıs Şehitleri Cd. No: 58 A / 1
20150 Pamukkale / Denizli
Tel : 0258 265 33 83
Fax : 0258 265 33 82
e-mail : denizli@mapfre.com.tr

Beşiktaş Branch Office

Meclisi Mebusan caddesi No: 23/1
34433 Beyoğlu İSTANBUL
Tel : 0212 377 52 07
Fax : 0212 243 18 11
e-mail : besiktasbolge@mapfre.com.tr

Istanbul Anadolu Branch Office

Bağdat Caddesi Murat Apartmanı No: 340 K. 1 D. 5
34728 Erenköy-Kadıköy İSTANBUL
Tel : 0216 368 00 27
Fax : 0216 368 93 09
e-mail : istanbulanadoluyakasi@mapfre.com.tr

Mersin Branch Office

Reşatbey Mah. Vali Yolu Gülek Sitesi C Blok No: 27
01120 Seyhan ADANA
Tel : 0322 459 58 58
Fax : 0322 459 58 62
e-mail : mersin@mapfre.com.tr

Capital and shareholding structure of the Company

As of 31.12.2018, the company's paid in capital is TRY 350,000,000 and the shareholding structure is set out below.

NAME SURNAME / TITLE OF THE SHAREHOLDERS	SHARE AMOUNT (TRY)	SHARE RATE %
MAPFRE INTERNATIONAL S.A	349.109.046	99.75%
OTHER	890.954	0.25%
TOTAL	350.000.000	%100

The Chairman and the members of the Board of Directors do not have any shares within the partnership structure.

Changes in the company's capital and partnership structure

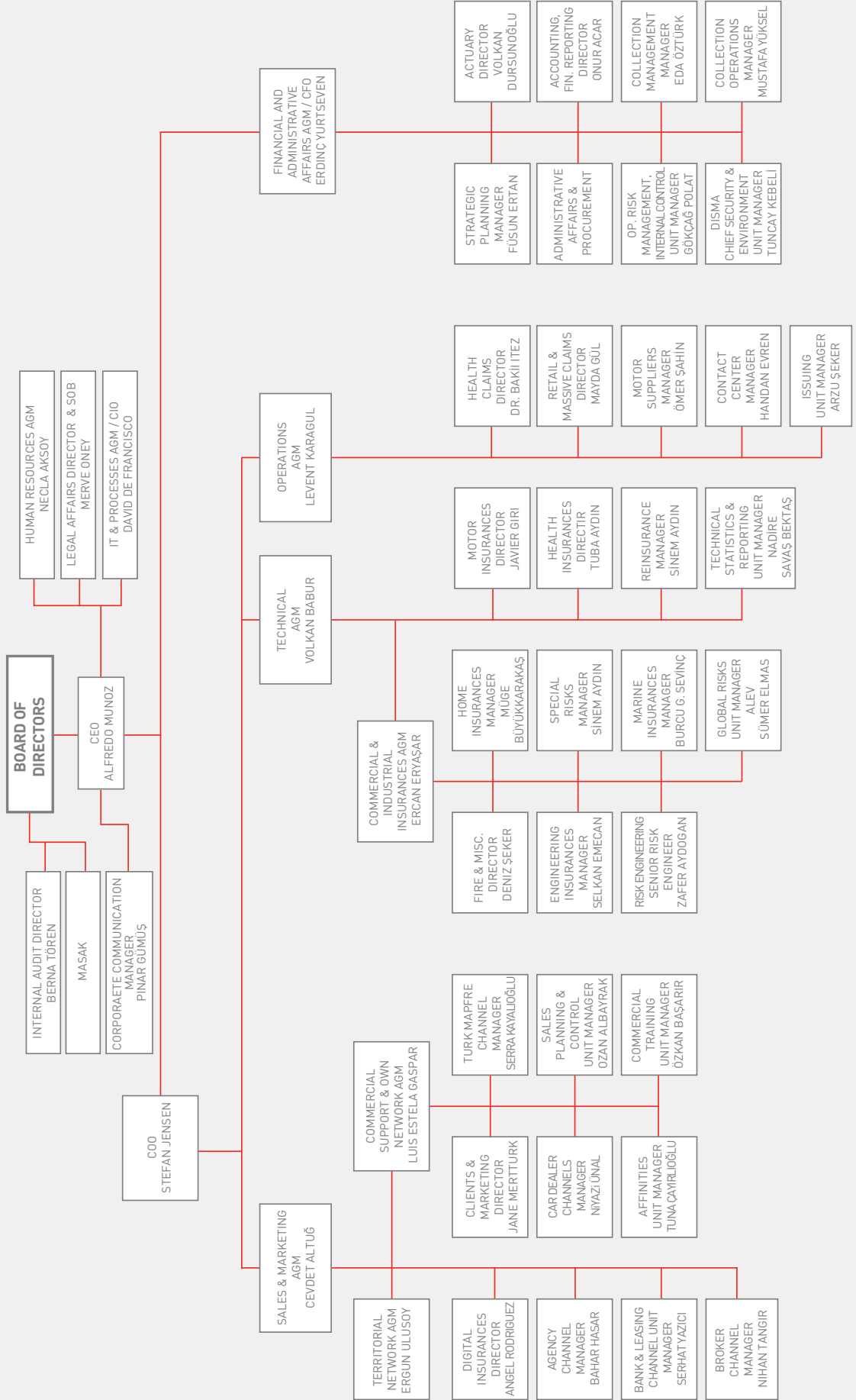
There has not been any change in the capital and partnership structure of the company as of 31.12.2019.

Privileged share of the company and the rights which are granted to these shares

The company does not have any privileged shares and rights granted to these shares as of 31.12.2019.

Organizational Chart

The company organizational chart is as follows.



Executive Board



DATE OF ASSIGNMENT

23.07.2014

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
Board Chairman

STATUS OF EDUCATION

ITU Faculty of Civil Engineering
Civil Engineering

DUTY TIME AND PROFESSIONAL EXPERIENCES

2011 G.T.E. Endüstri A.Ş. Deputy Chairman of the Board of Directors
2001 Bemka Emaye Tel A.Ş. Deputy Chairman of the Board
1978 - 2002 Kavi Kablo A.Ş. Yönetim Kurulu Başkan Vekili

Hüsamettin Kavi / Board Chairman



DATE OF ASSIGNMENT

01.07.2016

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.Ş.
Deputy Chairman of the Board of
Genel Manager

STATUS OF EDUCATION

Universidad Pontificia Comillas - Law/ Business
CEF Financial Sciences Center MBA

DUTY TIME AND PROFESSIONAL EXPERIENCES

2016 - MAPFRE Yaşam Sigorta A.Ş. General Manager
2011 - MAPFRE Middlesea p.l.c Chairman and CEO
2005 - 2011 MAPFRE Asistencia Deputy General Manager

Alfredo Muñoz Perez / Deputy Chairman of the Board of General Manager



DATE OF ASSIGNMENT

29.08.2014

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
Member of the Board

EDUCATIONAL BACKGROUND

University of Liège (Belgium)

DUTY TIME AND PROFESSIONAL EXPERIENCES

2014 MAPFRE S.A Regional CEO Europe, Mediterranean and Africa
2008-2013 MAPFRE Asistencia General Manager Responsible for Global Operation
2006 - 2007 MAPFRE Asistencia General Manager
1994 MAPFRE Asistencia Senior Manager

Nikolaos Antimisaris / Member of the Board



DATE OF ASSIGNMENT

16.09.2015

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
Member of the Board

STATUS OF EDUCATION

Bilkent University Faculty of Administrative
Sciences Business Administration - Master degree

DUTY TIME AND PROFESSIONAL EXPERIENCES

2013 - Cukurova Holding A.Ş. Business Development Coordinator
2011 - 2013 AKS Tv A.Ş. Board of Directors Executive Director
1998 - 2011 ET Medya A.Ş. Board of Directors Executive Director
1997 - 1998 Denizbank Branch Manager
1992 - 1997 İnterbank Marketing Manager

Süleyman Serdar Çaloğlu / Member of the Board



DATE OF ASSIGNMENT

06.11.2018

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
Member of the Board

STATUS OF EDUCATION

Boğaziçi University
Business Administration

DUTY TIME AND PROFESSIONAL EXPERIENCES

09/2000 - 01/2018 Yapı Kredi Bankası A.Ş. Deputy General Manager
08/1988 - 05/2000 AA Aktif Denetim Ve Danışmanlık AŞ. Responsible Partner

Zeynep Nazan Somer Özelgin / Member of the Board

Mr. Stefan JENSEN has been appointed as Board Member in place of Mr. Alfredo Munoz PEREZ who left the Board of Directors Vice General Manager caption.

Executive Management

Our company's Executive Management consists of the General Manager and 9 Vice General Managers, and their distribution of duties is given below.



DATE OF ASSIGNMENT

01.07.2016

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
General Manager

STATUS OF EDUCATION

Universidad Pontificia Comillas - Law / B business
Administration CEF Financial Sciences Center MBA

DUTY TIME AND PROFESSIONAL EXPERIENCES

2016 - MAPFRE Sigorta A.Ş. General Manager
2014 - MAPFRE Sigorta A.Ş. Operations Vice General Manager
2011 - MAPFRE Middlesea p.l.c Chairman and CEO
2005 - 2011 MAPFRE Asistencia Vice General Manager

Alfredo Munoz Perez / General Manager



DATE OF ASSIGNMENT

02.01.2009

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
Vice General Manager for Financial and
Administrative Affairs

STATUS OF EDUCATION

Marmara University Faculty of Economics and
Administrative Sciences University of Illinois at
Urbana-Champaign, USA Finance / Master's

DUTY TIME AND PROFESSIONAL EXPERIENCES

05.2006 - 01.2009 TSRSB Deputy General Secretary
2005 - 2006 Republic of Turkey Prime Ministry Insurance
Supervisory Board / Istanbul Group Chairman
04.1990 - 05.2006 2006 Republic of Turkey Prime Ministry Insurance
Supervisory Board / Insurance Supervisor

Erdiñç Yurtseven / Vice General Manager



DATE OF ASSIGNMENT

02.01.2009

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
Technical Vice General Manager

STATUS OF EDUCATION

Yildiz University Civil Engineering
Construction Department

DUTY TIME AND PROFESSIONAL EXPERIENCES

10.1997 MAPFRE Sigorta A.Ş. Group Manager
12.1993 - 10.1997 Oyak Sigorta A.Ş. Technical Manager Asst.
01.1991 - 12.1993 Örkap Construction Site Supervisor
10.1990 - 01.1991 Kardeşler Construction Static Calculator Expert

Nevzat Volkan Babür / Vice General Manager



DATE OF ASSIGNMENT

01.01.2014

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
Regional Marketing General Manager Asst.

STATUS OF EDUCATION

Gazi University
Labor Economics and Industrial Relations

DUTY TIME AND PROFESSIONAL EXPERIENCES

01.2014 Assistant General Manager
01.2009 - 12.2013 Group Manager
01.1999 - 01.2009 Ankara Regional Manager
07.1995 - 01.1998 Ankara Regional Assistant Manager
01.1994 - 01.1995 Ankara Regional Marketing OfScer
06.1990 - 12.1993 Ankara Regional Sales Specialist

Ergun Ulusoy / Vice General Manager



DATE OF ASSIGNMENT

12.02.2016

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
Commercial, Industrial Insurance Technical
and Non-Auto Damage GMY

STATUS OF EDUCATION

Trakya University Mechanical Engineering

DUTY TIME AND PROFESSIONAL EXPERIENCES

2011-2015 / MAPFRE Genel Sigorta A.Ş. Engineering and Liability Insurances and
Corporate Risks Broker Marketing Director
2008-2011 / MAPFRE Genel Sigorta A.Ş. Engineering and Liability Insurance
Service Manager
2006-2008/T. Genel Sigorta A.Ş. Underwriting Unit Manager
2003-2006/T. Genel Sigorta A.Ş. Engineering and Engineering Damage Unit Manager
1998-2003/T. Genel Sigorta A.Ş. Engineering and Reinsurance and Special Risks Officer
1996-1998/T. Genel Sigorta A.Ş. Risk Management Unit - Risk Engineer

Ercan Eryaşar / Vice General Manager



DATE OF ASSIGNMENT

15.02.2017

AREA RESPONSIBLE

MAPFRE Sigorta A.Ş.
Deputy
General Manager Responsible for Other
Channels Sales and Marketing

STATUS OF EDUCATION

Zaragoza University, Faculty of Law

DUTY TIME AND PROFESSIONAL EXPERIENCES

2015 - 2017 MAPFRE Sigorta A.Ş. Own Network TURKMAPFRE Director
2014 - 2015 MAPFRE International S.A El Salvador Marketing General
Manager Asst.
1998 - 2013 MAPFRE International S.A Zaragoza Regional Manager
1994 MAPFRE International S.A Zaragoza automobile Regional
Technical Manager

Luis Estela Gaspar / Vice General Manager

**DATE OF ASSIGNMENT**

15.02.2017

AREA RESPONSIBLEMAPFRE Sigorta A.Ş.
Assistant General Manager Responsible for
Operations**STATUS OF EDUCATION**

Military Academy (KHO) Ankara

DUTY TIME AND PROFESSIONAL EXPERIENCES1997 - 2017 MAPFRE Assistance - Turassist General Manager Asst.
1996 - 1997 Birlas Ltd. Şti.
1987 - 1996 TSK Machinery Authority Sales Manager**Levent Karagül / Vice General Manager****DATE OF ASSIGNMENT**

27.04.2017

AREA RESPONSIBLEMAPFRE Sigorta A.Ş.
Human Resources Assistant General Manager**STATUS OF EDUCATION**

Istanbul University, Faculty of Law

DUTY TIME AND PROFESSIONAL EXPERIENCES2010 - 2017 MAPFRE Sigorta A.Ş HR Director - Executive Committee Member
2008 - 2010 MAPFRE Sigorta A.Ş Business Development and Group
Relations Unit Manager
1998 - 2008 MAPFRE Sigorta A.Ş Non-Auto Damage Underwriter
1996 - 1997 Oyak Sigorta Recourse Manager
1993 - 1996 Lawyer**Necla Aksoy / Vice General Manager****DATE OF ASSIGNMENT**

15.02.2018

AREA RESPONSIBLEMAPFRE Sigorta A.Ş.
Commercial Areas Deputy General Manager**STATUS OF EDUCATION**

Dokuz Eylül University - Economy

DUTY TIME AND PROFESSIONAL EXPERIENCES2011-08.2018 BNP Paribas Cardif A.Ş. Joint Ventures General Manager Asst.
2005-2011 TEP BNP Paribas Bankassurance Manager
2005 Garanti Emeklilik ve Hayat A.Ş. Regional Manager
2003-2005 Garanti Emeklilik ve Hayat A.Ş. Individual and Corporate
Sales Manager
1997-2003 Garanti Bank Retail and Commercial Banking Operations
Management**Cevdet Altuğ / Vice General Manager****DATE OF ASSIGNMENT**

1.11.2018

AREA RESPONSIBLEMAPFRE Sigorta A.Ş.
COO**STATUS OF EDUCATION**

Sheffield Hallam University International Trade

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE2015-01.2018 MAPFRE North America Regional Business and Clients vice
general manager
2013-2015 MAPFRE USA Life Insurance Chairman
2010-2013 MAPFRE Atlantic Region Vice Chairman and Regional Directorate
2008-2010 Vice Chairman of MAPFRE Florida
2006-2008 MAPFRE Vice Chairman of Individual Auto Insurance of Spain
2002-2006 MAPFRE Spain Club MAPFRE Sales and Marketing Directorate**Stefan Jensen / Vice General Manager****DATE OF ASSIGNMENT**

24.04.2019

AREA RESPONSIBLEMAPFRE Sigorta A.Ş.
Deputy General Manager for Health**STATUS OF EDUCATION**

Information Technology Engineer

DUTY TIME AND PROFESSIONAL EXPERIENCES2019- Deputy General Manager of Information Technologies and
Processes- MAPFRE Sigorta A.Ş.
2017-2019 Information Technologies and Processes Director-MAPFRE Sigorta A.Ş.
2014-2017- Technology Manager - MAPFRE Spain
2012-2014- IT Program Manager- MAPFRE Spain
2009 - 2012 - Manager - MAPFRE Spain
2007 - 2009 - Project Manager - MAPFRE Spain
2006- 2007 - Project Manager- 20 Minutos / Madrid- Spain
2005 - 2006 - Technical Director - Interactive Media Group -IMG- Russia
2004 - 2005 - Technical Consultant - Multimedia Events Ltd - England
2003- 2004 - Project Manager - Madrid-Spain
2001- 2003 - Program Analyst- Alacante- Spain**David de Francisco / Vice General Manager**

The members of the governing body do not act in scope of the prohibition of competition with the transactions made on behalf of himself or anyone else within the framework of the permission granted by the general assembly of the company. Mr. Stefan JENSEN was appointed as the General Manager of the Company instead of Mr. Alfredo Munoz PEREZ As of January 2nd, 2020.

Number of Staff

As of the end of December 2019, 707 staff including double-payroll employees have been employed within our company, 458 staff of them are employed the Headquarters and 234 of them are employed in Istanbul Anatolian Side, Gaziantep, Adana, Ankara, Antalya, Beşiktaş, Bursa, Çankaya, Denizli, Izmir, Izmit / Kocaeli, Eskişehir, Kayseri, Konya, Samsun, Denizli, Çorlu and Istanbul Branch Directorates.

The Company's Board of Directors consists of 5 members, including the General Manager. The General Manager and 9 Assistant General Managers serve in the Executive Management of the company, while the rest of them are 15 Directors, 108 mid-level managers (unit, service and regional managers), 560 technical and administrative staff.

The table showing the company staff as education and gender is given below.

Department of Graduation	Male	Female	Total
Primary school	3	1	4
Elementary School and Equivalent	6	3	9
High School and Equivalent	50	40	90
2-Year College	54	54	108
University	194	239	433
Post Graduate	28	20	48
TOPLAM	335	357	692

Information relating to human resources practices

Based on the fact that the implementation of our corporate goals is directly proportional to the skills and efforts of our employees,

- **desiring for the best to work,**
- **that they are permanent and happy as they can convert their potential into high performance,**
- **Creating a corporate culture where service quality and customer satisfaction is an employee turnout**

In line with the Human Resources vision;

- a)** Preparing and maintaining a work environment where mutual respect and trust are essential and everyone feels responsible for achieving the goals set,
- b)** Promoting bidirectional open communication that is the basis of trust and mutual understanding between employees and managers,
- c)** Structuring the works done in a technique to provide the most efficient work and ensuring that the staff work in tasks which are in compliance with their knowledge and skills,
- d)** Evaluating the employee performance with objective criteria, to appreciate, encourage and motivate the high performing staff,
- e)** Implementing the career development, promotion and price of the staff in an objective system,
- f)** Identifying, planning and implementing training requirements relevant to professional and personal employee development,
- g)** Forming and maintaining a work environment that encourages employees to develop themselves and their businesses and also to develop with their suggestions,

h) Training people suitable for work and corporate culture primarily for the relevant works from the Company's existing human resources, ensuring the high-performing employees have the priority to be assigned to the positions requiring sense of responsibility and preparing them in accordance with the job they are assigned in order for them to perform in a short time.

i) Creating a safe and healthy work environment,

j) They undertake and aim to assess and implement all the rights of the employees within the framework of laws and rules.

Manpower is the leading value in the MAPFRE SYSTEM. By giving the right trainings to the right person and with the awareness that all kinds of developments in this area will play a key role in the future success of our institution, MGG HR Policies;

- adopts a management philosophy which
- is focused on improving leaders,
- Promotes learning and development

and knows and implements HR implementations.

Talent management in MAPFRE Insurance refers to the processes of integration and development of new employees, improvement and retention of working employees, the processes that will bring the best and most talented employees to our company, direct their performance and reveal their potential. Our talent management practices are directly in relation with performance management, leadership development, workforce planning, detection of talent gaps and our employment systems.

It is aimed for our employees to take responsibility for the business objectives of our institution while carrying out their activities by transferring responsibilities individually to each of our employees and starting from the management levels.

HR Practices serve for the carrying out the missions, goals, objectives and budgets of our company by developing and implementing planning and strategies related to manpower.

Our corporate policies set out the basic approaches that needs to be followed in determining and pricing of the terms and conditions of the employment, training of the staff, tracking the performance and leaving the job based on our corporate values in order to ensure that all the business in the Company can be carried out effectively, efficiently, in accordance with the laws in force and ethically.

The aim is to reflect the corporate values and basic principles that should guide the professional activities of both the Company and the Staff.

MAPFRE Group corporate policies are determined, published and executed in compliance with the general principles set by the MAPFRE SYSTEM. Managers and Staff at all levels are jointly responsible for the implementation and control of corporate policies.

MAPFRE Group Vision, Mission and Values

Our Vision

To become a worldwide trustworthy insurance company.

Our Mission

We are a multinational team working constantly to improve our services, and develop the best relationship with our clients, distributors, suppliers, shareholders and society at large.

Our Values

Solvency

- Financial strength with sustainable results.
- International diversification and consolidation in various market

Integrity

- Ethics govern all our activities.
- A socially responsible focus in all our operations.

Commitment to Service

- Endless search for excellence in the performance of our operations.
- Sustained business mentality focusing on retaining and nurturing customer relations.

Leadership Innovation

- Willingness to surpass ourselves and to constantly improve.
- Useful technology for providing services to businesses and achieving their objectives.

Committed Team

- A team fully committed to the MAPFRE project.
- Continuous development and training for the enhancement of the team's capabilities and skills.

FINANCIAL BENEFITS GRANTED TO THE MEMBERS OF THE GOVERNING BODY AND TO THE SENIOR EXECUTIVES

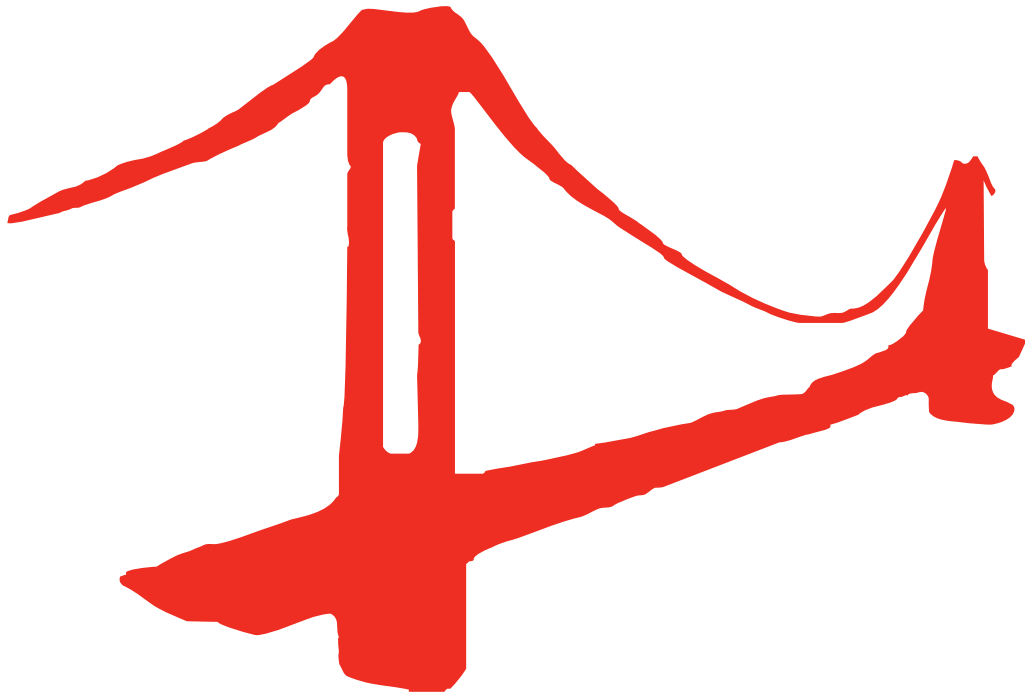
 **MAPFRE** Sigorta

Financial rights provided to the members of the Governing Body and senior management

Members of the Board of Directors, General Manager, Assistant General Managers and Directors are included in the management body and senior executives.

The gross total amount of financial benefits such as remuneration, wages, premiums, bonuses, dividends which are provided and given to the members of management body and senior executives in 2019 was TRY 45.985.256.

The total of appropriation, travel, accommodation and representation expenses given to the members of the Governing Body and senior executives in 2019 amounted to TRY 880.021.



RESEARCH AND DEVELOPMENT ACTIVITIES

 **MAPFRE** Sigorta

Information on research and development implementations related to new services and activities

MAPFRE Sigorta is based on the following procedures in forming the new products and/or new services;

- Determining new requirements on the basis of customers and resources (agents, brokers, etc.) and determining the need for new products and/or new services by considering the demands,
- Implementing feasibility studies (market research - benchmarking) for detecting potential business volume, and preparing a new product and/or new service design plan by researching know-how support from the MAPFRE center,
- Inspecting the legal processes in relation to the relevant branch of product and/or service,
- Creating the scope of coverage related to the product and/or service and creating the tariff within the framework of the insurance law and the conformity of the Insurance General Conditions and possible reinsurance conditions,
- Requiring Automation studies regarding product and / or service and completing in parallel with MAPFRE Soft when necessary.

It may be possible to apply for the confirm of the Undersecretariat of Treasury Insurance General Directorate in compliance with the Legislation regarding the new products even if the company does not need to obtain a new branch license. The process is completed with the studies which are required for application and approval as the last stage in cases where this need arises, after the studies related to the new product are completed.



**COMPANY
ACTIVITIES
AND IMPORTANT
DEVELOPMENTS
ON THE ACTIVITIES**

 **MAPFRE** Sigorta

Company activities and important developments related to the activities

The company does not have any significant development related to the company activities in 2019.

Risk Management, Internal Control and Compliance Activities in 2019

The risk management, internal control and compliance functions of our company are implemented under the management of the General Manager and the ultimate responsibility is in the Board of Directors in compliance with the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies. Board member responsible for internal systems, managers of risk management, internal control and compliance functions are already appointed by the Board of Directors. These functions keep functioning in compliance with the policies which are confirmed by the Board of Directors, especially the Risk Management Policy, Internal Control Policy and Compliance Policy, and written procedures determined accordingly. The principles, separation of duties, powers and responsibilities of the employees performing these functions are defined within these policies. The Risk Management Committee from the General Manager, Assistant General Manager responsible for Financial Affairs and Risk Manager also function in this framework.

Within the framework of COSO and the Three Lines of Defense Model, it is a process in which all employees are included and designed to ensure compliance with MAPFRE Group rules, internal control system consisting of control environment, assessment of risks, control activities, information and communication and surveillance titles, sustaining the activities carried out in order to achieve our company's goals, reliability of financial information, legal regulations. The system is molded in compliance with the three lines of defense principle. Accordingly, all process holders on the first line of defense, along with the Executive Management, are hold responsible for applying control points in order to identify and minimize risks arising from their activities, in line with the principles determined in the Internal Control Policy and the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies. The Risk Management, Internal Control and Compliance functions in the second line of defense are responsible for the effective operation and oversight of the internal control system, and the Internal Audit Service in the third line of defense is responsible for the system's audit. The internal control system of our company is regularly inspected by the internal audit every year. Training programs are arranged in order to raise awareness of internal systems, and employees' awareness is measured through termic surveys.

Insurance risks, market risks and default risk of third parties are periodically measured by using certain models and their effects on capital adequacy are specified in scope of the risk management function. Operational risks are measured every year with an application called Riskmap and operation plans are improved for risk areas in risk maps created as a result of the Assessment. The observed operational risks are followed by being recorded in the operational risk inventory and control operations are designed when required. Furthermore, the risks possible in the investment portfolio are investigated and the compliance with the investment risk limits approved by the Investment Strategy Committee is followed and reported on a daily basis.

Risk-based capital requirements, insurance, market, third-party risks, and results relevant to the operational risks and critical risk indicators are also reported to Executive Management and the Board of Directors to be added in decision-making mechanisms periodically.

All process owners monitor their operations, risks and controls related to such operations through a standard form and periodically test their controls in scope of the internal control function. Also the efficiency of controls carried out in our company is measured every year by forming control maps.

The financial reporting, information systems, reinsurance controls, process controls, customer complaint control, account controls, branch and channel renewals are checked in line with the annual internal control plan, and the control weaknesses observed are followed by opening internal control findings and performing necessary operations.

The conformity function aims to provide that company activities are performed effectively in compliance with internal rules and regulations, and within the company's mission, vision and values. The purpose, scope, authority and duties of the Conformity Function are specified by the Company Conformity Policy. Thereby the conformity risks, change effects in legal regulations to the company, reporting which are required to be made periodically to the public authority and conformity with the MAPFRE Group policies are tracked, and the correspondence related to the audit institutions, organizations and public authorities is monitored within the scope of the Compliance Function. Conformity function works are reported to the Board of Directors annually.

ISO 9001: 2015 Quality Management System, which ensures the improvement of processes, increasing profitability, optimizing customer satisfaction and managing product service quality efficiency and documented by international certification institutions in line with basic principles such as leadership, customer orientation, employee participation, process approach, and evidence-based decision making with a risk-based approach in addition to these functions.

Internal Audit activities in 2019

It is aimed to control and supervise the compliance of all business and transactions of the company, especially in compliance with applicable laws, regulations, communiqués, tariffs and instructions, general conditions and other legislation, internal guidelines and management strategies and policies of the company, and to prevent and detect errors, cheats and irregularities in 2019 Internal Audit activities.

For these purposes it has carried out all activities of 2019 Internal Audit Activities MAPFRE Yaşam Sigorta A.Ş. activities including having external services within the framework of MAPFRE Yaşam Sigorta A.Ş. Internal Audit legislation including Headquarters Units, Regional Directorates and agencies.

In 2019, 18 audits were carried out by the Internal Audit Unit. Among these audits, 10 of them are Central Services, 5 are Regional Directorates, 1 is Private Mission, 1 is Information Technologies and 1 is agency audits.

Subsidiaries of the company

As of 31.12.2019, the subsidiaries of the Company are as follows.

AFFILIATES	AMOUNT	SHARE
TARIM SİGORTALARI HAVUZ İŞLETMELERİ A.Ş. (TARSİM)	434,373	4.00%
SUBSIDIARIES	AMOUNT	SHARE
MAPFRE YAŞAM SİGORTA A.Ş	20,816,506	99.50%
GENEL SERVİS YEDEK PARÇA DAĞITIM TİC. A.Ş.	2,428,025	51%
	23,678,904	

- The company does not have its own share acquired.

Public Audit

During the company's fiscal year 2019,

Limited inspection of Corporate Tax (Stoppage) and Value Added Tax (Stoppage) which cover the years 2013-2017 has been started by the Turkish Republic Ministry of Finance Tax Inspection Board Presidency Istanbul Large Scale Taxpayers Group Presidency. The company obtained the right to take advantage of the law numbered 7143 in which it is included in this audit.

The result of the audit report for 2013 was reported to the company on 26.12.2018. The company closed the audit related to the year 2013 by paying TRTY 10.976.88 of the amnesty law content on 21.01.2019.

The audit process for 2014-2017 was done in 2019 and the audit process was closed by paying a total of 46.523 TRY.

Private Audit

The information and the audit hours related to the audit firms with which the Company works on Independent Audit and Tax Audit are given as follows.

AUDITOR FIRM'S

TITLE	KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş
ADDRESS:	İŞ KULELERİ, KULE 3 KAT: 2-9 LEVENT 34330 - İSTANBUL
VERGİ DAİRESİ SİCİL NO	BOĞAZIÇI KURUMLAR V.D 589 026 9940
PHONE NUMBER	0212 316 60 00
FAX	0212 316 60 60

AUDIT PERIOD OF 2019

RESPONSIBLE AUDITOR	35 HOURS
SENIOR AUDITOR	60 HOURS
AUDITOR	100 HOURS
AUDITOR ASSISTANTS	885 HOURS

TOPLAM 1080 HOURS

SWORN FINANCIAL CONSULTANT

COMPANY'S

TITLE	FK YEMİNLİ MALİ MÜŞAVİRLİK LTD.ŞTİ.
ADDRESS	ATA 4 ÇARŞI PLAZA KAT. 3 D. 34 PLAZA ATAŞEHİR - İSTANBUL
TAX OFFICE REGISTRY NO	KAVAKLIDERE T.O...385 034 6662
PHONE NUMBER	0216 456 07 79
FAX	0216 456 06 82

AUDIT PLAN OF 2019

MAY 2019	3 DAYS
JULY 2019	2 DAYS
AUGUST 2019	5 DAYS
OCTOBER 2019	2 DAYS
DECEMBER 2019	3 DAYS
JANUARY 2019	2 DAYS
FEBRUARY 2019	2 DAYS
APRIL 2019	3 DAYS
TOTAL	22 DAYS

Details about the company's Internal audit official and the authorized auditor in compliance with the Turkish Commercial Code No. 6102

Internal audit official

	DATE OF ASSIGNMENT 10.06.2019	DUTY TIME AND PROFESSIONAL EXPERIENCES 2019 - MAPFRE Sigorta A.Ş Internal Audit Director 2018 - 2019 Senior Director - Aon Insurance Brokerage 2013- 2018 - Internal Audit Assistant General Manager- Ergo Sigorta 2011-2013- Loss Assistant General Manager - Ergo Insurance 2010 - 2011 - Internal Audit, Internal Control, Risk Management Conformity, Corporate Conformity Director 2009- 2010 - Internal Audit Group Manager- Ergo Grup Holding 2008-2009- Internal Audit Group Manager - Ergo Grup Holding 2002-2008-Internal Audit Ofşer - Allianz 2002- 2008- Risk Management Specialist - Akbank 1997- 2001 - Senior Auditor- EGS Yatırım
	AREA RESPONSIBLE MAPFRE Sigorta A.Ş. Director of the Internal Audit	
	STATUS OF EDUCATION Istanbul University FACULTY OF ECONOMICS International relations	
Zeynep Berna TÖREN / Internal Audit Director		

The details about the authorized auditor selected in the agenda item no 9 of the Ordinary General Assembly meeting which was held on March 29th, 2019 is as follows.

KPMG Independent Audit and Independent Accountant Financial Consultancy A.Ş.

İş kuleleri, Kule 3 Kat: 2-9
Levent 34330 İSTANBUL

Boğaziçi Kurumlar Tax Office - 589 026 9940

Tel: 0212 316 60 00

Fax: 0212 316 60 60

www.kpmg.com.tr

Lawsuits filed against the company

The number of Lawsuits which are filed against the Company and still in progress is 9,319 although it does not affect the financial status and activities of the company. Among all, 9.257 of these Lawsuits are related to losses and amount to TRY 596.647.249, and this amount is included in the Company's financial statements as Pending Loss. There are also 62 other Lawsuits amounting to TRY 2.561.687.

The Company has made the necessary provisions in the financial statements for both damage and other Lawsuits.

Information of whether the targets determined in the past terms have been reached, whether the resolutions of the General Assembly have been fulfilled

The total premium production of our company was 2.800.485.978 TRY.

Our company's pre-tax profit in 2019 was TRY 20,408,196, and net income after the tax term was TRY 4.493.966. Our total premium production reached 2.797 million TRY with an increase of 5.8% when compared to the previous year while our market share increased from 4.84% in 2018 to 4.04% in 2019. Thereafter, we ranked the 5th in the sector in compliance with the premium production last year, and this year we have completed the 7th.

Our company was rated by A + (Tur) financial strength in 2001 by the international rating company. This success has been maintained so far, Fitch rating agency increased our national financial strength rating to AA (Tur) in 2007, and it was upgraded from AA (Tur) to AA + (Tur) by Fitch Ratings in 2019.

The company's commercial center is transferred to Torun Center, Fulya Mahallesi, Büyükdere Caddesi No. 74 D Blok Mecidiyeköy 34381 İstanbul as of June 19th, 2017, decision of the Board of Directors numbered 01 June 201/31 has been taken and the related decision is published in Turkey Trade Registry Gazette dated 29 June 2017 and No. 9356.

It is observed that all decisions which are taken at the Ordinary General Assembly Meeting held on 29.03.2019 have been performed by the Company's Management in line with these results.

Extraordinary General Meeting

Any Extraordinary General Assembly meeting was not held in 2019.

Information related to the participation of the members of the Board of Directors in the meetings

According to the Articles of Association, the Board of Directors meets whenever it is necessary. More than half of the members must attend in order for the meetings to be valid. Decisions are taken with the majority of the members attended. Accordingly, the report to be prepared is recorded in the decision book and signed by the members. With its administration and shareholders, the Board of Directors represents the company against third parties and in the courts. All members attended in 61 board decisions made unanimously during the year.

The expenditures made within the framework of social responsibility projects with the donations and aids made by the company during the year

The donation amount which made by the Company in 2019 is 3.125 TRY.

Employee volunteering operations and social responsibility projects performed by the company in 2019 are given in the list below and the sponsor of both project groups is Fundación MAPFRE.

Volunteer Program:

With the participation of 286 volunteers in 2019 within the scope of the volunteer projects;

- Runatolia Run, Tohum Autism Foundation Campaign -3.03.2019
- World Childhood Cancer Day Canvas painting workshop, KAÇUV - 16.02.2019
- Spinal Cord Injury Association of Turkey awareness seminars and empatiparkur experience- 03/22/2019
- Autism Awareness Run - 02.04.2019
- Road safety awareness campaign -Speak Up -16.04.2019
- Benimle Çıkar Mısın activity, Spinal Cord Injury Association of Turkey -11.05.2019
- Kızılay blood donation - 14.06.2019
- Tohum Autism Foundation, lunch and gme aactivities with children with autism- 26.07.2019
- Marathon fair - 19.08.2019
- June 5th cloth marketing event - 05.06.2019
- Darüşşafaka Children's Festival-21.09.2019
- MAPFRE Volunteers Day-5.10.2019
- Bone Marrow Donors Day awareness campaign- 21.09.2019
- Bursa Eker Run-6.10.2019
- Aydın Primary School donation campaign-30.10.2019

- Istanbul Marathon-3.11.2019
- Malatya nursing home visit-4.11.2019
- Turkey Spastic Children Foundation wristband Workshop- 20/11/2019
- Clothing renewal with the cooperation of the Octopus Volunteers Association- 14.12.2019
- Erzurum High School computer donation- 24.12.2019
- Ahmet Edip Önder computer donation-30.12.2019

the events above were held.

Fundación MAPFRE Social Responsibility Projects:

Our foundation Fundación MAPFRE focuses on providing economic, social and cultural developments for the most disadvantaged people and groups within the community. We work both directly for social advantage and also cooperate with many institutions, non-governmental organizations, museums, foundations and associations all around the world. Foundation studies focus on five key areas:

- Accident Prevention and Road Safety
- Insurance and Social Security
- Culture
- Community Development
- Health Promotion

According to MAPFRE Group's internal regulations, social responsibility activities must be performed completely from commercial activities. The Foundation projects are managed by the Corporate Communication team. Our Foundation also attend the activities implemented in the territory of Turkey with its own name in cooperation with MAPFRE Insurance as in all social responsibility projects it carries out around the world.

Community Development

We believe that all individuals in our society need to have the opportunity to develop themselves individually and socially. Therefore we support individuals who are in need or disadvantaged groups in the fields of education, health and nutrition in cooperation with the MAPFRE Foundation Social Development Area. Also we strive for individuals at risk of exclusion from society to participate in employment.

Our Scholars

In the 2018/2019 academic year, we provide scholarships to 60 students, 30 of whom are disabled, and also 51 students, 30 of whom are disabled through TEV. We especially prefer our scholars to cover disabled people in line with our diversity approach.

Child Cancer Knowledge Tree

In 2016, we have started the Information Portal for Families of Children with Cancer in cooperation with KAÇUV (Foundation for Hope for Children with Cancer). We aim to guide families of children with cancer with their children about the disease and provide online training through the portal. This portal aims to provide families with more detailed information related to the disease and treatment processes of children, and it can also be reached at www.cocukkanseri.org. In this portal, we offer a total of 62 educational videos in 5 different categories (Living with Cancer, Cancer Types, Cancer Treatment, Physical Care and Heroic Stories). There are also 15 interviews and 39 different publications related to the cancer process, treatment and methods of coping with cancer.

We organized live broadcasts on Facebook and answered the questions of the children's relatives in 2019 within the scope of the project. 210,550 people have had access to online seminars organized in 10 different titles up to now.

Daruşşafaka Nutrition Support

We covered the nutritional expenses of 55 children who study in Daruşşafaka since 2017.

TAccident Prevention and Road Safety

Clever Kids of the City

We started a very different big title called "Clever Children of the City" in the Road Safety Area in 2019. What we aim in this project is for children between 5-14 to think about the future city perception and traffic safety issues, to dream, to feel that they are a part, and to be in an active position and involved person instead of being passive in the future.

But we emphasize the fact that the children of the target audience of the project can work together with their friends to solve problems related to traffic safety; the traffic problem can be solved together with all the stakeholders (individuals) of the society.

While many projects in relation to traffic safety is focused on training adults or teaching children about certain traffic rules, the Clever Kids of the City Project has been designed to create a new paradigm in this area. This paradigm actually focuses on altering the communication languages and products of the projects performed up to now and converting unilateral communication into a common information and communication flow in this framework.

There is a new and creative education model at the heart of this fiction. This education methodology is a method that which emphasizes teaching students by "asking", "discovering" and "producing" along with their teachers, rather than using a model that includes (exposes) the information to be taught by teachers.

The project which is performed in 30 schools in Istanbul, has two main shareholders: Students and teachers. Teachers, along with their students, make classifications on their interests, and each student is asked to wonder about the topic with the "ask, discover, produce methodology" in their own interest area. The focus in this phase is the fact that it finds out new issues and values by cooperating with friends using their own imagination. These values can sometimes come together and form a children's book, while it sometimes can be a road model or a rap on traffic.

A portal has been formed for the project and it is aimed that the students keep in touch to improve a product for the future of traffic safety in a communicative way at the digital communication point. Children can ask their own questions and talk about their curiosities, come together with their friends and find solutions using the "ask, discover, produce methodology" as in field activities.

We enable children to take the first step to the portal here by using communicative/electronic tables in our school activities in order to bring two communication channels together. Interactive table; is an interaction material which consists of a touch screen, provides a fun use of the portal and children can realize their first experiences on the portal in guide of their teachers.

The projects which are prepared by the students on the traffic safety axis with the help-and-produce methodology are compiled and a project result report is created at the end of the project.

Health Promotion Area

My Plate is Colorful My Life is Moving

Fundación MAPFRE aims to improve healthy eating habits, physical exercise and proper rest that which have the highest impact on non-communicable diseases in our time (cardiovascular disease, cancer, diabetes, high blood pressure, etc.) in order to develop individuals' health and life quality in the field of health promotion.

In this area our operations that we have performed in Turkey involves the Healthy Living Workshop since 2014. In 2019, we changed the project name to "My Plate is Colorful, My Life is Moving".

We have reached thousands of children at primary school level since 2014 and tried to create awareness related to obesity and shared the healthy life tips in an entertaining theater play format in the project.

The project called "My Plate is My Colorful Life Moving" draws attention to the obesity problem that can be observed among the important health problems both in the world and also in our country. The project is implemented in primary schools, Yenikapı Bandırma - Bandırma Yenikapı İDO expeditions, shopping malls in festival format and various environmental and children's festivals and it reached children in Kocaeli, Yalova, Tekirdağ, Lüleburgaz and Edirne, especially in Istanbul.

The "My Plate of Color My Life Moving Project" has reached 70,233 students, 2,349 teachers and 2,220 parents in 255 schools and 8 public spaces with 1,003 events up to now. After the activities to all students and parents, two books of the project are: We also give a Colorful story and parent book.

Our project was awarded with "Long-Term Communication" award in the 'Healthy Individuals' category of the 9th Corporate Social Responsibility Market Sustainable Development Academy Awards in 2017 and in the PRIDA Public Relations Awards in 2019.

Relations with companies and their results

The dominant company does not have a direct direction on the companies that our Company will work with. However, our Company worked with MAPFRE Group companies in 2019 provided that it is in market conditions within the framework of company policies.

Our company implemented all transactions provided that it will be in market conditions and with appropriate counter-actions. Our company has not suffered any damage as a result of these transactions. On the contrary, our Company's transactions with Affiliated Companies enabled our Company to provide faster returns and to carry out its implementations more rapidly in consideration of the commercial life.

It is acknowledged that the relations of our Company are realized under the conditions of the market and with appropriate counter-actions when the relations of our company in 2018 are assessed within the framework of Article 199 of the TCC. Thereby, the Company does not have any legal operation or precaution to be taken within the scope of Article 199 of the TCC.

Corporate Governance Principles Compliance Report

MAPFRE SİGORTA A.Ş.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

March 4th, 2020

1. DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

MAPFRE Sigorta A.Ş ("Company"), Republic of Turkey It obeys the corporate governance principles given in the "Circular No. 2011/8 on Corporate Governance Principles in Insurance Companies and Reinsurance Companies and Pension Companies" which was published on 27/4/2011 by the Prime Ministry Undersecretariat of Treasury, performs maximum care to carry out the mentioned principles.

The Company's Board of Directors decided to found a Corporate Governance Committee after its decision dated September 17, 2013 and numbered 2013/27 in this context. The task of the Corporate Governance Committee: To carry out the required works to enable compliance with the principles in the Circular, to make suggestions to the Board of Directors for this purpose and to follow the compliance of the company with the principles. Information related to the members of the Corporate Governance Committee is provided below.

Name	Duty in the Committee	Duty in the Company	Contact Information Tel (212 334 90 00)
Stefan Jensen	Chairman	General Manager Member of the Board	sjensen@mapfre.com.tr
erdinç Yurtseven	Member	Vice General Manager	eyurtseven@mapfre.com.tr
necla Aksoy	Member	Vice General Manager	naksoy@mapfre.com.tr
merve Öney	Member	Legal Department Director	money@mapfre.com.tr

However, "MAPFRE Group Ethical Values and Correct Code of Conduct" which was approved by MAPFRE International S.A.'nın üst grup şirketi olan MAPFRE S.A. on 25.06.2009 and entered into force on 1.09.2009 applies to all MAPFRE Group affiliates, including our company, and has an important share in adopting corporate governance principles on the basis of equality, transparency, accountability and responsibility.

2. SHAREHOLDERS

A separated "Relations with Shareholders" unit has not been established as the share ratio of our company's main shareholder MAPFRE International S.A. is 99.75%. Relations with shareholders are performed within the Legal and Financial and Administrative Affairs Departments.

3. USE OF SHAREHOLDERS 'RIGHT TO INFORMATION

All shareholders are treated equally by our company.

Any discrimination isn't made among the shareholders in the exercise of the right to get and review information, and all kinds of information of the shareholders are met apart from the details that is not a trade secret. All kinds of information that may affect the use of the rights of the shareholders are presented to the information of the shareholders in the "Announcements" section on our company's website.

4. GENERAL ASSEMBLY MEETINGS

In order to ensure the participation of shareholders in the General Assembly before the General Assembly Meetings, our Company takes all necessary precautions and informs the shareholders about the agenda of the General Assembly completely, without hesitation and giving the opportunity to prepare the shareholders.

At the General Assembly Meeting, the articles on the agenda are provided impartially and in detail, clearly and understandable way; the shareholders are given the opportunity to state their opinions and ask questions under equal conditions, and a healthy discussion environment is formed. Our company provides all the shareholders the opportunity to exercise their right to vote in the easiest and most convenient way.

One (1) General Assembly meeting was held in 2019. These meetings are held in the address Torun Center Büyükdere Cad. No: 74, D Blok Mecidiyeköy, Şişli 34387, İstanbul which is the central address of the company. Call for the Ordinary General Assembly Meeting held on 29th March 2019 will be published on the company's website on February 8th, 2019 and in Turkey Trade Registry Gazette dated February 13th, 2019, in the Akşam and Takvim newspaper dated February 8th, 2019 and also made within its term by reporting the meeting date and topic with a registered letter. Our annual report (with financial statements) for 2018, the independent auditor's opinion and other documents that underpin the agenda items of the General Assembly were presented to the shareholders in the related meeting. Our annual report (with financial statements) for 2019 will be presented to the shareholders' information on March 31, 2020, with the independent auditor's opinion and other documents that underpin the General Assembly agenda items.

It is considered that our shareholders did not encounter any difficulties or disruptions in attending the General Assembly at the General Assembly meeting. As no notification has been received in this regard.

The minutes of the General Assembly is available in our company website at <http://www.mapfresigorta.com.tr/>. The relevant minutes are kept open to shareholders at the company headquarters. Any questions were not asked by the shareholders at the General Assembly and any agenda suggestions were not made.

5. VOTING RIGHTS AND MINORITY RIGHTS

The Company avoids practices which make it difficult to exercise the right to vote, and each right owner is intended to exercise his right to vote in compliance with the articles of association and laws.

Vote and voting procedures at the General Assembly, Internal Directive on the Working Principles and Procedures of the General Assembly of MAPFRE Genel Sigorta Anonim Şirketi, prepared by the Board of Directors decision dated 22 March 2013 and numbered 2013/13 and approved by the Ordinary General Assembly Meeting held on 29 March 2013 is determined in detail and is prepared for the examination of the shareholders at the General Assembly Meetings.

The Company takes the highest care in carrying out minority rights and avoids practices that make it difficult for the shareholders to transmit their shares freely.

6. DIVIDEND RIGHT

There is no privilege to participate in the company's profit. Profit distribution is performed in compliance with the relevant legal legislation and the company's articles of association within the legal terms. Main contract, long-term group strategies, investment and financing policies, profitability and cash positions, and most importantly capital adequacy ratio are considered in specifying profit distribution. Profit distribution decisions are made by the shareholders at the General Assembly held in March every year in parallel with the Company's Capital Adequacy forecasts for the coming years and company targets.

The Company's profit distribution policy is specified in article 53 of the Company's Articles of Association.

7. TRANSFER OF SHARES

The transfer of shares is made in compliance with the Company's articles of association and the related legislation. There is no equivalent that which restricts the transfer of shares in the articles of association of the company.

8. INFORMATION POLICY

The information policy of our company has been confirmed by the decision of the Board of Directors. Within the framework of the relevant legal legislation, the disclosure aims to share the information to the parties in a suitable time and correct manner apart from the matters that are under the trade secret scope, and it covers how, how often and in what ways this information will be declared.

Information to be published to the public within the framework of the disclosure policy are; "The Company's quality policy, except for the matters that have to be explained by the relevant legal legislation and those that are under the scope of trade secret within the framework of the relevant legal legislation; mission; vision; values; strategy; plans; past performance, goals and other similar issues.

The information will be published by the related legal legislation within the relevant term, and the issues other than this and it is published through the above mentioned channels when necessary. Information is available on the corporate website ("Internet Address") at <http://www.mapfresigorta.com.tr/>; company annual reports, Financial Reports and Independent Audit Reports; In the Trade Registry Gazette; with the announcements made through the Written and Visual Media Organizations; with the communication provided by fixed telephone and GSM operators; with press releases, meetings and promotions; by electronic mail and similar communication methods; and duly authorized by the company authorized signatures.

The management and execution of the Disclosure Policy is under the authority and responsibility of the Board of Directors. The relevant issues are published to the public by the staff to be assigned with the approval of the General Manager of the company.

9. COMPANY WEBSITE AND ITS CONTENT

In the section titled "Information Society Services" of the Company's Internet Address; there is a section "Announcements" where important issues and also capital structure of the company; Trade Registry Information; Information of the Board of Directors; Financial Information; General Assembly Decisions; Internal Directive; Registry Advertisements are published.

Related information is kept up-to-date and made available to the public, primarily our shareholders.

10. ACTIVITY REPORT

Our Company's annual report presents the requirements of the Corporate Governance Principles to the shareholders and it aims for the public to obtain transparent and accurate information about the company's activities.

11. INFORMATION OF THE STAKEHOLDERS

Our company actively uses the Company's Internet Address in enlightening stakeholders and the public. The stakeholders are informed through both from the section titled "Announcements" on the company's website and press conferences, bulletins, annual reports, explanations, etc. Therefore, the information to be published to the public that may affect the financial status of the company, the important changes that may be observed in this situation, and the results of the activities are is presented to the public in an accurate, complete, current, understandable and easily accessible form.

Activities which are performed to inform employees related to human resources policies are carried out by the Human Resources Department both through the internal intranet and via e-mails and via written and visual banners.

12. PARTICIPATION OF STAKEHOLDERS IN MANAGEMENT

The Company's Articles of Association do not contain a regulation related to the participation of stakeholders in the Company management. Thereby:

- **Employees and Regions:** They are informed related to the Company's activities by internal e-mails; termic regional meetings are also held for employees of regional directorates.
- **Agencies:** They are informed about the Company's activities via e-mails within the Company and agencies are enabled to contribute to the management through agency meetings held throughout the year.
- **Shareholders:** Rights to participate in management are provided in compliance with the relevant legislation and the articles of association.
- **Customers:** Company information is given in detail on the website for customers. Furthermore, customers are given the opportunity to contribute to the management of the Company through the contact form in the Company's Internet Address.

13. HUMAN RESOURCES POLICY

The Human Resources Area has been structured with the purpose of carrying out the best HR practices to attract internal and external talents that will actualize the MAPFRE Group strategies, and to develop, back up and retain the internal and external talent that will implement corporate strategies and carry them into the future.

The vision of human resources is to provide a corporate culture where the best people want to work, they are permanent and happy because they can turn their potential into high performance, where service quality and customer satisfaction are the employee output based on the fact that the realization of the corporate aims of the company is directly proportional to the skills and efforts of our employees.

In line with this vision; they commit and aim to create and maintain a high performance work environment where mutual respect and trust are essential and everyone feels responsible for achieving the set goals, promote bidirectional open communication, which is the basis of trust and mutual understanding between employees and their managers, structure the works to ensure the most efficient work and work in tasks appropriate to the knowledge and skills of the staff, evaluate the performance of employees with objective criteria, appreciate, encourage and motivate high performing staff; employ staff in an objective system of career development, promotion and remuneration; identify, plan and implement training needs related to professional and personal development of employees; develop and maintain a working environment that encourages employees to improve themselves and their jobs, improve with their suggestions; prepare the people who are suitable for the job and the corporate culture, primarily from the current human resources of the Company in the relevant jobs, prioritize the assignment of high-performance employees to the responsibilities, and for the employees to perform in a short time; create a safe and healthy work environment; and evaluate and implement all the rights of the employees within the framework of laws and rules.

Manpower is the leading value in the MAPFRE system. Human Resources Policies have effective people management skills; promoting learning and development; It adopts a management philosophy focused on

training leaders who know and apply human resources practices by providing the right person with the right training with the awareness that any development in this area will play a key role in the future success of our Company. Within this context; employment policy; wage policy; education policy; performance Assessment policy; Promotion policy principles are determined by the Human Resources Department in compliance with MAPFRE Group Global Policy and guidelines. The principle of providing equal opportunities to people under equal conditions has been adopted while making recruitment policy and career planning; the values of the company, the financial opportunities it provides; career development; Informative meetings were held for employees about training needs and health promotion programs.

The job descriptions and distribution of the company employees were specified by the managers and shared with the employees, and working environments with safe and good conditions were prepared for the employees. Measures were taken in order to protect employees against internal physical, mental and emotional ill-treatment, and the "Protocol on Preventing Harassment Cases" is put into effect in this context. It organizes e-trainings to the employees of Human Resources Department on topics such as Ethical Values and Code of Conduct for Company employees.

The Human Resources Area works to prepare more flexible, strategy-compatible and effective structures to provide flexibility and agility for the organization. Professional improvement activities include skill management and career development, the most effective use and improvement of the workforce through the development of functional and geographical mobility and the development of leverage and training content that will support our implementation of strategies and the creation of systems to encourage self-learning.

Our Talent Management practices have identified the profiles that we need to implement our Company strategies, and development plans are created in compliance with the level of diagnosis and strategic preparedness that fit those profiles within our Company based on our strategic initiatives.

All employees and managers work together within the framework of corporate governance principles to reinforce the MAPFRE culture and implement practices that will raise employee loyalty. In this context, all of the MAPFRE employees are positioned as cultural representatives. To improve the employee experience, meetings are held to ensure that the company's culture and values are adopted by the employees, to internalize the goals and strategies, and to raise awareness.

14. ETHICAL RULES AND SOCIAL RESPONSIBILITY

The Company's Ethical Values and the Code of Conduct were given for the attention of the Company's employees on the Company's intranet. The company is rather sensitive to social responsibility projects; acts in compliance with regulations and ethical rules related to the environment, consumer, public health. In this direction, volunteering and social responsibility projects were arranged in scope of the Company.

Employee volunteering operations and social responsibility projects performed by the company in 2018 are given in the list below and the sponsor of both project groups is Fundación MAPFRE.

Volunteer Program:

With the participation of 286 volunteers in 2019 within the scope of the volunteer projects;

- Runatolia Run, Tohum Autism Foundation Campaign -3.03.2019
- World Childhood Cancer Day Canvas painting workshop, KAÇUV - 16.02.2019
- Spinal Cord Injury Association of Turkey awareness seminars and empatiparkur experience- 03/22/2019
- Autism Awareness Run - 02.04.2019
- Road safety awareness campaign -Speak Up -16.04.2019
- Benimle Çıkar Mısın activity, Spinal Cord Injury Association of Turkey -11.05.2019
- Kızılay blood donation - 14.06.2019

- Tohum Autism Foundation, lunch and game activities with children with autism- 26.07.2019
- Marathon fair - 19.08.2019
- June 5th cloth marketing event - 05.06.2019
- Darüşşafaka Children's Festival-21.09.2019
- MAPFRE Volunteers Day-5.10.2019
- Bone Marrow Donors Day awareness campaign- 21.09.2019
- Bursa Eker Run-6.10.2019
- Aydın Primary School donation campaign-30.10.2019
- Istanbul Marathon-3.11.2019
- Malatya nursing home visit-4.11.2019
- Turkey Spastic Children Foundation wristband Workshop- 20/11/2019
- Clothing renewal with the cooperation of the Octopus Volunteers Association- 14.12.2019
- Erzurum High School computer donation- 24.12.2019
- Ahmet Edip Önder computer donation-30.12.2019

the events above were held.

Fundación MAPFRE Social Responsibility Projects:

The Foundation which maintains its activities in Turkey through MAPFRE Insurance carries out many social responsibility projects focused on health, road safety and social development based on the problems and needs of the society it is in.

We support individuals in need or disadvantaged groups in the fields of education, health and nutrition in cooperation with the Social Development Area of the Foundation. Also we strive for individuals at risk of exclusion from society to participate in employment.

Our Scholars

We provide scholarships to 48 students, 15 of them are disabled, and also 60 students that half of them are disabled in the 2018/2019 academic year. We especially prefer our scholars to cover disabled people in line with our diversity approach.

Child Cancer Information Tree

In 2016, we have started the Information Portal for Families of Children with Cancer in cooperation with KAÇUV (Foundation for Hope for Children with Cancer). We aim to guide families of children with cancer with their children about the disease and provide online training through the portal. This portal aims to provide families with more detailed information related to the disease and treatment processes of children, and it can also be reached at www.cocukkanseri.org. In this portal, we offer a total of 54 educational videos in 5 different categories (Living with Cancer, Cancer Types, Cancer Treatment, Physical Care and Heroic Stories). There are also 15 interviews and 39 different publications related to the cancer process, treatment and methods of coping with cancer. We organized live broadcasts on Facebook and answered the questions of the children's relatives in 2018 within the scope of the project. 105,800 people have had access to online seminars organized in 6 different titles up to now.

Nutrition expense support

30 years of education in Darüşşafaka in the 2017-2018 academic year and 47-year nutrition expenses in the 2018-2019 academic year are covered by the Foundation with the cooperation that started in 2017.

Fundación MAPFRE aims to improve healthy eating habits, physical exercise and proper rest that which have the highest impact on non-communicable diseases in our time (cardiovascular disease, cancer, diabetes, high blood pressure, etc.) in order to develop individuals' health and life quality in the field of health promotion.

In this area our operations that we have performed in Turkey involves the Healthy Living Workshop since 2014. We have reached thousands of children at primary school level since 2014 and tried to create awareness related to obesity and shared the healthy life tips in an entertaining theater play format in the project. Where we also gave the children a book set titled "Secret of Can and Cem" have reached more than 53 thousand students with 819 workshops up to now in cooperation with the Istanbul Provincial Directorate of National Education in the project. We reached 14,255 students and 207 workshops in 2018.

The theater play called "Bildik and Foam in Traffic" which started in 2016 with the cooperation of the Accident Prevention and Road Safety Area tells children the traffic rules in a fun language also continued in 2018. Our game is shown in such cities as Istanbul, Bursa, Balıkesir, Aydın, Denizli, İzmir, Antalya, Kayseri, Samsun, Ordu, Trabzon, Rize and in İDO sea buses, it refers to the important rules and points that will save lives in traffic, such as friendship, love, respect he also underlines the concepts. At the end of the game, we provide the children music CD with cloth bag and puzzle designed with the characters of Bildik and Foam. The play which is prepared by Theater Alkış exclusively for our Foundation is the first game to be staged in a sea transportation vehicle by playing on İDO's Yenikapı - Bandırma and Bandırma - Yenikapı ferries in the summer months. We were deemed worthy of an award in the Corporate Social Responsibility Category by Bursa Public Relations Association in 2018 with this project.

We reached over 17 thousand children in total within three years and also reached 5,529 students in 2018. On the other hand, we started the infrastructure works of the "Smart Children of the City" project in the Road Safety Area in 2018. The project aims to provide children with road safety solutions and to raise awareness on this issue. Within the scope of the project, the creation of educational content to be used in school visits and the construction phase of the digital portal has started. The project will be launched in 2019.

Also a research study was conducted related to road safety in five big cities of Turkey (İstanbul, İzmir, Antalya, Konya, Diyarbakır) in cooperation with WRI Türkiye Sürdürülebilir Şehirler Derneği. Communication of the research will take place in 2019.

15. STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS

The Company's Board of Directors includes 5 members.

name	Title
Hüsamettin KAVİ	Board Chairman
Stefan Jensen	Vice Chairman of the Board and General Manager
Zeynep Nazan Somer Özelgin	Member Of The Board
Nikolaos Antimisaris	Member Of The Board
Süleyman Serdar Çaloğlu	Member Of The Board

Except for the members Mr. Süleyman Serdar Çaloğlu, Mr. Hüsamettin Kavi and Mr. Zeynep Nazan Somer Özelgin, the rest of them currently work at MAPFRE GROUP companies.

16. ACTIVITY PRINCIPLES OF THE BOARD OF DIRECTORS

The Company's Board of Directors specifies the company policy and strategy, the ways to reach these policies and strategies, the developments related to these policies and strategies, and the processes to be carried out in surveillance and Assessments. Within this framework, the Board of Directors constantly and effectively reviews the degree of achievement of the company's goals, activities and past performance, and takes measures when necessary. The Company's Board of Directors oversees the conformity of company activities with legislation, articles of association, internal regulations and established policies.

The Company's Board of Directors consists of at least five (5) and at most seven (7) people including the General Manager in compliance with the Articles of Association. The General Manager is an ordinary member of the Board of Directors. Pursuant to Article 25 of the Company's Articles of Association, the Board of Directors holds meetings whenever necessary to carry out its duties and manage the business in compliance with the Turkish Commercial Code No. 6102, other relevant legislation and the Articles of Association. Members of the Board of Directors are appointed for a term of three (3) years.

It is the essential principle that the members of the Board of Directors carry out their duties in good faith the majority of the members of the Board of Directors have at least four (4) years of university degree or at least three (3) years of experience in areas legal legislation and insurance, economics, business, accounting, law, finance, mathematics, statistics, actuaries or engineering. All members have these qualities.

17. NUMBER, STRUCTURE AND INDEPENDENCE OF THE COMMITTEES ESTABLISHED BY THE BOARD OF DIRECTORS

The Investment Strategy Committee, Risk Management Committee, Corporate Governance Committee and the Executive Committee have been established within the scope of the Board of Directors. The Risk Management Committee and the Corporate Governance Committee have been established by the Board of Directors in 2013 while the Investment Strategy Committee has been established as an Investment Committee in 2010 but it changed its name in 2013.

The Executive Committee was established by the Board of Directors in 2015 and its name was updated as the Board of Directors in 2018.

18. RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE MECHANISM

Risk management, internal control and compliance functions of our company are performed in compliance with the Regulation on Internal Systems of Insurance and Reinsurance and Pension Companies of the Ministry of Finance and Finance and the Board of Directors has the ultimate responsibility. Board member responsible for internal systems, manager of risk, internal control officer and head of conformity function have already been appointed by the Board of Directors. Functions related to internal systems continue to work in parallel with the policies confirmed by the Board of Directors, especially the Risk Management Policy and Regulation, Internal Control Policy and Regulation and Compliance Function Policy. Also the principles of risk management, internal control and compliance functions, operational processes, separation of duties and the powers and responsibilities of the units and individuals managing these functions are defined in these policies. Also the General Manager responsible for oversight of the company's risk undertaking, Assistant General Manager responsible for Financial Affairs, The Risk Management Committee set up by the Risk Manager and the Investment Strategy Committee responsible for monitoring the investment portfolio and approving the investment risk limits work within the company.

Internal systems, which are structured in compliance with the three lines of defense principle are the series of processes that are prepared to enable that the activities performed in parallel with the goals of our company are performed efficiently, the reliability of financial information, and compliance with external and internal rules. All process owners on the first line of defense assume risks and controls in conjunction with Executive Management, in light of the MAPFRE Group rules and the principles set out in the Regulation on the Internal Systems of Insurance and Reinsurance and Pension Companies. The Risk Management, Internal Control and Compliance functions in the second defense line and the environment and security function called DISMA are responsible for the supervision of the system in question, and the Internal Audit Service in the third defense line is responsible for its inspection.

Operational risks of the company are measured with an implementation called Riskmap every year and operation plans related to areas that are found risky in risk maps prepared as a result of the Assessment are implemented within the scope of risk management. Insurance risks, financial risks and third-party default risk are periodically monitored using certain models and effects on capital adequacy are determined. Furthermore, risks in the investment portfolio are analyzed, risk limits caused by investments are specified and conformity with these is monitored and reported daily. Risk-based capital efficiency, insurance, market, third-party risks, and results relevant to the operational risks and critical risk indicators are also reported to Executive Management and the Board of Directors to be added in decision-making mechanisms periodically.

All process owners monitor their actions, risks and controls related to such actions through a standard form and termically test their controls in scope of the internal control function. Also the efficiency of controls carried out in our company is measured every year by forming control maps. In line with the annual internal control plan, financial reporting, information systems, communication and compliance controls are performed and the control weaknesses which are identified are followed by opening the internal control findings and necessary operations are taken.

A Compliance Function has been established in order to ensure that our company complies with legal regulations and internal rules and controls, and the Company has a Compliance Function Policy that specifies the purpose, scope, powers and duties of the Compliance Function.

Accordingly, compliance risks and operation plans are specified to minimize these risks within the scope of the Compliance Function. The effects of the changes in the legal regulations to the company and the reporting which is necessary to be made periodically to the public authority are observed, and the coordination and follow-up of the correspondence with the official institutions is provided. Also ensuring that the MAPFRE Group's written policies in which our internal rules are set and keeping company policies up to date are also performed within the scope of the Compliance Department's job description. All Compliance activities performed during the year are reported to the Board of Directors at the beginning of the following year. In addition, a compliance officer has been appointed by the Board of Directors and there are institutional policies prepared in compliance with the relevant legislation, updated in 2016 and published procedures accordingly within the scope of combating money laundering and financing of terrorism.

18.a. Quality Management System

ISO 9001: 2015 Quality Management System which is certified by international certification institutions every year and which provides the highest level of customer needs, management of product and service quality and efficiency is implemented in our company.

The quality policy of our company is to become a transparent and dynamic institution which has a business partnership understanding with reinsurers and insurance intermediaries, focuses on the needs and expectations of its customers, knows that quality is the output of systematic work, supports the active participation and suggestions of its employees, adopts the quality service as a leadership element, adopts continuous improvement at all levels of organization and insurance intermediaries as a management philosophy and continuously improves the understanding of service at every stage in line with the vision of becoming a reliable insurance company worldwide.

The procedures, processes and documents used in these processes, job descriptions, organization chart, reports and lists are recorded within the scope of the Quality Management System in order to monitor product and service quality and reliability within the framework of our quality policy and ISO 9001: 2015 standard.

19. STRATEGIC GOALS OF THE COMPANY

Our company's mission is to be a reliable insurance company worldwide, become a multinational team that aims to improve the best possible relations with our customers, distribution channels, suppliers, shareholders and the society.

Our company's values are capital strength, integrity, spirit of service, innovation and a dedicated team for leadership. The vision, mission and values of our company are also announced to the public on the Company's Internet Address.

Our strategic goals are determined each year by using the Balanced Scorecard methodology by carrying out SWOT Analysis, Macro and Micro Analysis where Turkey and the world conjuncture, competitive conditions, the economic climate is considered based on Our company's vision and mission. Our determined Strategic Targets are approved by the Board of Directors, and the degree of achievement of the related targets is reviewed at quarterly Strategic Analysis Meetings and submitted to the Board of Directors twice a year.

Our Company has adopted the Goal Management principle, and Goal Management is within the scope of the Model for Performance Assessment as a management and personal development instrument and it was prepared to enable that all employees' work is compatible with strategic goals and contributes to their professional development.

20. FINANCIAL RIGHTS

The policy related to the wages to be paid to the members of the Board of Directors, senior management and other staff was approved by the decision of Board of Directors.

The purpose of the Price Policy is to clarify the appropriate price levels for each task / job and the performance exhibited there, and to serve as a source of satisfaction and motivation for the staff by facilitating access to targets and compliance with the corporate strategy.

The Price Policy encourages effective risk management by keeping the company away from risks that exceed the tolerance limits as well as conflicts of interest.

MAPFRE SİGORTA A.Ş. Price Policy;

- is task / work based and includes measures to resolve any conflicts of interest that may arise.
- pays attention to merit, technical equipment, professional skills and performance.
- guarantees equality regardless of gender, race or ideology.
- is transparent as it is presented to the information of all affected parties.
- is structurally flexible and therefore adaptable to different groups and market conditions.
- it is tried to satisfy the staff in the best way within the frame of available opportunities in terms of wage system and social rights.
- Internal balances, sectoral and general wage analysis reports, MAPFRE GROUP wage policies and principles are taken into consideration in the price regulation.

The price to be paid to the members of the Board of Directors is at the discretion of the General Assembly.



FINANCIAL STATUS

 **MAPFRE** Sigorta

Financial status and activity results

The results of our company's commercial activities in 2019 are submitted below for your information.

The total premium production of our company was 2.800.485.978 TRY.

It was observed that there is a decrease of 1.47% in the auto accident branch, which constitutes 44.64% of the total premium production, and a premium increase of 26.47% in the health branch, which constitutes 25.27% when analyzed by branches.

Our company's technical result in 2019 was recorded as 21.883.035 TRY. Out of 483.245.133 TRY total expenses, 257.626.324 TRY was for administrative expenses and 225.618.809 TRY was for commission expenses. The technical income was recorded as 191.973.514 TL.

Out of the investment income amounting to 393.669.596 TRY, 313.154.656 TRY has been sent to technical part. Amortization expense was recorded as 26.651.379 TRY and other income / expense was recorded as 37.256.313 TRY.

The pre-tax profit of our company reached 20,408,196 TRY in 2019 while the profit after tax was 4.493.966 TRY.

Summary financial information for the five-year term including the reporting term

5 YEARS OF BALANCE SHEET / INCOME STATEMENT - TRY

Active	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
I- Cash Values	1,568,916,022	1,090,234,091	1,415,979,998	1.570.324.952	1.035.542.462
II-Securities Portfolio	807,145,903	992,083,594	661,378,854	314.974.769	217.954.348
III- Receivables	923,473,734	1,021,441,666	865,173,019	997.921.435	858.632.493
IV-Administrative and Legal Receivables					
V-Affiliates	23,690,097	23,690,097	23,602,699	23.476.613	23.477.455
VI-Fixed Values	231,393,942	219,433,834	217,460,521	206.130.554	179.883.831
VII-Other Assets (Net)	250,189,867	234,067,462	211,180,605	4.859.126	17.990.294
Total Assets	3,804,809,565	3,580,950,744	3,394,775,696	3.117.687.449	2.333.480.882

Passive	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
I- Payables	479,389,352	521,521,484	394,681,960	422.448.308	327.352.455
II- Provisions	2,501,516,608	2,305,090,036	2,042,077,354	1.899.798.224	1.379.057.144
III- Other Passives	80,695,567	71,880,896	64,001,915	48.361.226	40.400.543
IV- Equities (1)	668,669,846	593,647,507	637,472,993	577.379.964	545.863.698
V- Profit (1)	74,538,192	88,810,821	256,541,473	169.699.727	40.807.043
Passive Total	3,804,809,565	3,580,950,744	3,394,775,696	3.117.687.449	2.333.480.882

Income Statement	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
I-Technical Income (2)	2,356,870,676	1,929,494,374	2,177,532,262	2.051.201.589	1.299.039.204
II- Technical Expenses (3)	2,334,987,641	2,021,914,964	1,971,083,320	1.862.484.549	1.229.747.295
III- Technical Profit / Loss (I - II)	21,883,035	-92,420,590	206,448,942	188.717.040	69.291.910
IV- General Expenses (4)	393,661,596	198,132,170	165,035,558	133.012.596	96.604.140
V- Financial Income	429,443,070	449,912,131	273,788,872	186.691.540	124.244.100
VI- Financial Expenses (5)	37,256,313	138,687,410	66,202,848	92.595.295	52.182.453
VII- Inflation Loss					
VIII- term Profit / Loss (III-IV + V-VI-VII)	20,408,196	20,671,961	248,999,408	149.800.689	44.749.417
IX- term Profit Tax and Other Legal Liability equivalent (-)	15,914,230	1,905,366	62,502,160	27.199.733	11.932.546
X- Net term Profit / Loss (VIII-IX)	4,493,966	18,766,595	186,497,248	122.600.956	32.816.871

Determination and Governing Body's Assessment on whether the Company's Capital is Unreciprocated and whether it is in Debt

Details of financial structure

The purpose of the Regulation on Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance and Pension Companies is to enable that insurers have adequate equity against losses that may occur from current liabilities and potential risks. Non-life insurance companies will establish a minimum guarantee fund as a guarantee, not less than a third of the capital adequacy in compliance with article 17 of the Insurance Law No. 5684 titled guarantees. The minimum guarantee fund can never be less than one third of the minimum capital required by the branches studied.

According to the results of the capital adequacy statements measuring the amount of the required capital as at 31.12.2019, 108.402.665 TRY was calculated as free capital.

Assessment related to financial position, profitability and compensation power

The ratios related to the financial structure with international validity which is used in the on-site inspection of the insurance sectors are given in the attached table. These rates which also confirm the financial structure of MAPFRE Sigorta are well above the average of our insurance industry and world norms.

Net asset damage coverage ratio is 42% and the net paid damage coverage ratio is 46%. Damage coverage ratios in liquid assets are 134% and 146% respectively.

Dividend distribution policy

The Company takes the related term profit to the General Assembly upon the recommendation of the Board of Directors and conducts profit distribution in compliance with the decision taken at the General Assembly. The company will handle the Board of Directors' recommendation on profit distribution related to the 2019 profit at the Ordinary General Assembly Meeting on March 31, 2020.

A- CAPITAL ADEQUACY RATIOS**%**

1- Equity / Premiums received (Gross)	27
2- Equity / Premiums received (Net)	36
3.- Equity / Total Assets	20
4.- Equity / Technical Provisions	31
5.- Foreign Resources / Total Assets	80

B- ACTIVE QUALITY AND RATIOS RELATED TO LIQUIDITY**%**

1- Liquid Assets / Total Assets	62
2- Liquidity Ratio	80
3-Current Rate	119
4- Premium and Reinsurance Receivables / Total Assets	24
5- Agency Receivables / Equity	100
6- Collection Rate	76

C- ACTIVITY RATES**%**

1.- Retention Rate	73
2.- Compensation Payment Rate	51
3.-Compensation Share Rate	83
4.-Premium Increase Rate	4

D- PROFITABILITY RATES**%**

1-Loss Ratio (Gross)	75
2-Loss Ratio (Net)	85
3- Expense Ratio	26
4- Combined Ratio	111

RISKS AND THE ASSESSMENT OF THE GOVERNING BODY

Information on the transactions the company carries out with its risk group

MAPFRE Sigorta acts in compliance with the conditions and application principles applicable to third parties in its relations with the companies within the scope of the risk group. MAPFRE Genel Sigorta joined the MAPFRE Group with the majority share on September 20th, 2007.

The reinsurance protections of MAPFRE Insurance on the basis of treats have been placed since 01/01/2008 as the reinsurance protections of all insurance companies owned by MAPFRE are on the basis of 100% MAPFRE RE placements. MAPFRE RE is a reinsurance company operating in Spain / Madrid, affiliated with the MAPFRE RE MAPFRE S.A group and it is graded with "A" according to AM BEST.

Information on risk management policies carried out by risk types

Our Company's Risk Management policies and activities are carried out as outlined under the main headings given below.

1) Risk / Guarantee Based:

Our company forms risk acceptance policies thanks to the damage and other experiences it experienced in the past for many years. These are also periodically examined by view of internationally accepted general statistics and criteria. Our company's reinsurance agreements form the basis of our risk acceptance criteria, which are determined annually.

The identified risks are examined and evaluated by risk engineers and other means considering that reinsurance protection is one of the most important factors in maintaining the company's existence. Risk Acceptance Criteria are reported to all company officials and distribution channels in writing, and their implementation is systematically investigated.

2) Catastrophic Risk Based:

Turkey is on the active seismic fault lines and therefore the catastrophic scenario of the company was created taking into account the earthquake risk. For this reason, the earthquake risk is followed in our Company on an earthquake zone basis as in the entire Turkish Insurance Sector. The earthquake risk is closely investigated especially in Istanbul and its surroundings, and the risk is kept under control with termic reporting on the subject as it is the most intense earthquake zone. These Assessments are also shared with our reinsurers.

The limits of necessary reinsurance protection programs are determined with the consultancy of MAPFRE Re Reinsurance company and other international reinsurance companies with which we work together according to our total earthquake obligations (earthquake cumulations), and brokers are purchased accordingly. The protection limits purchased can be reviewed during the year in compliance with the growth rates of the company's earthquake portfolio and economic changes.

These programs cover not only the risk of earthquake but also other natural disasters such as the results of catastrophic risks other than natural disasters where multiple risk issues may be affected at the same time.

3) Determination of Our Retentions:

In our company, the retention amounts related to each branch / product are determined separately. When doing this, related risk profiles, damage frequencies, dimensions, average damage amounts, damage-premium rates, reinsurance needs and conditions if any, are investigated and the equity of the retention amounts are determined in compliance with the relevant legislation.

4) Reinsurance Policies:

Our company's reinsurance activities is observed in different ways on the basis of risk and annual treaty agreements. Reinsurers whose financial structure is strong and documented by international rating companies are our first choices although our needs are generally met with companies that have annual contracts - on risk basis - Discretionary Reinsurance.

Our annual reinsurance contracts with or without division are made with MAPFRE Re since 2008 and the company's needs and reinsurance solutions are resolved commonly with this company.



 **MAPFRE** Sigorta

OTHER CONSIDERATIONS

Other Considerations:

Any Private events is not occurred in the company other than those mentioned in the content of this report that which would affect the rights of the shareholders, creditors and other relevant persons and organizations.

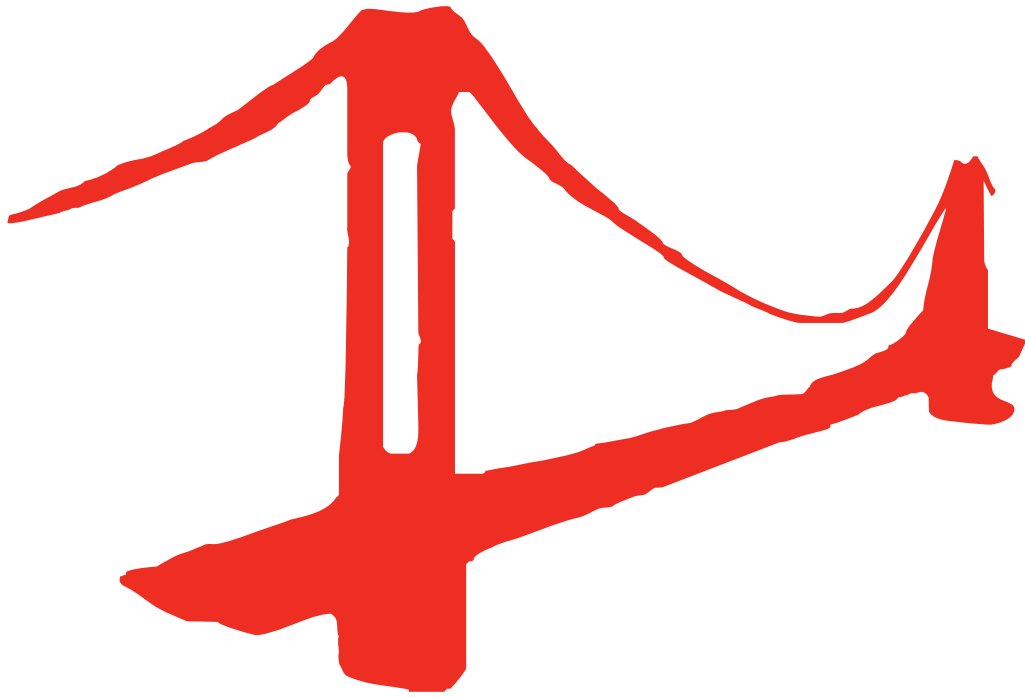
FINANCIAL TABLES AND FOOTNOTES

 **MAPFRE** Sigorta

MAPFRE Sigorta Anonim Şirketi

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MAPFRE SİGORTA ANONİM ŞİRKETİ

Detailed unconsolidated
balance sheet as of
December 31, 2019
(Currency - Turkish Lira (TRY))

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Attention of the General Assembly of MAPFRE Sigorta Anonim Şirketi,

Opinion

As we audited the full set unconsolidated financial statements of MAPFRE Sigorta Anonim Şirketi ("The Company") for the fiscal period of 01/01/2018 - 31/12/2018, we also audited the annual report for this fiscal period.

In our opinion, the unconsolidated financial information included in the annual report of the Board of Directors and the analyses made by the Board of Directors on the Company's status using the information in the audited unconsolidated financial statements are consistent in all material respects with the full set audited unconsolidated financial statements and the information we obtained during the independent audit and they reflect the truth.

Basis of the Opinion

The independent audit we have conducted was carried out in accordance with the Independent Auditing Standards ("IAS") which are part of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). Our responsibilities under these IASs are detailed in our report under the section on Independent Auditor's Responsibilities regarding the Independent Audit of Annual Reports. We declare our independence from the Company, in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by KGK, and ethics provisions of the regulations on independent audit. We have also complied with other responsibilities concerning ethics, as stipulated in the Code of Ethics and regulations. We believe that the independent audit evidence we have collected during the independent audit provides sufficient and appropriate grounds for providing our opinion.

Auditor's Opinion on The Full Set Unconsolidated Financial Statements

We delivered a positive opinion in our audit report dated March 15, 2019 regarding the full set unconsolidated financial statements of the Company for the fiscal period of 01.01.2018-31.12.2018.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a Turkish Corporation and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

Responsibility of the Board of Directors Regarding the Annual Report

The Company's management is responsible for doing the following with respect to the annual report, pursuant to the articles 514 and 516 of Turkish Commercial Code no. 6102 ("TCC") and the provisions of "The Regulation on The Financial Structures of Insurance and Reinsurance and Pension Companies" ("the Regulations") that was published in the Official Gazette no. 26606 dated August 7, 2007.

- a) They prepare the annual report and submit it to the attention of the general assembly within three months following the balance sheet date.
- b) They furnish the annual report in a manner to reflect and include the flow of the Company's operations within the relevant year and all aspects of its financial standing correctly, precisely, straightforwardly, realistically and fairly. The report involves the evaluation of the financial standing according to the financial statements. The report also indicates explicitly the development of the Company as well as the potential risks it may face. The assessment of the Board of Directors in this respect is also included in the report.
- c) Besides, the annual report involves the following considerations:
 - The events of particular importance that occurred in the Company after the end of the year of operation,
 - Research and development activities of the Company,
 - Pecuniary benefits such as wages, premiums, bonuses paid to the Board members and executive managers; subsidies, allowances for travel, accommodation and representation expenses, facilities in kind and in cash, insurance and similar warranties provided to them.

The Board of Directors take into consideration the regulations under the secondary legislation of the Ministry of Commerce and other relevant authorities, when preparing the annual report.

Independent Auditor's Responsibilities regarding the Independent Audit of the Annual Report

Our purpose is to present an opinion pursuant to the provision of TCC as to whether the financial information included in the annual report and the analyses of the Board of Directors using the information in the audited financial statements are consistent with audited financial statements of the Company and with the information we obtained during the independent audit and whether they reflect the truth and to prepare a report including our opinion in these respects.

Our independent audit was conducted in line with IAS's. These standards require that the clauses on ethics are complied with and that the independent audit be planned and executed so as to obtain reasonable assurance as to whether the financial information included in the annual report and the analyses of the Board of Directors using the information in the audited financial statements are consistent with the financial statements and with the information acquired during the independent audit and whether they reflect the truth.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
- A member firm of KPMG International Cooperative

[STAMP - SIGNATURE]

Ali Tuğrul UZUN; ICPA
Responsible Auditor
March 15, 2019
Istanbul, Turkey

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet as of December 31, 2019 (Currency - Turkish Lira (TRY))

ASSETS	Footnote	Independent Audited December 31, 2019	Independent Audited December 31, 2018
I- Current Assets			
A- Cash and Cash Equivalents	2.12	1,568,916,022	1,090,234,091
1- Case	2.12	7,583	8,274
2- Cheques Received		-	-
3- Banks	2.12	1,349,514,896	869,074,114
4- Given Checks and Payment Orders (-)		-	-
5- Bank Guaranteed and Short Term (Less Than Three Months) Credit Card Receivables	2.12	219,393,543	221,151,703
A- Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments whose Risk is for the Insured	11	807,145,903	992,083,594
1- Financial Assets Ready for Sale	11	807,145,903	992,083,594
2- Financial Assets Held till Maturity term		-	-
3- Financial Assets for Trading		-	-
4- Credits		-	-
5- Equivalent for loans (-)		-	-
6- Financial Investments whose Risk is for Life Policy Holders		-	-
7- Company Stock		-	-
8- Equivalent for Impairment of Financial Assets (-)		-	-
C- Receivables From Main Operations	12	909,520,697	1,006,468,167
1- Receivables From Insurance Operations	12	871,871,971	950,392,945
2- Equivalent for Receivables From Insurance Operations (-)	12	(3,857,703)	(3,111,215)
3- Receivables From Reinsurance Activities	12	41,506,374	59,186,437
4- Equivalent for Receivables From Reinsurance Activities (-)		-	-
5- Warehouses with Insurance and Reinsurance Companies	12	55	-
6- Loans to the Insured (Loans)		-	-
7- Loans to the Insured (Loans) Equivalent (-)		-	-
8- Receivables From Pension Activities		-	-
9- Doubtful Receivables From Main Operations	12	216,886,777	193,694,422
10- Equivalent for Doubtful Receivables From Main Operations (-)	12	(216,886,777)	(193,694,422)
D- Receivables From Related Parties	12	747,027	1,917,668
Receivables from Shareholders	12	-	-
2- Receivables From Affiliates		-	-
3- Receivables From Subsidiaries		-	-
4- Receivables From Group Companies		-	-
5- Receivables from Staff		326,322	206,727
6- Receivables From Other Related Parties	12	420,705	1,710,941
7- Discount on Receivables From Related Parties (-)		-	-
8- Doubtful Receivables From Related Parties		-	-
9- Equivalent for Doubtful Receivables From Related Parties (-)		-	-
E- Other Receivables		12,818,826	12,754,528
1- Financial Lease Receivables		-	-
2- Unearned Financial Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	47.1	12,818,826	12,754,528
5- Rediscount of Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Equivalent for Other Doubtful Receivables (-)		-	-
F- Expenses and Income Accruals for Next Months		188,738,818	167,127,398
1- Deferred Production Expenses	47.1	168,453,676	153,372,827
2- Accrued Interest and Rental Income		-	-
3- Income Accruals		-	-
4- Other Expenses for Next Months	47.1	20,285,142	13,754,571
G- Other Current Assets		31,095,167	37,505,077
1- Stocks Need for Next Months		955,998	770,542
2- Prepaid Taxes and Funds	35	27,483,979	33,861,080
3- Deferred Tax Assets		-	-
4- Work Advances		196,681	304,947
5- Advances Given to Staff		2,458,509	2,568,508
6- Census and Receipt Deficiencies		-	-
7- Other Various Current Assets		-	-
8- Equivalent for Other Current Assets (-)		-	-
I- Total Current Assets		3,518,982,460	3,308,090,523

Footnotes on pages 82 through 150 are complementary parts of these financial statements.

MAPFRE Sigorta Anonim Şirketi

**Detailed unconsolidated balance sheet
as of December 31, 2019
(Currency - Turkish Lira (TRY))**

ASSETS (cont'd)		Independent Audited	Independent Audited
	Footnote	December 31, 2019	December 31, 2018
II- Non-Current Assets			
A- Receivables From Main Operations -			
1- Receivables From Insurance Operations		-	-
2- Equivalent for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Activities		-	-
4- Equivalent for Receivables From Reinsurance Activities (-)		-	-
5- Warehouses with Insurance and Reinsurance Companies		-	-
6- Loans to the Insured (Loans)		-	-
7- Loans to the Insured (Loans) Equivalent (-)		-	-
8- Receivables From Pension Activities		-	-
9- Doubtful Receivables From Main Operations		-	-
10- Equivalent for Doubtful Receivables From Main Operations (-)		-	-
B- Receivables From Related Parties -			
Receivables from Shareholders		-	-
2- Receivables From Affiliates		-	-
3- Receivables From Subsidiaries		-	-
4- Receivables From Group Companies		-	-
5- Receivables from Staff		-	-
6- Receivables From Other Related Parties		-	-
7- Discount on Receivables From Related Parties (-)		-	-
8- Doubtful Receivables From Related Parties		-	-
9- Equivalent for Doubtful Receivables From Related Parties (-)		-	-
C- Other Receivables		387,184	301,303
1- Financial Lease Receivables		-	-
2- Unearned Financial Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		387,184	301,303
4- Other Miscellaneous Receivables		-	-
5- Rediscount of Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Equivalent for Other Doubtful Receivables (-)		-	-
D- Financial assets		9	23,690,097
1- Affiliated Securities	9	11,193	11,193
2- Affiliates	9	434,373	434,373
3- Affiliates Capital Undertakings (-)		-	-
4- Subsidiaries	9	23,244,531	23,244,531
5- Subsidiaries Capital Undertakings (-)		-	-
6- Businesses Subject to Joint Management		-	-
7- Capital Undertakings of Joint Ventures (-)		-	-
8- Financial Assets and Financial Investments who Risks are for Insured		-	-
9- Other Financial Assets		-	-
10- Equivalent for Impairment of Financial Assets (-)		-	-
E- Tangible Assets		202,575,894	195,669,444
1- Investment Properties	7	1,275,915	1,275,915
2- Equivalent for Impairment of Investment Properties (-)		-	-
3- Real Estates for Use	6	182,647,191	182,638,341
4- Machinery and Equipment		-	-
5- Fixtures and Installations	6	30,373,195	25,699,270
6- Motor Vehicles	6	6,942,263	2,908,885
7- Other Tangible Assets (Including Private expenses)	6	10,908,111	8,571,963
8- Tangible Assets Obtained by Rental	6	11,783,560	-
9- Accumulated Depreciations (-)	6, 7	(41,354,341)	(25,424,930)
10- Advances Related to Tangible Assets (Including On-going Investments)	6	-	-
F- Intangible Assets		8	28,818,048
1- Rights	8	48,886,858	34,965,512
2- Goodwill		-	-
3- Pre-Operating Expenses		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Redemptions (Depreciations) (-)	8	(25,317,238)	(15,074,413)
7- Advances Regarding Intangible Assets	8	5,248,428	3,873,291
G-Expenses and Income Accruals for Following Years		4,663,179	3,535,998
1- Deferred Production Expenses		-	-
2- Income Accruals		-	-
3- Other Expenses for Future Years	47.1	4,663,179	3,535,998
H-Other Non-Current Assets		25,692,703	25,898,989
1- Effective Foreign Currency Accounts		-	-
2- Foreign Exchange Accounts		-	-
3- Stocks Require for the Future Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets		-	-
6- Other Miscellaneous Non-Current Assets	21	25,692,703	25,898,989
7- Other Non-current Assets amortization (-)		-	-
8- Equivalent for Other Non-Current Assets (-)		-	-
II- Total of Non-Current Assets		285,827,105	272,860,221
Total Assets (I + II)		3,804,809,565	3,580,950,744

Footnotes on pages 82 through 150 are complementary parts of these financial statements.

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet as of December 31, 2019 (Currency - Turkish Lira (TRY))

LIABILITIES		Independent Audited	Independent Audited
	Footnote	December 31, 2019	December 31, 2018
III- Short Term Liabilities			
A- Financial Liabilities	20	4,512,020	-
1- Loans for Credit Agencies		-	-
2- Payables From Financial Leasing Transactions		4,753,432	-
3- Deferred Financial Lease Borrowing expenses (-)		(241.412)	-
4- Principal Installments and Interests of Long Term Loans		-	-
5- Principles, Installments and Interests on Issued Bonds (Bills)		-	-
6- Other Issued Financial Assets		-	-
7- Issuance Difference of Other Financial Assets Issued (-)		-	-
8- Other Financial Liabilities (Liabilities)		-	-
B- Payables From Main Operations	19	329,171,713	395,663,650
1- Payables From Insurance Operations	2.27.19	134,097,842	190,614,213
2- Payables From Reinsurance Activities	19	195,004,690	204,980,532
3- Warehouses which are Taken From Insurance and Reinsurance Companies	19	69,181	68,905
4- Payables From Pension Operations		-	-
5- Payables From Other Main Activities		-	-
6- Rediscount on Payables from Other Main Operations (-)		-	-
C- Payables to Related Parties		282,035	2,048,746
1- payables to shareholders	12.2	141,150	141,150
2- Payables to Affiliates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Joint Ventures		-	-
5- Payables to Staff		36,795	-
6- Payables to Other Related Parties	12	104,090	1,907,596
D- Other Payables		143,361,060	123,809,088
1- Received Deposits and Guarantees		11,161,467	10,522,772
2- Payables to SSI Related to Treatment Expenses	10	16,544,078	21,068,757
3- Other Miscellaneous Payables	47.1	117,167,930	94,369,264
4- Other Miscellaneous Payables (-)		(1.512.415)	(2.151.705)
E- Insurance Technical Provisions		2,342,469,392	2,165,292,265
1- Equivalent for Unearned Premiums - Net	17.15	1,000,501,261	970,792,348
2- Equivalent for On-going Risks - Net	17.15	-	-
3- Mathematical Provisions - Net		-	-
4- Equivalent for Pending Claims - Net	17.15	1,329,179,793	1,185,469,331
5- Provisions for Bonuses and Discounts - Net	17.15	12,788,338	9,030,586
6- Other Technical Provisions - Net		-	-
F- Taxes, Other Liabilities to be Paid and Their Provisions		35,110,878	39,072,812
1- Taxes and Funds Payable		21,383,251	23,810,585
2- Social Security Withholdings Payable		2,513,650	2,224,665
3- Overdue, Deferred or Installed Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Liabilities to be Paid		11,213,977	13,037,562
5- Equivalent for Taxation on Current term Profit and Other Legal Liabilities	35	15,914,230	1,905,366
6- Prepaid Tax And Other Liabilities On Current Year Profit (-)	35.47.5	(15.914.230)	(1.905.366)
7- Other Tax and Similar Liability Provisions		-	-
G- Provisions for Other Risks		27,370,786	18,179,744
1- Equivalent for Severance Pay		-	-
2- Equivalent for Ssocial aid Fund Deficits		-	-
3- Equivalent For Expenses Relating To expenseing	23.2	27,370,786	18,179,744
H- Income Relating To Future Months And Expense Accruals	19.47.1	72,399,703	63,290,891
1- Deferred Commission Income	19.47.1	72,399,703	63,290,891
2- Expense Accruals		-	-
3- Other Income for Future Years		-	-
I- Other Short Term Liabilities		2,w437,175	2,472,029
1- Deferred Tax Liability		-	-
2- Census and Delivery Surplus		-	-
3- Other Miscellaneous Short Term Liabilities		2,437,175	2,472,029
III- Total Short Term Liabilities		2,957,114,762	2,809,829,225

MAPFRE Sigorta Anonim Şirketi

**Detailed unconsolidated balance sheet
as of December 31, 2019
(Currency - Turkish Lira (TRY))**

LIABILITIES (cont'd)	Footnote	Independent Audited December 31, 2019	Independent Audited December 31, 2018
IV- Long-Term Liabilities			
A- Financial Liabilities		2,062,524	
1- Loans for Credit Agencies		-	-
2- Payables From Financial Leasing Transactions		2,172,878	-
3- Deferred Financial Lease Borrowing expenses (-)		(110,354)	-
4- Issued Bonds		-	-
5- Other Issued Financial Assets		-	-
6- Issuance Difference of Other Financial Assets Issued (-)		-	-
7- Other Financial Liabilities (Liabilities)		-	-
B- Payables From Main Operations		-	-
1- Payables From Insurance Operations		-	-
2- Payables From Reinsurance Activities		-	-
3- Warehouses which are Taken From Insurance and Reinsurance Companies		-	-
4- Payables From Pension Operations		-	-
5- Payables From Other Main Activities		-	-
6- Rediscount on Payables from Other Main Operations (-)		-	-
C- Payables to Related Parties		-	-
1- payables to shareholders		-	-
2- payables to Affiliates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Joint Ventures		-	-
5- Payables to Staff		-	-
6- Payables to Other Related Parties		-	-
D- Other Payables		-	-
1- Received Deposits and Guarantees		-	-
2- Payables to SSI Related to Treatment Expenses		-	-
3- Other Miscellaneous Payables		-	-
4- Other Miscellaneous Payables (-)		-	-
E- Insurance Technical Provisions		82,040,494	70,497,537
1- Equivalent for Unearned Premiums - Net		-	-
2- Equivalent for On-going Risks - Net		-	-
3- Mathematical Provisions - Net		-	-
4- Equivalent for Pending Claims - Net		-	-
5- Provisions for Bonuses and Discounts - Net		-	-
6- Other Technical Provisions - Net	17.15, 47.1	82,040,494	70,497,537
F- Other Liabilities and Provisions		-	-
1- Other Liabilities Payable		-	-
2- Overdue, Deferred or Installed Taxes and Other Liabilities		-	-
3- Other payable and Expense Provisions		-	-
G- Provisions for Other Risks		14,525,058	12,047,678
1- Equivalent for Severance Pay	22	11,305,457	9,957,663
2- Equivalent for Social aid Fund Deficits	22, 23	3,219,601	2,090,015
H- Income and Expense Accruals for Future Years		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Income for Future Years		-	-
1- Other Long Term Liabilities		5,858,689	6,117,976
1- Deferred Tax Liability		-	-
2- Other Miscellaneous Long Term Liabilities	22, 47.5	5,858,689	6,117,976
IV- Total of Long Term Liabilities		104,486,765	88,663,191

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet
as of December 31, 2019
(Currency - Turkish Lira (TRY))

EQUITY	Footnote	Independent Audited	Independent Audited
		December 31, 2019	December 31, 2018
V- Equity			
A- Paid Capital		350,000,000	350,000,000
1- (Nominal) Capital	2.13, 15	350,000,000	350,000,000
2- Unpaid Capital (-)			
3- Capital Adjustment Positive Differences			
4- Capital Adjustment Negative Differences (-)			
5- Capital Expected for its Registration			
B- Capital Reserves			
1- Stock Issue Premiums			
2- Stock Cancellation Profits			
3- Sales Profits to be Added to the Capital			
4- Foreign Currency Translation Differences			
5- Other Capital Reserves			
C- Profit Reserves			
		318,669,846	243,647,507
1- Legal Reserves	15	105,011,490	104,073,160
2- Status Reserves		-	-
3- Extraordinary Reserves		91,480,696	75,530,639
4- Private Funds (Reserves)	15	52,434,100	50,695,965
5- Valuation of Financial Assets	15	24,559,475	(29,959,682)
6- Other Profit Reserves	15	45,184,085	43,307,425
D- Previous Years' Profits			
1- Previous Years Profits		70,044,226	70,044,226
E- Previous Years Losses (-)			
1- Previous Years Losses		-	-
F- Net Profit for the term			
	37	4,493,966	18,766,595
1- Net Profit for the term	37	4,493,966	18,766,595
2- Net Loss for the term (-)		-	-
3- term Profit Not Subject to Distribution	15	-	-
Equity Total		743,208,038	682,458,328
Total Liabilities (III + IV + V)		3,804,809,565	3,580,950,744

MAPFRE Sigorta Anonim Şirketi

**Detailed unconsolidated income statement
for the accounting term which lasts on
December 31, 2019
(Currency - Turkish Lira (TRY))**

I- TECHNICAL DEPARTMENT	Footnote	Independent Audited	Independent Audited
		December 31, 2019	December 31, 2018
1- Earned Premiums (Reinsurer Rate Deducted)		2,014,815,776	1,898,269,067
1.1- Written Premiums (Reinsurer Rate Deducted)	24	2,044,524,689	1,905,529,110
1.1.1- Gross Written Premiums (+)	24	2,800,485,978	2,647,752,032
1.1.2- Premiums Transferred to Reinsurer (-)	10, 24	(691,076,841)	(674,855,278)
1.1.3- Premiums Transferred to SSI (-)	10	(64,884,448)	(67,367,644)
1.2- Change in Return for Unearned Premiums (Reinsurer Share and Transfer Part Deducted) (+/-)	47	(29,708,913)	(8,124,606)
1.2.1- Equivalent for Unearned Premiums (-)	17	(48,577,010)	(33,144,049)
1.2.2- Reinsurer Share in Return for Unearned Premiums (+)	10	21,871,651	41,177,836
1.2.3- SGK Share (+/-) in return for Unearned Premiums	17	(3,003,554)	(16,158,393)
1.3- Change Against On-going Risks (Reinsurer Share and Transfer Part Deducted) (+/-)	17		864,563
1.3.1- Equivalent for On-going Risks (-)	17		1,521,355
1.3.2- Reinsurer Share for On-going Risks (+)	10, 17		(656,792)
2- Investment Income Transferred from the Non-Technical Department		313,154,655	248,324,342
3- Other Technical Income (With Reinsurer Deducted) (+/-)		5,654,092	3,012,295
3.1- Gross Other Technical Income (+/-)		5,654,092	3,012,295
3.2- Reinsurer Share in Gross Other Technical Income (+/-)			
4- Accrued Recourse and Sovtage Income (+)		23,246,153	28,213,012
B- Non-Life Technical Expense (-)		(2,334,987,641)	(2,220,047,132)
1- Actual Compensations (Reinsurer Rate Deducted) (+/-)	17	(1,769,771,658)	(1,756,234,021)
1.1- Paid Compensations (Reinsurer Rate Deducted)	17	(1,626,061,196)	(1,499,874,542)
1.1.1- Gross Paid Claims (-)	17	(1,953,687,949)	(1,710,204,896)
1.1.2- Reinsurer's Share in Paid Claims (+)	10, 17	327,626,753	210,330,354
1.2- Change in Return for Pending Claims (With Reinsurer's Share and Transfer Part Deducted) (+/-)	47	(143,710,462)	(256,359,479)
1.2.1- Equivalent for Pending Claims (-)	17	(120,889,934)	(403,856,113)
1.2.2- Reinsurer's Share in return for Pending Claims (+)	10	(22,820,528)	147,496,634
2- Change in Return for Bonuses and Discounts (Reinsurer Share and Transfer Part Deducted) (+/-)	17	(22,296,477)	(19,365,423)
2.1- Provisions for Bonuses and Discounts (-)	17	(22,296,477)	(19,365,423)
2.2- Reinsurer Share in return of Bonuses and Discounts (+)			
3- Change in Other Technical Provisions (Reinsurer's Share and Transfer Part Deducted) (+/-)	17, 47	(11,542,957)	(14,700,013)
4- Operating Expenses (-)	31	(483,245,133)	(397,079,409)
5- Change in Mathematical Provisions (Reinsurer Share and Transfer Part Deducted) (+/-)			
5.1- Mathematical Provisions (-)			
5.2- Reinsurer Share in Mathematical Provisions (+)			
6- Other Technical Expenses (-)		(48,131,416)	(32,668,266)
6.1- Other Gross Technical Expenses (-)	47.5	(48,131,416)	(32,688,205)
6.2- Reinsurer Share in Gross Other Technical Expenses (+)			19,939
C- Technical Department Balance - Out of Life (A - B)		21,883,035	(42,228,416)
D- Life Technical Income		-	-
1- Earned Premiums (Reinsurer Rate Deducted)		-	-
1.1- Written Premiums (Reinsurer Rate Deducted)		-	-
1.1.1- Gross Written Premiums (+)		-	-
1.1.2- Premiums Transferred to Reinsurer (-)		-	-
1.2- Change in Return for Unearned Premiums (Reinsurer Share and Transfer Part Deducted) (+/-)		-	-
1.2.1- Equivalent for Unearned Premiums (-)		-	-
1.2.2- Reinsurer Share in Return for Unearned Premiums (+)		-	-
1.3- Change Against On-going Risks (Reinsurer Share and Transfer Part Deducted) (+/-)		-	-
1.3.1- Equivalent for On-going Risks (-)		-	-
1.3.2- Reinsurer Share for On-going Risks (+)		-	-
2- Life Branch Investment Income		-	-
3- Unrealized Profits in Investments		-	-
4- Other Technical Income (With Reinsurer Deducted) (+/-)		-	-
4.1- Gross Other Technical Income (+/-)		-	-
4.2- Reinsurer Share in Gross Other Technical Income (+/-)		-	-
5- Accrued Recourse Income (+)		-	-
5.- Accrued Recourse Income (+)		-	-

Footnotes on pages 82 through 150 are complementary parts of these financial statements.

MAPFRE Sigorta Anonim Şirketi**Detailed unconsolidated income statement
for the accounting term which lasts on
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E- Life Technical Expense	-	-
1- Actual Compensations (Reinsurer Rate Deducted) (+/-)	-	-
1.1- Compensations Paid (Reinsurer Rate Deducted) (-)	-	-
1.1.1- Gross Paid Compensations (-)	-	-
1.1.2- Reinsurer's Share in Paid Claims (+)	-	-
1.2- Change in Return for Pending Claims (With Reinsurer's Share and Transfer Part Deducted) (+/-)	-	-
1.2.1- Equivalent for Pending Claims (-)	-	-
1.2.2- Reinsurer's Share in return for Pending Claims (+)	-	-
2- Change in Return for Bonuses and Discounts (Reinsurer Share and Transfer Part Deducted) (+/-)	-	-
2.1- Provisions for Bonuses and Discounts (-)	-	-
2.2- Reinsurer Share in return of Bonuses and Discounts (+)	-	-
3- Change in Mathematical Provisions (Reinsurer Share and Transfer Part Deducted) (+/-)	-	-
3.1- Mathematical Provisions (-)	-	-
3.1.1- Actuarial Mathematical Equivalent (+/-)	-	-
3.1.2- Equivalent for Dividends (Equivalent for Policies for Investment Risk Policyholders)	-	-
3.2- Reinsurer Share in Mathematics Equivalent (+)	-	-
3.2.1- Actuarial Mathematical Provisions Reinsurer Share (+)	-	-
3.2.2- Equivalent for Dividends Reinsurer Share (Equivalent for Policies for Investment Risk Policyholders)	-	-
4- Change in Other Technical Provisions (Reinsurer's Share and Transfer Part Deducted) (+/-)	-	-
5- Operating Expenses (-)	-	-
6- Investment Expenses (-)	-	-
7- Unrealized Losses in Investments (-)	-	-
8- Investment Income Transferred to the Non-Technical Division (-)	-	-
F- Technical Department Balance - Life (D - E)	-	-
G- Pension Technical Income	-	-
1- Fund Operating Income	-	-
2- Management Fee Deduction	-	-
3- Entrance Fee Income	-	-
4- Management fee deduction in case of a break	-	-
5- Private Service Fee Deduction	-	-
6- Capital Allocation Advance Increase Income	-	-
7- Other Technical Income	-	-
H- Pension Technical Expense	-	-
1- Fund Operating Expenses (-)	-	-
2- Capital Allocation Advances amortization Expenses (-)	-	-
3- Operating Expenses (-)	-	-
4- Other Technical Expenses (-)	-	-
I- Technical Department Balance - Pension (G - H)	-	-
4- Other Technical Expenses (-)	-	-
I- Technical Department Balance- Retirement (G - H)	-	-

MAPFRE Sigorta Anonim Şirketi

**Detailed unconsolidated income statement
for the accounting term which lasts on
December 31, 2019
(Currency - Turkish Lira (TRY))**

II- NON-TECHNICAL DEPARTMENT		Independent Audited	Independent Audited
	Footnote	December 31, 2019	December 31, 2018
C- Technical Department Balance - Out of Life (A - B)		21,883,035	(42,228,416)
F- Technical Department Balance - Life (D - E)		-	-
I- Technical Department Balance - Pension (G - H)		-	-
J- General Technical Section Balance (C + F + I)		21,883,035	(42,228,416)
K- Investment Income	26	429,443,070	449,912,132
1- Income Earned from Financial Investments	26	345,577,216	259,426,044
2- Profits Earned From Cashing Financial Investments	26, 11	8,160,598	2
3- Financial Investments Valuation	26, 11	(15,408,208)	8,051,509
4- Foreign Exchange Profits	26, 36	85,006,839	178,103,701
5- Income from Affiliates			66,620
6- Income from Subsidiaries and Joint Ventures	26	669,116	274,104
7- Income from Land, Field and Buildings	26	5,437,509	3,990,152
8- Income Earned from Derivative Products			
9- Other Investments			
10- Investment Income Transferred from Life Technical Department			
L- Investment Expenses (-)		(393,661,596)	(336,967,251)
1- Investment Management Expenses - Including Interest (-)			
2- Investment Value Decreases (-)	26, 11	512,996	(652,230)
3- Losses Due to Exchanging Investments into Cash (-)			
4- Investment Income Transferred to the Non-Life Technical Division (-)	26	(313,154,656)	(248,324,342)
5- Losses Due to Derivative Products (-)			
6- Foreign Exchange Losses (-)	26, 36	(54,368,557)	(72,526,002)
7- amortization Expenses (-)	6, 7, 8, 31	(26,651,379)	(15,464,677)
8- Other Investment Expenses (-)			
M- Income, Profits and Expense, Losses from Other Activities and Unusual Activities (+/-)		(37,256,313)	(50,044,504)
1- Provisions Account (+/-)	47	(32,379,462)	(33,492,339)
2- Rediscount Account (+/-)	47	(71,702)	3,932,314
3- Private Insurances Account (+/-)			
4- Inflation Correction Account (+/-)			
5- Deferred Tax Asset Account (+/-)	35	14,726,445	(4,192,962)
6- Deferred Tax Liability Expense (-)			
7- Other Income and Profits	47.5	2,340,106	2,330,197
8- Other Expenses and Losses (-)	47.5	(21,871,700)	(18,621,714)
9- Previous Year Income and Profits			
10- Previous Year Expenses and Losses (-)			
N- Net Profit or Loss for the term		4,493,966	18,766,595
1 - Profit and Loss for the term	35	20,408,196	20,671,961
2- term Profit Tax and Other Legal Liability Equivalent (-)	35, 47	(15,914,230)	(1,905,366)
3- Net Profit or Loss for the term		4,493,966	18,766,595
4- Inflation Correction Account			

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated income statement for the accounting term which lasts on December 31, 2019 (Currency - Turkish Lira (TRY))

CASH FLOW STATEMENT	Footnote	Independent Audited	Independent Audited
		1 January- December 31, 2019	1 January- December 31, 2018
A- CASH FLOWS FROM OPERATING ACTIVITIES			
1- Cash inflows from insurance activities		2,919,558,835	2,529,111,092
2- Cash inflows from reinsurance activities		469,528,326	351,935,931
3- Cash inflows from Pension activities		-	-
4- Cash outflow due to insurance activities (-)		(2,372,915,633)	(2.039.671.929)
5- Cash outflow due to reinsurance activities (-)		(752,832,719)	(702.997.279)
6- Cash outflow due to Pension activities (-)		-	-
7- Cash generated as a result of main activities (A1 + A2 + A3-A4-A5-A6)		263,338,809	138,377,815
8- Interest payments (-)		-	-
9- Income tax payments (-)		11,178,573	(10,139,851)
10- Other cash inflows		6,743,123	4,114,968
11- Other cash outflows (-)		(824,710,742)	(221,912,185)
12- Net cash earned from main activities		(543,450,237)	(89.559.253)
B- CASH FLOWS FROM INVESTMENT ACTIVITIES			
1- Sale of tangible assets		106,239	571,096
2- Earning of tangible assets (-)	6,7,8	(26,897,042)	(33,556,744)
3- Financial asset acquisition (-)	11	(806,339,947)	(651,603,996)
4- Sales of financial assets	11	1,053,560,379	301,644,476
5- Interests received		346,032,972	262,642,820
6- Dividends received	26	669,116	274,104
7- Other cash inflows		323,440,149	512,306,669
8- Other cash outflows (-)		(173.718.664)	(17,007,055)
9- Net cash earned from investment activities		716,853,202	375,271,370
C- CASH FLOWS FROM FINANCING ACTIVITIES			
1- Stock issuance		-	-
2- Cash inflows related to loans		-	-
3- Financial lease payables payments (-)		(3,861,296)	-
4- Dividends paid (-)	15.1	(1,548)	(148.628.986)
5- Other cash inflows		-	-
6- Other cash outflows (-)		-	-
7- Net cash from financing activities		(1,548)	(148,628,986)
D- THE EFFECT OF CURRENCY DIFFERENCES ON CASH AND CASH EQUIVALENTS		15,574,653	22,857,072
E- Net increase in cash and cash equivalents (A12 + B9 + C7 + D)		185,114,774	159,940,203
F- Cash and cash equivalents at the beginning of the term		551,629,460	391,689,257
G- Cash and cash equivalents at the end of the term (E + F)	2.12	736,744,234	551,629,460

MAPFRE Sigorta Anonim Şirketi
Unconsolidated equity change table for the accounting term ending on 31 December 2019
(Currency - Turkish Lira (TRY))

	Independently Audited										
	December 31, 2018 (*)										
	Capital	Own stock certificates of establishment	Value increase in assets	Equity inflation adjustment differences	Foreign currency exchange differences	Legal reserves	Extraordinary reserves	Reserves and undistributed profits	Net profits/(losses)	Previous Years Profits/(losses)	Total
Current term											
I- Previous term Balance at end of the year (31 December 2017)	350,000,000		(8,876,636)			73,648,581	151,748,139	70,952,909	186,497,248	70,044,226	894,014,467
II- Changes in Accounting Policy (Note 2.30)											
III- New Balance (I + II) (January 1, 2018)	350,000,000		(8,876,636)			73,648,581	151,748,139	70,952,909	186,497,248	70,044,226	894,014,467
A- Capital increase (A1 + A2)											
1- Cash											
2- From internal sources											
B- Own stock certificates of the establishment											
C- Gains and losses not included in the income statement			(21,083,046)					330,215			(20,752,831)
D- Value increase / decrease in assets											
E- Foreign currency translation differences											
F- Other gains and losses											
G- Inflation adjustment differences									18,766,595		18,766,595
H- Net profit (loss) for the term									(209,569,903)		(209,569,903)
I- Dividend distributed (Note 15)									23,072,655		
J- Transfer to reserves											
IV- Balance at the end of the term (31 December 2018) (III + A + B + C + D + E + F + G + H + I + J)	350,000,000		(29,959,682)			104,073,160	75,530,639	94,003,390	18,766,595	70,044,226	682,458,328
Current term											
I- Prior term Balance (31 December 2018)	350,000,000		(29,959,682)			104,073,160	75,530,639	94,003,390	18,766,595	70,044,226	682,458,328
II- Changes in Accounting Policy (Note 2.30)											
III- New Balance (I + II) (Tuesday, January 01, 2019)	350,000,000		(29,959,682)			104,073,160	75,530,639	94,003,390	18,766,595	70,044,226	682,458,328
A- Capital increase (A1 + A2)											
1- Cash											
2- From internal sources											
B- Own stock certificates of the establishment											
C- Gains and losses not included in the income statement											
D- Value increase / decrease in assets											
E- Foreign currency translation differences											
F- Other gains and losses											
G- Inflation adjustment differences											
H- Net profit (loss) for the term											
I- Dividend distributed (Note 15)											
J- Transfer to reserves											
IV- Balance at the end of the term (31 December 2019) (III + A + B + C + D + E + F + G + H + I + J)	350,000,000		24,559,475			105,011,490	91,480,696	97,618,185	4,493,966	70,044,226	743,208,038

(*) Detailed explanations related to shareholders' equity are available in footnote 15.

MAPFRE Sigorta Anonim Şirketi

Footnotes of unconsolidated financial statements as of December 31, 2019

(Currency - It is shown in Turkish Lira (TRY) unless specified otherwise.)

1. General Information

1.1 The name of the main company and the last group holder: MAPFRE Insurance Corporation (the "Company") was established on August 16, 1948 in Istanbul-Turkey, its main area of activity, major, accident, personal accident, traffic, fire, transportation, TCIP, engineering, agriculture and health branches, including the non-life in the field of insurance it covers all types of insurance operations in Turkey. Transfer of the Company's dominant shares to the Spanish MAPFRE group is done as of September 20th, 2007 and 280,000,000 shares owned by MAPFRE Internacional SA that which represents 80% of the Company's capital is transferred to the MAPFRE Internacional S.A. ("MAPFRE") as of July 23th, 2008 and the transfer transaction has been recorded in the Company share book.

35.000.000 TRY Demir Toprak Import Export and Trade Inc. shares amounting to 35.000.000 TRY which represents 10% of the company's capital were transferred to MAPFRE Internacional S.A. and the transfer transaction was recorded in the Company share book

Avor İnşaat Gıda Tekstil Kimya San.ve Tic.A.Ş. Share amounting to 34.109.046 TRY which represents 9,75% of the company's capital, is transferred to MAPFRE Internacional S.A. based on the permission letter dated October 4th, 2010 and numbered 69664 of the Republic of Turkey Ministry of Finance and Finance and the transfer was recorded in the Company's share book.

The Company's title was changed to "MAPFRE Genel Sigorta Anonim Şirketi" with the decision taken at the Ordinary General Assembly Meeting held on March 31, 2009.

With the decision taken at the Extraordinary General Assembly Meeting held on 27 September 2016, Company's title is changed to "MAPFRE Insurance Joint Stock Company" as published in Turkey Trade Registry Gazette dated October 12th, 2016.

1.2 The residence address, the legal structure, country of origin and the registered address of the organization: Şirket'in kayıtlı merkezi Torun Center Fulya Mah. Büyükdere Cad. No:74/D Şişli / İSTANBUL. The company has branch offices in Adana, Ankara, Antalya, Bursa, Denizli, Eskişehir, Gaziantep, İzmir, İstanbul, Kayseri, Kocaeli, Konya, Mersin, Malatya, Muğla, Samsun and Tekirdağ provinces.

1.3 Establishment's actual area of activity: The company mainly carries out all kinds of insurance transaction in the non-life field including fire and natural disasters, transportation, land vehicles, rail vehicles, aircraft, water vehicles, accident, general responsibility, land vehicles liability, water vehicles liability, aircraft liability, general losses, surety, financial losses IV, financial losses VII, financial losses IX, credit and legal protection. In addition, the Company carries out reinsurance transactions in the health branch. The company started to operate in health insurance fields by taking over its health portfolio from MAPFRE Yaşam Sigorta A.Ş. The Company decided to purchase 36,720 shares, which hit 51% of Genel Servis Yedek Parça Dağıtım Ticaret A.Ş., and the purchase was done with the decision of the Board of Directors dated September 21th, 2012 and numbered 2012/23.

1.4 Description of the organization's activities and qualifications of its core areas of work: Explained in Notes 1.2 and 1.3.

MAPFRE Sigorta Anonim Şirketi

Footnotes of unconsolidated financial statements as of December 31, 2019

(Currency - It is shown in Turkish Lira (TRY) unless specified otherwise.)

1. General Information (cont'd)

1.5 Number of staff members employed within the year by categories:

	December 31, 2019	December 31, 2018
High and middle degree management	114	153
Other staff	578	653
Total	692	806

1.6 Total amount of salaries and similar benefits which are provided to the top managers such as the chairman and members of the Board of Directors and general manager, general coordinator, assistant general managers: January 1 - December 31, 2019: 45.985.256 TRY (January 1- December 31 2018: 38.440.907 TRY).

1.7 In the financial statements; the keys which are used in the distribution of investment income and operating expenses (staff, management, research, development, marketing and sales, outsourced benefits and services, and other operating expenses):

Investment income which are transferred from non-technical to technical section

Within the framework of the procedures and principles of The Keys Used In Financial Statements which are Prepared within the framework of Insurance Uniform Chart of Accounts of Republic of Turkey Ministry of Treasury and Finance dated January 4th, 2008 and numbered 2008/1, all the income obtained by directing the asset which meets technical provisions to investment are transferred to the technical part. The amount transferred to the technical section is distributed in proportion to the rates found by dividing the net cash flow amounts which are calculated by subtracting the reinsurer share for each branch to the total net cash flow amounts. Net cash flow is the amount which is calculated by deducting net paid losses from net written premiums.

Distribution of operating expenses

In the fiscal term ending on December 31, 2019, within the framework of the circular of the Republic of Turkey Ministry of Finance and Finance specified in the above paragraph, staff not directly distributed, management, research and development, marketing and sales expenses, outsourced benefits and services and other operating expenses are distributed according to the weighted average of the rates found by the number of policies produced in the last three years for each sub-branch, the amount of gross written premiums and the number of damage reports, respectively, by the total number of policies produced, total gross written premiums and the number of claims.

1.8 Whether financial statements include a single company or group of companies: Unconsolidated financial statements include a single company (MAPFRE Sigorta Anonim Şirketi). The consolidated financial statements of the Company are separately issued in compliance with the Communiqué on the Preparation of the Consolidated Financial Statements of the Insurance and Reinsurance Companies and Pension Companies.

1.9 Name or other identification information of the reporting establishment and changes in this information since the previous balance sheet date: The Company's name and other identification information are given in Note 1.1, 1.2 and 1.3 and the relevant notes are included in the changes since the previous balance sheet date.

1.10 Events after the balance sheet date: Not available.

MAPFRE Sigorta Anonim Şirketi

Footnotes of unconsolidated financial statements

as of December 31, 2019

(Currency - It is shown in Turkish Lira (TRY) unless specified otherwise.)

2. Summary of significant accounting policies

2.1 Preparation principles

2.1.1 Information on the fundamentals and Private accounting policies which are used in the preparation of financial statements:

The Company has prepared its unconsolidated financial statements based on article 18 of the Insurance Law. Within the framework of the regulations in force in accordance with the provisions of the "Regulation on Financial Reporting of Insurance and Reinsurance and Pension Companies" published by the Ministry of Treasury and Finance they are prepared in compliance with other regulations, explanations and circulars (all "Reporting Standards") that is published related to accounting and financial reporting terms of T.R. Ministry of Treasury and Finance, Turkey Accounting Standards and Turkey Reporting Standards.

As of December 31, 2019, the Company's technical provisions related to insurance were published in the Official Gazette dated July 28th, 2010 and numbered 27655, and entered into force as of September 30, 2010, after the amendments of the Insurance and Reinsurance and Pension Companies. Technical Provisions and Assets Regarding the Assets to which these Provisions will be deposited "and other related legislation and calculated in the financial statements.

With the "Communiqué on the Presentation of Financial Statements" published in the Official Gazette dated July 18th, 2008 and numbered 26851, the form and content of the financial statements are prepared by the companies in order to compare the financial statements with the previous terms and the financial statements of other companies.

With the circular numbered 2017/7 dated September 15, 2017, it was made compulsory to discount the net cash flows arising from the Pending claims reserve in the branches of General Liability and Land Vehicles Liability. The effect of our changing accounting policy within the scope of the said circular on past financial statements is explained in footnote 2.30.

2.1.2 Other accounting policies which are suitable for understanding the financial statements:

Regulating financial statements in high inflation terms

Based on the letter of the Republic of Turkey Ministry of Finance and Finance dated July 4, 2005 and numbered 19387, the regulation of financial statements for inflation ended in 2005 and accordingly, the Company has not adjusted its financial statements according to inflation. Within the scope of the standard related to "Financial Reporting related to High Inflation Economies" numbered 29 published by non-monetary assets and liabilities and equity items including capital Turkey Accounting Standards Board which is included in the balance sheet as of December 31, 2019, it is calculated by indexing the entries until December 31, 2004 until December 31, 2004, and the entries after this date are moved from nominal values.

MAPFRE Sigorta Anonim Şirketi

Footnotes of unconsolidated financial statements

as of December 31, 2019

(Currency - It is shown in Turkish Lira (TRY) unless specified otherwise.)

2. Summary of significant accounting policies (cont'd)

2.1 Preparation principles (cont'd)

2.1.3 Valid and reporting currency:

The valid and reporting currency of the Company is Turkish Lira (TRY). The Company has presented its financial statements and amounts in footnotes in TRY unless otherwise stated.

2.1.4 Rounding degree of the amounts given in the financial statement:

All amounts are shown in TRY and without rolling unless stated otherwise in the financial statements and related footnotes.

2.1.5 Measurement bases which are used in the preparation of financial statements:

The financial statements have been prepared based on historical expenses apart from the financial assets for sale and trading purposes, which are shown by the previously mentioned inflation adjustments and their fair values.

2.1.6 Accounting policies, changes and errors in accounting estimates:

The accounting policies taken as basis in the preparation of these interim financial statements are the same as the accounting policies based on the most recent annual financial statements apart from the explanations below.

The company first started to apply TFRS 16 Leases standard as of January 1, 2019. In addition, as of January 1, 2019, some other standard changes have come into force.

TFRS 16 introduced a single lease accounting model for lessees. As a lessee, the company has added the right to use the asset which represents the right to use the underlying asset and the lease obligations representing the lease payments it is obliged to pay. Accounting for the lessor is similar to previous accounting policies.

Because the company made use of all facilitating provisions in the first transition to TFRS 16, the company carried out a partial retrospective approach that occurred by an equal amount of usage rights and lease payable. Details of changes in accounting policies are described below.

a-) Rental Definition

Previously, the Company decides whether an agreement includes a lease at the beginning of the contract, according to TFRS Comment 4 "Determining Whether an Agreement Contains a Lease Process", but the company now evaluates whether an agreement includes a lease based on its new lease definition. In the event that the right to control the use of the asset explained in compliance with an agreement according to TFRS 16 is transferred for a certain term of time, this agreement is a lease agreement or at least includes a lease.

In the transition to TFRS 16, in the matter of to choose which transactions are classified as leases; the company chose to apply the contracts, which were formerly known as leases, by using the facilitating application, without reassessing whether it meets the definition of leasing. Therefore, it applied TFRS 16 only to contracts previously described as lease contracts. According to TAS 17 and TFRS Comment 4, it is not reassessed whether contracts that do not include a lease include any other a lease. Therefore, the definition of leasing under TFRS 16 has been applied only to the contracts made or modified on or after January 1, 2019.

The company has reassigned each lease agreement and non-lease component based on its relative stand-alone price at the reconsideration of an agreement containing a lease component, or at the start of the contract. However, the Company has chosen not to separate non-lease components and to account for non-lease and non-lease components as a single lease component for the properties in which it is a lessee.

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Footnotes of unconsolidated financial statements

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(Currency - It is shown in Turkish Lira (TRY) unless specified otherwise.)

2. Summary of important accounting policies (cont'd)

2.1 Preparation principles (cont'd)

2.1.6 Accounting policies, changes and errors in accounting estimates (cont'd)

b-) As a lessee

The company is in real estate and car rental. As a lessee, in compliance with TFRS 16, the Company has now classified its operating rights and lease liabilities for most of its leases, although the Company has previously been classified as an operating or financial lease based on an assessment of whether the lease has been sent to the full range of risks and benefits caused by ownership of the asset.

i. Important Accounting Policies

The Company includes the the right to use and the lease obligation in its financial statements at the date when the lease actually starts. The right to use the asset is initially calculated at its expense value and then calculated over accumulated amortization and accumulated impairment losses and adjusted for the reassessment of the lease liability. When a use right of the asset meets the definition of investment property, it is provided as investment property. The right to use the asset was initially calculated at its expense value and is calculated at its fair value in compliance with the Company's accounting policies after the lease actually started.

The lease obligation is calculated at the present value of the lease payments that were not paid at that date at the time the lease actually started. Rent payments are discounted by using the alternative borrowing interest rate of the Company, if the implicit interest rate in the lease can be specified easily. In general, the Company used the alternative borrowing interest rate as its discount rate. As of January 1, 2019, the weighted average of the alternative borrowing interest rates applied by the Company to TRY lease obligations it reflects on the statement of financial position is 18.48%.

The lessee increases the book value of the lease obligation to reflect the interest on the lease obligation and reduces the book value to reflect the lease payments that are made after the lease actually starts. It is re-measured in case there is a change in the Assessment of the lease term and the option to purchase the asset, and in case of a change in the amount expected to be paid within the scope of the residual value Undertaking and a change in the index or rate.

The company has not made this calculation for the contracts it allocates to the use of sales channels. These contracts are not added in the calculations as they are reflected in the relevant sales channel and do not create any rental burden on the company.

ii. Transition

For leases classified as operating leases under TAS 17, the lease liability was calculated at the present value of the remaining lease payments discounted using the alternative borrowing interest rate on the first application date of the lessee during the transition. The right to use calculated the assets on each lease basis in compliance with one of the following:

- On an amount equal to the lease obligation that is reflected in the statement of financial status immediately prior to the first application date, which has been pre-paid or corrected for the amount of all lease payments accrued.

The Company has used the following facilitating practices when applying TFRS 16 for leases previously classified as operating leases under TAS 17;

- As of January 1, 2019, the lease has a short term lease exemption for the account for the right to use assets and liabilities for leases with less than 12 months of lease termination.

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2. Summary of important accounting policies (cont'd)

2.1 Preparation principles (cont'd)

2.1. 6 Accounting policies, changes and errors in accounting estimates (cont'd)

ii. Transition (cont'd)

- Initial direct expenses were not added when measuring the existence of right to use at the first application date.
- The agreement content was taken into account when determining the rental term if the agreement adds options to extend or terminate the contract.

c-) Effects on financial statements

i. Transition effect

TRY	January 1, 2019	31.12.2019
Existence of right to use assets offered in tangible assets	9,419,649	11,783,560
Car rental use rights	2,879,144	3,072,170
Office rental use rights	6,540,505	8,711,390

ii. Current term effect

As a result of TFRS 16 in the first term, the Company recognized 11,783,560 use rights and TRY 6,574,544 rental obligations as of December 31, 2019 which is related to the leases previously classified as operating leases.

Furthermore, the Company has accounted for amortization and interest expenses instead of operating lease expenses in relation to the lease agreements within the scope of TFRS 16. During twelve months that ended on December 31, 2019, the Company recognized TRY 5.227.041 of amortization expense and TRY 445.615 of interest expense from these leases.

2.2 Consolidation

Republic of Turkey The Company has started to consolidate its consolidated financial statements in compliance with the Communiqué on the Preparation of the Consolidated Financial Statements of the Insurance and Reinsurance Companies and Pension Companies published in the Official Gazette No. 27097 dated December 31, 2008 and the Ministry of Treasury and Finance. Company's consolidated financial statements Are also presented in TR Ministry of Treasury and Finance.

The Company converted MAPFRE Yaşam Sigorta Anonim Şirketi with capital corrections until December 31, 2004 with the appropriate correction coefficients in the unconsolidated financial statements. The capital increases made after the December 31, 2004 are reflected in the unconsolidated financial statements by considering the increase in the amount of the rise according to the sector announcement dated February 18th, 2008 and numbered 2008/9 of the Ministry of Treasury and Finance.

The Company's subsidiary "Genel Servis Yedek Parça Dağıtım Ticaret A.Ş. (Genel Servis)", which is required to consolidate within the scope of "TAS 27- Consolidated and Individual Financial Statements (TAS 27)", is included in the unconsolidated financial statements. In accordance with paragraphs 5 and 6 of article 5 of the "Communiqué on the Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies" of TR Ministry of Treasury and Finance dated June 30, 2009 and numbered 27097, the Company will not implement consolidation in its financial statements dated December 31, 2019 and demonstrated its subsidiary in the records according to the expense method.

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2. Summary of important accounting policies (cont'd)

2.3 Department reporting

The Company realizes production policy in Turkey. The company performs its insurance activities in a single reportable part in Turkey and in non-life elementary branches, and it does not perform part reporting as it is not open to the public.

2.4 Foreign currency conversion

The Central Bank of the Republic of Turkey (CBRT) exchange rates sales which have been valid in the transaction date of the policy date made in foreign currency are taken as basis and TCMB currency rates which have been valid at the transaction date are taken as basis for other operations. The Company uses the CBRT foreign exchange buying rates when converting balances in foreign currency into the currency used at the end of the term. The exchange differences income and expenses arising from converting the transactions in foreign currency or expressing the monetary items are reflected in the income table.

Exchange rates used at the end of the term are as follows:

	31.12.2019			31.12.2018		
	TL/USD	TL/EUR	TL/GBP	TL/USD	TL/EUR	TL/GBP
Exchange rate	5.9402	6.6506	7.7765	5.2609	6.0280	6.6528
Exchange sell rate	5.9509	6.6625	7.8171	5.2704	6.0388	6.6875
Exchange effective sell rate	5.9598	6.6725	7.8288	5.2783	6.0479	6.6975

2.5 Tangible fixed assets

All tangible fixed assets are initially recorded from their expense value and are implemented at their adjusted expense values until December 31, 2004 by converting them with the appropriate correction factor for the year of purchase. The received ones are carried at the purchase expense value since the beginning of 2005. The tangible fixed assets are shown with their net values after deducting the accumulated amortization from the expense value and also the depreddation Equivalent if any.

Payments made for regular maintenance and repair on tangible fixed assets are recognized as expense. There is no pledge, mortgage or any other encumbrance on tangible fixed assets.

There is not any change in accounting estimates which have a significant effect on the current term or are expected to have a significant effect in the following terms.

The amortization terms estimated on the basis of the useful lives of tangible fixed assets are shown as follows:

Asset Type	Useful Life
Property for use (Buildings)	15-50 years
Fixtures and installations	2-50 years
Motor vehicles	5 Years
Private expenses	1-5 years

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2. Summary of important accounting policies (cont'd)

2.6 Properties for investment

Buildings and lands that are held for rental or appreciation or both are classified as investment properties instead of being used in the Company's operations or being sold for administrative purposes or during the normal course of business. Investment properties consist of lands and buildings and are demonstrated by deducting the accumulated amortization from the acquisition expense excluding the lands. Amortization is not reserved due to their unlimited lifetime for lands and plains. On the other hand, the buildings were depreciated over their useful lives with the amortization method. If there are conditions related to the case that there is an impairment in the investment properties, an investigation is made to specify a possible impairment and at the end of this examination, it is reduced to its recoverable value by allocating its Equivalent if the registered value of investment properties is more than its recoverable value. The recoverable value is regarded to be the higher of the fair value with net cash flows and sale expenses which are deducted from the current use of the related investment property. The amortization terms of investment properties are as given follows:

Asset Type	Useful Life
Investment properties (Buildings)	10 -50 Years

2.7 Intangible fixed assets

Intangible fixed assets consist of software licenses. Intangible fixed assets which are recorded from expense value at the first term are carried over the adjusted expense values by converting them with the appropriate correction coefficient for the year until December 31, 2004 in compliance with TMS 38 - Accounting of Intangible Assets standard. The one received since the beginning of 2005 are carried at the purchase expense value.

The values carried by the intangible fixed assets are examined in order to test whether there is any impairment in case of a change of the conditions.

As of December 31, 2019 and December 31, 2018, intangible fixed assets were subjected to pro-rata amortization with the straight-line method over their economic lives. The amortization terms of intangible fixed assets are given as follows:

Asset Type Useful Life
Rights 1 - 15 years

Asset Type	Useful Life
Rights	1- 5 Years

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2. Summary of important accounting policies (cont'd)

2.8 Financial assets

financial instruments are the agreements that increase the financial assets of one establishment and financial liabilities or capital instruments of another establishment. Financial assets:

- Cash,
- The contractual right to purchase cash or another financial asset from another establishment,
- Contractual right that which requires the establishment to exchange financial instruments with another establishment, in favor of the establishment, or
- are capital instruments of another establishment.

A financial asset or a liability is calculated by including transaction expenses, over fair value transaction expenses (if any, for financial asset) and obtained (for financial liability). It means the price of a financial instrument subject to the purchase-sale among the willing parties in a current transaction except for fair value, compulsory sales and liquidation. Quoted market price (if any) is the value that which best reflects the fair value of a financial instrument. The estimated fair values of financial instruments have been specified by the Company by using the available market information and appropriate valuation methods. All of the determined financial assets are classified with their fair value as first level financial assets as of December 31, 2019 and December 31, 2018.

The Company reflects the financial assets or liabilities on its balance sheet if it is a party to the relevant financial instrument contracts. The Company removes all or a part of the financial asset from the record only when it loses control over the rights which are arisen from the agreement to which those assets are subject. The Company's financial liabilities are removed from the record only if the obligation which is explained in the agreement is eliminated, canceled or expires.

All normal financial asset purchases and sales are reflected in the records on the transaction date which is when the Company commits to buy or sell the asset. The aforementioned purchases and sales are the trades that necessitate the delivery of the financial asset within the time frame specified by the general practices and regulations observed in the market.

Current financial assets

The Company classifies its current financial assets as available-for-sale, held-to-maturity financial assets and loans from trading and receivables.

Classification and valuation of financial investments

a) Financial assets ready for sale

The financial assets which are available-for-sale are non-derivative financial assets that are not classified as (a) held-to-maturity, (b) financial assets held for trading, (c) loans and receivables. Subsequent valuation of available-for-sale assets is made at its fair value after initial registration. In the "Valuation of Financial Assets" account, unrealized profits or losses arisen from changes in the fair values of available-for-sale financial assets and expressing the difference between the amortized expense values and the fair values of the securities are given within the equity items. The value formed in the equity accounts as a result of fair value application is reflected to the profit or loss in case of disposal of available-for-sale financial assets. The Company's subsidiary securities are evaluated in the financial assets ready for sale.

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2. Summary of important accounting policies (cont'd)

2.8 Financial assets (cont.)

Purchase and sale transactions of securities are accounted at the delivery date. Financial assets are removed from the records when the Company loses control of the contractual rights on these assets. This situation can be observed when these rights are realized, expired or delivered.

All securities which constitute the portfolio of financial assets which are available for sale are in Turkish Lira currency as of December 31, 2019 and December 31, 2018.

i) Government bonds

The government bonds which are classified in available-for-sale financial values are valued by considering their fair values. According to the internal yield method of public securities, the values calculated with the relevant interest rates were compared with the fair values of the relevant securities by considering the best purchase order among the current orders in the stock exchange and the difference was accounted in the "Financial Assets Valuation" account under equity. The difference between the values which are calculated with the relevant interest rates and the expense values are reflected in the income statement as interest income according to the internal yield method of public securities.

ii) Stocks

Valuation of the shares which are classified under available-for-sale financial assets is made at their fair value after the first registration. Unrealized profits or losses arising from changes in fair value are accounted in the "Financial Assets Valuation" under equity. The received dividends are shown in dividend income on the date of receipt.

The fair values of available-for-sale securities which are traded in active markets are specified by the closing price published on the Stock Exchange as of the balance sheet date.

All securities which constitute the portfolio of financial assets which are available for sale are in Turkish Lira currency as of December 31, 2019 and December 31, 2018.

b) Financial assets to be held until maturity

Financial assets which are acquired with the intention to hold until maturity with fixed or determinable payments are classified as securities held to maturity. In case the securities kept by their discounted expense value are impaired or removed, the realized profit or loss is added in the income statement in the relevant term. Interests obtained by moving financial assets held to maturity are tracked in the unconsolidated income statement. As of December 31, 2019 and December 31, 2018, the Company does not have any financial assets to be held until maturity.

c) Financial assets for trade

Financial assets held for trading are assets that are gained for profit from fluctuations in prices and similar factors in the short term in the market or they are a part of a portfolio for profit in the short term regardless of the reason for being acquired. The financial assets held for trade are followed at fair value by considering the best purchase order among the current orders in the stock exchange after the date of the first registration. All realized and unrealized gains and losses related to financial assets held for trade are added in the unconsolidated income statement in the related term.

As of December 31, 2019 and December 31, 2018, the Company does not have any financial assets for trade purposes.

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2. Summary of important accounting policies (cont'd)

2.8 Financial assets (cont.)

d) Loans and receivables:

Loans and receivables are the financial assets created by providing money or services to the payableor. First the company records the receivables from its main activities at the acquisition expense and monitors them with their recorded values. Loans and receivables are carried over their discounted expenses after the first registration date. The Equivalent for receivables is reserved in case there is a concrete indication that receivables from overdue insurance activities cannot be collected. The fees and other similar expenses related to the assets received as warrant of these are not confirmed as a part of the transaction expense and they are reflected in the expense accounts.

Furthermore, the Company separates provisions for receivables in administrative and legal proceedings for doubtful receivables related to agencies and insured persons who are in administrative and legal proceedings. This Equivalent is demonstrated in the balance sheet in the section "Equivalent for doubtful receivables from main activities".

Non-current financial assets

The affiliated securities consist of MAPFRE Yaşam Sigorta A.Ş. Civil Servants and Servants Pension and Aid Fund Foundation and MAPFRE Yaşam Sigorta A.Ş., 99,50% share of which it owned. These securities are given in the records from the expense of affiliates and subsidiaries.

Inclusion/exclusion of financial instruments in/from records

The Company reflects the financial assets or liabilities on its balance sheet if it is a party to the relevant financial instrument contracts. All ordinary financial asset purchase and sale transactions are reflected in the records on the date of delivery. The Company removes all or a part of the financial asset from the record only when it transfers the risks and benefits of the aforementioned assets and loses control over the rights arising from the agreement it is the subject of. The Company's financial liabilities are removed from the record only if the obligation which is explained in the agreement is eliminated, canceled or expires.

2.9 Impairment of Assets

Financial assets:

The impartial indications related to the fact that a financial asset or group of financial assets are impaired include:

- a) Issuer or contractor is in serious financial trouble,
- b) Violation of the contract,
- c) Due to the economic or legal reasons related to the borrower's financial difficulties, the creditor grants a privilege to the receiver that he will not grant under any other circumstances.
- d) The probability that the receiver will fall in bankruptcy or other financial restructuring is high.
- e) The disappearance of the active market for the aforementioned financial asset due to financial difficulties,

The company assesses whether there is a related indicator as of the balance sheet dates and reflects the impairment to its records (if any).

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2. Summary of significant accounting policies (cont'd)

2.9 Impairment of the assets (cont'd)

Furthermore, the long-term and substantially lower expense values of the financial assets of the available-for-sale financial instruments are regarded as neutral indicators for impairment. TAS 39 differs from IAS 39 which is published by the International Accounting Standards Board in relation to this criterion. The same criteria is regarded as the impairment which is observed under the expense value significantly or for a long term in its fair value" in TMS 39 while the same criteria is regarded as the impairment observed under the expense value significantly or for a long term in its fair value" in UMS 39.

But it envisages that the accumulated impairment amount which consists of the difference between expense value and fair value and created under equity is deducted from the equity and reflected to the income statement as a loss in cases where there is an objective indicator of impairment in both standards. Due to the reasons the terms "long terms" and "significantly" are not clearly defined both in TMS 39 and UMS 39 and The Ministry of Treasury and Finance did not direct any meaning in relation to the terms "long term" and "significantly and the decrease in stock prices of stocks, whose fair value falls below the expense, has been going on for less than a year, the Company was following the stock impairment in the increase / (decrease) in the assets in the statement of changes in equity. In 2009, the Company estimated that the impairment in some financial assets may be long-term by evaluating the developments in the past year and determined certain criteria to decide whether the impairment in the financial assets was "long-term" and "significant". While the concept of "long term" represents financial assets that have been depreciated by the Company for 18 months, the term "significantly" are the financial assets that have lost 40% of their expenses. For financial assets that meet both criteria, the Company has decided to set aside an equivalent for impairment.

The amount of the related loss is recognized in profit and loss if there is an objective indicator that impairment loss occurred in loans and receivables. Furthermore, the Company separates provisions for receivables in administrative and legal proceedings for the agencies and their insurers that are related to their administrative and legal proceedings and the ones which are not collected or likely to be collected.

Non-financial assets:

In cases where the assets cannot be converted into money over the value they have, the assets are checked for impairment. When the value of the assets exceeds the amount that can be converted into money, the impairment Equivalent expense is reflected in the income statement. The amount that can be converted into money is higher than the net sales price of the asset and use value. The use value reflects the current value of the future cash flows expected to be obtained from the use of an asset and its sale at the end of its economic life, and the net sales price reflects the remaining amount after the sale expenses are deducted from the sales income. The amount that can be converted into money is estimated for each asset if it can be determined, or for the group providing the cash flow that includes the asset if it cannot be determined. If the impairment allowance allocated in previous years is not valid any more or if a lower value Equivalent is required, the relevant amount is withdrawn and this amount is reflected in the unconsolidated income statement.

2.10 Derivative financial instruments

Not available.

2.11 Clarifying financial assets (set off)

Financial assets and liabilities are clarified in the unconsolidated balance sheet in case they have a legal right and sanction power for clarifying and intention to collect / pay or concurrent conclusion of the said assets and liabilities on a net basis.

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2. Summary of significant accounting policies (cont'd)

2.12 Cash and cash equivalents

Cash and cash equivalents include dated or undated cash and credit card amounts in cases and banks. Cash-like values can be easily converted into cash, they are short-term high liquidity investments with a maturity not exceeding 3 months without the risk of depreciation.

Cash and cash equivalents are demonstrated by the expenses of obtaining and the sum of their accrued interests

Cash Flow Statement

Cash and cash equivalents in the cash flow statement are shown below:

	31.12.2019	31.12.2018
Case	7,583	8,274
Banks	1,327,959,165	850,484,461
- undated deposits	25,083,628	29,912,325
- dated deposit	1,302,875,537	820,572,136
Blocked credit cards	219,393,543	221,151,703
Interest accrual	21,555,731	18,589,653
Money in transit (postal check)	-	-
Interest accrual	18.589.653	21.008.741
Cash and cash equivalents	1,568,916,022	1,090,234,091
Dated deposit with original maturity exceeding 3 months	(810,616,057)	(520,014,978)
Interest accrual	(21,555,731)	(18,589,653)
Cash and cash equivalents that are the basis of the cash flow statement	736,744,234	551,629,460

2.13 Capital

2.13.1 As of December 31, 2019 and December 31, 2018, the Company's capital and partnership structure is given as follows:

Name	December 31, 2019		December 31, 2018	
	Share rate	Share amount	Share rate	Share amount
MAPFRE Internacional S.A.	%99.75	349,109,046	%99.75	349,109,046
Other	%0.25	890,954	%0.25	890,954
Paid Capital	%100.00	350,000,000	%100.00	350,000,000
Capital adjustment positive / negative differences	-	-	-	-
Nominal Capital		350.000.000		350.000.000

The Company did not increase its capital in the term ended on December 31, 2019 (December 31, 2018: Not available).

2.13.2 As of December 31, 2019 and December 31, 2018, there are no privileges given to stocks representing the capital.

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2. Summary of significant accounting policies (cont'd)

2.13 Capital (cont'd)

2.13.3 As of December 31, 2019 and December 31, 2018, the Company is not subject to the registered capital system.

2.13.4 Other information related to the Company's capital is explained in Note 15.

2.14 Insurance and investment contracts - classification

Insurance contracts

As of December 31, 2019 and December 31, 2018, all contracts of the Company are composed of insurance contracts and there are no investment contracts. Insurance contracts are the ones which transfer insurance risk. Insurance contracts cover the insured against any negative economic consequences of the damage event under the terms and conditions committed in the insurance policy. The main insurance contracts prepared by the company are fire and natural disasters, transportation, land vehicles, rail vehicles, air vehicles, water vehicles, accident, general responsibility, land vehicles liability, water vehicles liability, aircraft liability, general losses, bail, financial losses, credit, legal protection, health contracts.

Reinsurance contracts

The Company transfers insurance risks to reinsurer companies in the branches in which it operates within the framework of reinsurance contracts. Reinsurance assets represent the receivable amounts from reinsurance companies. Impairment of reinsurance assets has been evaluated as of the report date.

Income and expenses related to reinsurance contracts are accounted on the date of accrual by considering the termicity principle in the profit and loss accounts.

Reinsurance agreements do not eliminate the Company's obligations arising from insurance contracts and do not transfer the insurance risk existing in the financial statements.

Gross premiums and losses incurred are demonstrated separately in the financial statements.

Reinsurance assets and liabilities are removed from the financial statements when the agreement expires.

2.15 Optional participation features in insurance and investment contracts

In addition to the guaranteed benefits, the optional participation feature in insurance and investment contracts is a contractual right to have the additional benefits listed below:

- (i) Containing a significant part of the total contractual benefits;
- (ii) Amount and timing is at the discretion of the issuer pursuant to the contract; and
- (iii) Pursuant to the contract, it is based on the followings:
 - (1) The performance of a particular pool of contracts or a particular type of contract;
 - (2) The realized and / or unrealized investment income of a particular pool of assets held by the issuer; or
 - (3) Profit or loss of the contracting company, fund or other establishment,

The Company does not have an insurance or investment agreement with discretionary participation feature as of the end of the reporting term.

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2. Summary of significant accounting policies (cont'd)

2.16 Investment contracts without discretionary participation features

Not available (December 31, 2018 - Not available).

2.17 Payables

Contractual financial liabilities:

- Foresees giving cash or another financial asset to another establishment, or
- the contractual obligations that require a establishment to mutually replace its financial instruments with another establishment to the detriment of it.

There is no loan taken as of December 31, 2019 and December 31 2018.

2.18 Taxes

CORPORATE TAX

While the corporate income is subject to corporate tax at 20% as of January 1, 2006 in Turkey; this rate is determined to have been 22% to be applied to corporate earnings for 2019 and 2020 taxation terms in accordance with the regulation introduced with the "Law Amending Some Tax Laws and Some Other Laws" No. 7061. In addition, the Council of Ministers has been authorized to reduce the said 22% to 20%.

This rate is applied to the tax base to be found as a result of the addition of expenses that are not allowed to be deducted in compliance with the tax laws to the commercial income of the institutions, the exemption in the tax laws (such as the subsidiary earnings exception) and other discounts. No further tax is paid if the profit is not distributed.

No withholding can be made from dividends which are paid to non-resident institutions which earn income with institutions in Turkey by a business or its permanent representative in Turkey. 15% withholding is applied on dividend payments other than the mentioned ones. The practices in the relevant Double Tax Prevention Agreements are also taken into consideration in the implementation of withholding rates related to profit distribution made to narrow taxpayers and natural persons. Including profit to the capital is not regarded as profit distribution and withholding is not applied.

Temporary taxes are calculated at the rate of corporate tax to which their income is subject in that year. Temporary taxes paid during the year can be set off against the corporate tax calculated on the annual corporate tax return of that year.

There is not any application such as making an agreement with the tax authorities about the tax payable in Turkey. Corporate tax declarations are provided to the tax office of the affiliated office until the evening of the 25th day of the fourth month following the month when the accounting term is closed. However, the authorities authorized for tax inspection can review the accounting records within five years and the amount of tax payable may change if a faulty transaction is observed.

Deferred tax

The deferred tax liability or asset is specified by calculating the tax effects on the "temporary differences" between the asset values and liabilities given in the financial statements and the amounts considered in the legal tax base account in compliance with TAS 12 - Income Taxes standard. The differences which do

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2. Summary of significant accounting policies (cont'd)

2.18 Takes (cont'd)

not affect the financial or commercial profit that can be observed on the acquisition date of the assets or liabilities are excluded from this calculation in compliance with the tax legislation.

Calculated deferred tax assets and deferred tax liabilities are clearly given in the financial statements only if the Company has a legal right to set off its current tax assets with current tax liabilities.

Current term corporate tax and deferred tax income or expense are also accounted in the income statement if the valuation differences which resulted from the valuation of assets are recognized in the income statement. The related tax effects are also directly recognized in the equity accounts if the valuation differences resulting from the valuation of the related assets are directly accounted for in the equity accounts.

2.19 Employee benefits

It is compulsory for the company to pay compensation to the staff in case of layoffs and Pension except for resignations and justified reasons in compliance with the current Labor Law. As of December 31, 2019, this compensation is equivalent to a 30-day working fee provided that it does not exceed the S.G.K. Premium based top wage for each year during when the staff works till Pension or discharge. The compensation to be paid is up to one month's salary for each year of service (Note 22).

By using the actuarial estimates within the scope of "Turkey Accounting Standards Regarding Employee Benefits"(TMS 19) terms of the liabilities related to severance pay, the foreseen allowance of all possible future liabilities of all employees must be calculated over their net present value. (Footnote no 22)

Pension rights and defined contribution plan:

The company workers are the members of Türkiye Genel Sigorta A.Ş. Officers and Employees Pension and Provident Fund ("Fund") according to temporary article 20 of Social Insurance Law numbered 506. The Company pays premiums to the Fund for these employees. The technical financial statements of the Fund are audited by an actuary registered in the actuaries registry in compliance with Articles 1, 21, 28 and 31 of the Insurance Law No. 5684.

The first clause of the provisional article 23 of the Banking Law published in the Official Gazette with the repetition numbered 25983 dated November 1, 2005 was leading that bank fund were transferred to the Social Security Institution ("SGK") within 3 years of the publication of the Banking Law and regulating the base of this transfer. Based on the application made by the Chairman on 2 November 2005, the mentioned law article related to the transfer has been cancelled by the decision dated March 22th, 2007 and numbered E. 2005/39, K. 2007/33 published in The Official Gazette dated March 31, 2007 and numbered 26479.

The reasoned decision of the Constitutional Court regarding the annulment of the said article was published in the Official Gazette dated December 15th 2007 and numbered 26372. Following the publication of the reasoned decision, the Grand National Assembly of Turkey ("Parliament"), the has started to work on new legal arrangements regarding the transfer of bank fund parties to SSI and the related articles which regulate the terms related to the transfer (New Law) of "Social Insurance General Health Insurance Law and a Law related to Making a Change on Some Laws and Delegated Legislation numbered 5754 are approved on July 17th, 2008. The new law is entered into force in the Official Gazette on May 8th, 2008 and numbered 26870. It has been determined that the transfer of the bank funds to SGK within three years from the date of publication of the relevant article without the need for any transaction, and the three-year transfer term can be extended for a maximum of two years by the decision of the Council of Ministers with the new Law. With the decision of the Council of Ministers numbered 2011/1559 published in the Official Gazette dated July 9, 2011, the term regarding the transfer of the ballot boxes to the Social Security Institution was extended

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2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits (cont'd)

by 2 years. With the Law on the Amendment of the Social Insurance and General Health Insurance Law No. 6283 which is published in the Official Gazette dated March 8th, 2012, the above-mentioned 2-year extension term was given to the Council of Ministers. Based on the decision of the Council of Ministers dated February 24th, 2014; the date May 2015 was determined as the transfer date. However, the authority to determine the transfer date was given to the Council of Ministers, and the transfer of the ballot boxes was postponed to an unknown date with the 51 article of the Law No. 6645, published in the Official Gazette dated July 23th, 2015 and numbered 29335.

SGK, Republic of Turkey Ministry of Finance and Finance, Undersecretariat of State Planning Organization, BRSA, SDIF, the commission to be formed with the participation of one member representing the Fund and one member representing the Fund participants calculated separately for each ballot box. ensured that the cash value of the liability will be calculated by using 9,80% technical interest rate considering the aforementioned differences in case the salaries and incomes are higher within the framework of SGK regulations of salaries and incomes which are paid by income, expenses and funds as of the insurance lines in scope of the Law of funds in relation to the persons to whom the transfer is made including the participants separated from the fund for each fund. Pursuant to the new Law, the Fund's subsidiaries and those who have been paid monthly and / or income and their rights holders will continue to be covered by the business that employ the funds and other funders that have not been met despite the transfer of these persons to the SGK.

As of March 8th, 2012, the Law on Amending the Law No. 6283 on Social Insurance and General Health Insurance, which is known to the public as the "adjustment law" was published in the Official Gazette (Note 22).

2.20 Provisions

Provisions, contingent liabilities and contingent assets

Provisions are recorded only if the Company has an On-going and still On-going obligation (legal or structural), and if there is a possibility of disposing of the resources that which provide economic benefits to the establishment and the amount of the obligation to be realized can be estimated reliably. When the amortization of money gains importance over time, provisions are calculated as a result of the pre-tax rate of current market estimates and the future cash flows that reflect the time value of money (and liability-specific risks (if appropriate)).

Contingent liabilities are not reflected in the financial statements but explained in the footnotes if the situation which requires resource transfer is not probable. Contingent assets, on the other hand, are not reflected in the financial statements, but they are disclosed in footnotes if the probability of creating economic returns is high.

Insurance technical provisions

a) Unearned premium provision:

The Equivalent of the unearned premiums includes the part which delays to the following day account term according to daily basis as gross without making a discount on the premiums committed for the insurance agreements which entered into force as of the balance sheet date and made between January 1 and December 31, 2013 except for the earthquake coverage premiums in the policies issued before June 14, 2007 and the premiums of the transportation branch policies whose end date could not be determined pursuant to the "Regulation on Technical Provisions of the Insurance and Reinsurance and Pension Companies" and the

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2. Summary of significant accounting policies (cont'd)

2.20 Provisions (cont'd)

Technical Provisions Regulation which was published in the Official Gazette No. 26606 dated August 7th, 2007 and entered into force as of January 1, 2008. Within the scope of the Circular of the 4, 2007. Ministry of Treasury and Finance dated July 4, 2007, unearned premium provisions are calculated for the earthquake guarantee premiums in the policies issued after June 1 50% of the premiums accrued in the last three months are calculated as KPK for the transportation branch policies for which the end date cannot be determined. On the other hand, Pursuant to the Circular dated December 28th, 2007 and numbered 2007/25 of the Ministry of Treasury and Finance, it was decided to continue the Equivalent of unearned premiums reserve after the commissions are deducted for the policies issued before 31 December 2007 due to the transfer of the unearned premiums reserve allocated by deducting the commission for 2007 to the 2008 financial statements. The start and end dates of the policies which are considered in Equivalent of unearned premiums in respect of "Sector Announcement related to Applying Technical Provisions and Related Legislation" published by the Ministry of Treasury and Finance on March 27th, 2009 are deemed as 12:00 in morning and all the policies are regarded as half day for the day it was regulated and the end date.

The conditions and commissions of the reinsurance agreements in force are taken into account in the calculation of the reinsurer share amount against unearned premiums.

The part of the amounts accrued for the non-proportional reinsurance agreements, which correspond to the next term or terms, is followed up in the deferred expenses account.

b) On-going risks provisions:

In case the On-going risks Equivalent is insufficient in insurance branches which are regarded as incompatible with the level of risk assumed during the term of the insurance agreement and the time-based distribution of earned premiums when compared to the risk and expected expense level of the company, then they are separated in accordance with the Technical Equivalent Regulation for insurance contracts issued as of January 1, 2008.

Companies are required to carry out a proficiency test for each of the accounting terms in the last 12 months, in case the compensations that may arise due to the insurance contracts in force are more than the unearned premiums reserved for the related contracts, while reserving the On-going risks Equivalent ("DERK"). - If the expected loss premium rate for the branches to be determined by the Ministry of Treasury and Finance is over 95%, the amount calculated as a result of multiplying the rate exceeding 95% with the net unearned premium Equivalent is calculated as the continuing risks Equivalent of that branch.

The Ministry of Treasury and Finance ensured carrying out previous term pending compensation Equivalent and unearned premium Equivalent calculations subject to calculation of the risks On-going in order for removing deceptive effect in case of a change of calculation method of pending compensation Equivalent or unearned premium provisions in the calculation of On-going risks Equivalent based on article 7 of the sector announcement dated July 18th, 2012 and numbered 2012/13.

The Ministry of Treasury and Finance has changed the sentence "In this context, in calculating the Equivalent for On-going Risks; It has been found appropriate to take all sub-branches in the Insurance Uniform Account Plan determined by the Undersecretariat within the framework of the Insurance Law No. 5684." which is available in the second paragraph of the circular numbered 2012/15 and the circular numbered 2007/21, into "In this context, in calculating the Equivalent for On-going Risks; It has been found appropriate to take all the main branches in the Insurance Uniform Account Plan determined by the Undersecretariat within the framework of the Insurance Law No. 5684." which comes into force as of December 31, 2012. In addition, as of

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2. Summary of significant accounting policies (cont'd)

2.20 Provisions (cont'd)

b) On-going risks provisions: (cont'd)

December 31, 2012, gross and reinsurance share is calculated separately (Note 17) as per the explicit risks calculated in compliance with the provisions of the Circular No. 2013/2 of the Republic of Turkey Ministry of Finance and Finance. As of December 31, 2019 and December 31, 2018, the Company has used the method specified in the "Circular on Equivalent for On-going Risks" dated November 11th, 2016 and numbered 2016/37. The expressed method has been applied to the Compulsory Traffic, IMM and General Responsibility branches

The principles regarding the calculation of DERK have been regulated with the 2019/5 "Circular on Equivalent for On-going Risks", in the branches where 100% of the direct production is transferred, it is stated that it is not preferable to make a separate calculation as a result of the company's importance assessment in production regarding whether the works taken from the transferred pools are included in the DERK calculation. In this context, the losses incurred as a result of the production obtained from the Mandatory Traffic branch Risky Insurance Pool and the provisions set out in the Traffic branch were assessed together with the portfolio remaining in the Company, and the calculation of DERK was not calculated separately, considering that it remained below the significance level within the Company's production.

According to the calculation done, the gross discount Final Damage Premium Rates are shown in the table below.

Branch	Gross NHP
Compulsory Traffic	78.03%
Motor Insurance	69.68%
IMM	45.01%
General Responsibility	69.29%

As of 31 December 2019, the threshold final damage premium rate specified for the accounting term is 85%. Accordingly, there is no need to separate DERK in these branches.

In previous terms, it was observed that there is no need to allocate DERK in the calculations made with the old and new methods regarding these branches. For this reason, the calculation made by the method specified in the Circular does not have any effect on the financial statements, as the method change is considered compared to the previous term calculations.

c) Pending claims and compensation provision:

As of the end of the term, the company reserves an equivalent for loss for all liabilities that are reported and not yet paid. The pending claim Equivalent is determined in compliance with the expert reports or the assessments of the insured and the expert.

Incurring But Not Reported Damages

The explanations related to the Incurred But Not Reported ("IBNR") damage calculations made on the basis of main branches as of December 31, 2019, based on the "Circular on Equivalent for Pending Claims" are given below with their reasons and basis.

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2. Summary of significant accounting policies (cont'd)

2.20 Provisions (cont'd)

c) Pending claims and compensation provision: (cont'd)

1. Major Damage Pickup

Major damage eliminations were made in four branches; Fire, Transport, General Responsibility, General Losses. 2.000.000 TRY in Fire branch and 1.000.000 TRY in other branches is received as threshold value. Thereby, the statistics of the files which are eliminated with the files in the chain, are given below;

	Quantity Eliminated
Fires	38
Transportation	6
General Responsibility	34
General Losses	70

2. Net (Reinsurance) Amount Account

In the account of net portion of the IBNR amount, the diagonal gross-net ratio of the 7-year chain data was used to conform to the provisions of the Company's reinsurance agreements. The net IBNR figure was reached as a result of the ratio of the amount which is subject to the actual chain calculated by the net file values on the basis of the main branches and the ratio of the amount which is subject to the actual chain calculated by the gross values of the files to the gross IBNR figure. The mentioned method has been made separately for each quarter of damage in order to reflect the changes that may be observed in reinsurance agreements over the years in the IBNR calculation.

3. Compensation method which is Incurred But Not Reported Damages

The Company uses the standard actuarial ladder chaining method in General Liability, General Losses, Air Vehicles, Aircraft Liability, Discretionary Financial Liability, Land Vehicles, Accident, Transport, Health, Water Vehicles, Fire / Natural Disasters, Financial Losses, Legal Protection and Surety branches and Compulsory Traffic branch material damages, and it uses the final damage severity and frequency actuarial ladder chain method in compulsory Traffic branch body damages.

4. Extra Equivalent Separate - Compulsory Traffic Branch

in the Compulsory Traffic branch, the results calculated with standard methods are foreseen to be inadequate to meet the Company's obligations and it is thought that it would be better to calculate with alternative methods considering all assumptions which could affect the development of damage in the compulsory Traffic branch

A. Standard ACLM

The final damage calculation was made from the chain of 28 terms over the realized data. As a result, Compulsory Traffic IBNR (gross) account; has been calculated as 502.813.394 TL.

Compulsory Traffic Body IBNR calculation was made in compliance with the ultimate damage severity and frequency AZMM method.

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2. Summary of significant accounting policies (cont'd)

2.20 Provisions (cont'd)

c) Pending claims and compensation provision: (cont'd)

Consequently;

Financial IBNR	=	41.401.295 TL
Bodily IBNR	=	462.516.635 TL
Indirect IBNR	=	260.712.367 TL
Pool IBNR	=	94.183.668 TL
Gross Traffic	has been calculated as IBNR	858.813.965 TL

The Company has included the gross IBNR amount to TRY 858,813,965 for the Compulsory Traffic branch as of December 31, 2019 based on the reasons explained above.

Net IBNR result is 764.579.401 TL.

In the Circular on Legislation of the Circular on Equivalent for Pending Claims (2014/16) which came into force on February 29th, 2016 (2014/16), "Article 1 - Circular on Equivalent for Pending Claims. item has been changed as given below:

5. A. (1) If the amount found as a result of the IBNR account is (a) more than the amount in the previous quarter (b), starts from the first quarter of 2016, the difference amount (a-b) should not be less than the rates stated in quarterly terms;

- As mentioned in the article "%2,5, %5, %10 for 2015,
- %7,5, %7.5, %10 for 2016,
- %12,5, %12.5, %15 for 2017,
- %20, %20, %25 ve %25 for 2018,
- %40, %60, %80 ve %100 for 2019

Can be added in section b and IBNT account can be calculated"

As of December 31, 2019, the right to have IBNR account was created by included at least 20% of the increase to the previous IBNR according to IBNR on March 31, 2019. This rate was used as 100% with the decision of the company management. Accordingly, over net figures;

5. Pending Claims Reserve Adequacy

AZMM is used in IBNR calculation for all branches. Therefore, the results of the Pending Claims Reserve Adequacy Difference calculation are not reserved.

6. Increase Rates Implemented

As of December 31, 2019, the gradual increase rates which are implemented in the IBNR calculation have been used as 100% in all branches (31 December 2018: % 100).

7. Discounting Net Cash Flows

The companies have been given the right to discount cash flows that will be formed by the pending claims reserve with the "Circular on Discounting Net Cash Flows Arising from Pending Claims Reserve" No. 2016/22. It is compulsory to make discounts in Compulsory Traffic and General Liability branches with the "Circular on Amendment to Circular on Discounting Net Cash Flows Arising from Pending Claims Reserves" dated September 15th, 2017 and numbered 2017/7.

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2. Summary of significant accounting policies (cont'd)**2.20 Provisions (cont'd)****c) Pending claims and compensation provision: (cont'd)**

So, as of December 31, 2019, discount has been calculated in the Discretionary Financial Liability, Mandatory Traffic and General Liability branches.

In General Liability and Discretionary Financial Liability branches, discount calculations are made in compliance with T57 - AZMM table. For the Compulsory Traffic branch, calculations were made using a method different from Table 57 due to the high deviation of the payment chain as there are very different applications in terms of terms. It was thought that the last one-year development will reflect the payment trend more accurately and it has been decided that the developments observed after the 6th year stemmed from the legal files that were more concentrated in the portfolio in the past and did not reflect the current situation correctly. Accordingly, the average of the last 4 coefficients was taken for all developmental terms. Accordingly, the figures to be discounted as of December 31, 2019 and December 31, 2018 are given in the table below.

	31.12.2019	
	Discount Gross	Discount Net
İMM	3,742,962	4,284,359
General Responsibility	57,581,647	19,182,327
Traffic	261,820,221	238,879,537
Total	323,144,830	262,346,223

The amount to be discounted from the Pending claim Equivalent is 323.144.830 TRY in gross and 262.346.223 TRY in net on December 31, 2019.

d) Bonus and discount provision:

The Equivalent for bonuses and rebates is the Equivalent that should be made if any commitment is made for a policy or discount, regardless of renewal, in the following terms, regarding the policies living in the current term. The bonuses and discounts required to be reserved pursuant to Article 16 of the Insurance Law consist of the bonuses and discounts reserved for the insured or beneficiaries in compliance with the technical results of the current year in case the Company applies for bonuses and discounts.

The company calculates the provisions for bonuses and discounts it has committed in compliance with the loss premium rates and this amount is given in footnotes as 17 and 47.5 as of December 31, 2019 and December 31, 2018. The company continues to calculate bonuses and discount provisions due to prudence if the possibility of renewal of the relevant group is higher than the probability of non-renewal for the bonuses and discounts given based on the renewal condition.

e) Balancing provision:

The company calculates a balancing Equivalent effective from January 1, 2008 within the framework of the Technical Provisions Regulation published in the Official Gazette No. 26606 dated August 7th, 2007 of Republic of Turkey Ministry of Treasury and Finance. It is compulsory for the insurance companies to reserve balancing provisions for insurance contracts that include credit earthquake guarantees in order to balance fluctuations in compensation rates that may be observed in the following accounting terms and to meet catastrophic risks in accordance with the Regulation on Technical Provisions. This Equivalent is calculated at the rate of 12% of the net earthquake and credit premiums which correspond to each single year.

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2. Summary of significant accounting policies (cont'd)

2.20 Provisions (cont'd)

e) Balancing provision: (cont'd)

The amounts accrued for the non-proportional reinsurance agreements are confirmed as the transferred premium when calculating the net premium. - As of 31 December 2012, the balancing Equivalent which is calculated as net in compliance with the terms of circular of Ministry of Treasury and Finance numbered 2013/2 is started to be calculated as gross a and reinsurance share separately and accounted in the Long Term Other Technical Provisions account (footnote no 17).

2.21 New Regulation Regarding Traffic Accident Treatment expenses within the scope of “Circular on Accounting of Payments Related to Treatment expenses to Social Security Institution and Opening New Account Code in Insurance Account Plan” No 2011/18

With the article 59 of the law “Law on Restructuring of Some Receivables and Amendments in Social Insurance and General Health Insurance Law and Other Laws and Decree Law” numbered 6111 published in the Official Gazette dated February 25th, 2011 and numbered 27857, as of February 25th, 2011, it is ensured to transfer 15% of the premiums written in the insurance companies of the amount to be calculated by the Ministry of Treasury and Finance to SGK And transfer the responsibilities related to the treatment expenses that is caused as a result of the injuries of traffic accidents of the insurance companies with this transfer in the compulsory insurances which meet health insurance for traffic insurance. It is also ensured to meet the treatment expenses given related to the injuries cause by the traffic accidents before February 25th, 2011 by transferring the amount to be determined by the Ministry of Treasury and Finance and to be transferred within the scope of article 59 and Temporary first article of the same law to SGK.

In this context, the procedures and principles regarding the payment of treatment expenses within the scope of compulsory traffic insurance, compulsory transport insurance and compulsory seat personal accident insurance are regulated with the Circular “Implementing Regulation on the Procedures and Principles Regarding the Collection of Health Service Charges Provided to Persons Due to Traffic Accidents” numbered 2011/17 and ublished in the Official Gazette dated August 27th, 2011 and numerede 28038. In parallel with this, the accounting principles for the arrangements and changes made in the Insurance Uniform Account Plan are regulated with the “Circular on Accounting of the Payments Related to the Treatment expenses of SSI and Opening a New Account Code in the Insurance Account Plan (2011/18) to be entered into force as of September 30th, 2011.

Accordingly, IBNR is calculated by subtracting all the data related to the compensation paid, treatment, pending claims and collected recoveries, salvage and similar incomes from AZMM development triangles in 714-Compulsory Road Transport Financial Liability, 715-Compulsory Traffic and 718-Bus Compulsory Seat Personal Accident branches. However, since no disaggregation can be made in the premium leg for the past years, premiums are considered in the ACMM calculations includeing those transferred to the SSI for the post-Law term.

2.22 Regulation on “Claims of Damages in the Litigation Process” in scope of the “Circular on Explanations on Calculation of Compensation for Realized but Not Reported (IBNR)” No: 2011/23:

According to the first paragraph of Article 4 of the Regulation on Financial reporting of the Insurance and Reinsurance Companies and Pension Companies, “Accounting of the Company’s activities in compliance with the provisions of this Regulation and the provisions of the TASB related to the preparation and presentation of financial statements, except for the communiqués to be issued by the Undersecretariat is essential. “ In the first paragraph of Article 6 of the same Circular, the balance sheet is explained as “a table that reflects the economic and financial situation of companies at a certain date and shows their assets, liabilities and equity in a fair and accurate manner as active and passive accounts”.

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2. Summary of significant accounting policies (cont'd)

2.22 Regulation on “Claims of Damages in the Litigation Process” in scope of the “Circular on Explanations on Calculation of Compensation for Realized but Not Reported (IBNR)” No: 2011/23 (cont.)

It was mentioned with the circular numbered 2011/23 that the financial reports can reflect the real situation and the possibility of earning and losing for the files in the Lawsuit process should be set aside, and according to the principles in which the Pending claims allowance could be reduced for the files in the Lawsuit process within this context.

In accordance with the principles stipulated in the relevant circular, the earning rate was calculated over the amount of the Lawsuits filed against the sub-branches from the end of the term when the calculation was made, and a gross discount was made from the pending files accrued for the files in the Lawsuit process according to this earning rate and the earning rates used on a sub-branch basis are given below according to the last five years of realization.

Branch	31.12.2019			31.12.2018		
	Win Rate (%)	Gross	Net	Win Rate (%)	Gross	Net
Compulsory Traffic	3.08%	11,093,684	10,688,025	3.99%	12,403,584	12,059,253
Fire	0.95%	143,852	69,645	1.69%	243,705	121,018
Optional Land Liability for Motor Vehicles	21.33%	2,344,138	2,344,048	21.06%	1,786,184	1,785,972
Construction	6.72%	1,379,254	257,443	9.82%	1,852,742	376,597
Motor Land Vehicles-Motor Insurance	16.29%	1,293,212	1,293,212	15.00%	1,016,875	1,016,875
Commodity	16.29%	1,183,761	608,369	15.00%	1,004,069	503,181
Robbery	13.36%	73,857	39,935	10.77%	56,072	29,242
Assembly	25.00%	1,088,471	528,148	25.00%	656,804	406,335
Financial Responsibility to Third Parties	12.77%	3,813,952	1,136,029	9.32%	1,812,300	666,465
Machine Breakage	25.00%	155,754	38,930	25.00%	1,285,360	64,521
Personal Accident	0.33%	2,895	1,579	0.87%	11,823	6,739
Electronic device	17.46%	231,164	83,176	17.09%	168,689	35,319
Employer Financial Responsibility	10.14%	11,905,262	4,697,508	10.22%	7,984,548	2,945,058
Compulsory Financial Responsibility for Medical Inconvenient Practice	25.00%	2,844,976	1,402,939	15.00%	1,434,318	716,239
Bus Mandatory Seat Personal Accident	5.55%	149,156	15,337	5.34%	115,572	11,213
Disease / Health	8.84%	-	-	8.84%	-	-
Compulsory Road Transportation	1.08%	14,695	1,476	0.93%	17,644	1,769
Financial Liability	0.05%	3,197	444	0.05%	1,993	349
Professional Liability Insurance						
Total		37,721,280	23,206,243		31,852,282	20,746,145

2.23 Accounting of incomes

Premium income

Written premiums refer to the amount remained after cancellations from policy premiums issued during the term. Premium income is reflected in the unconsolidated financial statements on accrual basis by allocating the unearned premium Equivalent over the premiums written.

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2. Summary of significant accounting policies (cont'd)

2.23 Accounting of incomes (cont'd)

Commission income and expenses

The commissions paid in relation to the premiums written and the commission income received related to the premiums transferred to the reinsurance companies are accrued in the current term. Commissions received and paid on an accrual basis are tracked under operating expenses, netted in the unconsolidated income statement, and in income and expenses for the next months on the unconsolidated balance sheet respectively.

Recourse and salvage incomes

In the term when the recourse income related to the damage payments arising from the letter of the Ministry of Treasury and Finance dated January 18th, 2005, numbered B.02.1.HM.0 .SGM.0.3.1.1, the Company recognizes recourse receivables from insurance companies and real and legal persons agreed on an accrual basis in the unconsolidated financial statements prepared as of 31 December 2019. The Company also separates provisions for doubtful receivables for recourse receivables which are in the litigation and execution phases.

The Company has accrued income for real and legal persons according to the principles set forth in the circular of the Ministry of Treasury and Finance dated September 20th, 2010 and January 14th, 2011 and numbered 2010/16 and 2011/1 in the unconsolidated financial statements prepared as of December 31, 2019 and also allocated Equivalent for recourse receivables which exceed 6 months (receivables from insurance companies) and 4 months (receivables from real and other legal entities) from the date of payment of the damage that constitutes the basis for recourse. Furthermore, the company reserves provisions of doubtful receivables for recourse receivables that are in the Lawsuit and enforcement phase.

The company has accounted the recourse and salvage income which is realized according to the principles given in the circulars of Ministry of Treasury and Finance one of which is dated September 20th, 2010 and numbered 2010/13 and the other one is dated May 31, 2012 and numbered 2012/7 in its "Accrued Recourse and Sovtage Income" account.

Interest income

Interest income is recorded on an accrual basis using the effective return method.

Dividend income

It is recorded as income on the date of the right to collect dividends.

Leasing income

Leasing income is reflected in the financial statements when earned monthly.

2.24 Leasing transactions

The duration of financial leasing contracts is maximum 5 years. The tangible fixed assets acquired through financial leasing are recognized as assets in the active of the company, and payables in the financial rental transactions. The financing expenses arising from the lease are spread over terms during the lease term, based on the fair value of the assets and the smaller of the lease payments when determining the amounts added in the balance sheet as assets and liabilities.

If the decrease in the value of the assets obtained through financial leasing and the expected benefit from the assets is lower than the book value of the asset and the leased assets are valued with their net realizable value. The amortization is calculated based on the principles applied for tangible fixed assets obtained by financial leasing.

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2. Summary of significant accounting policies (cont'd)

2.24 Leasing transactions (cont'd)

The lease obligation is measured at the present value of the lease payments that were not paid on the date that the lease actually started in compliance with TFRS 16. Lease payments are discounted using an alternative borrowing interest rate.

After the lease actually started the book value of the lease obligation is re-measured to increase the interest in the lease obligation, decrease the lease payments made, reflect all reassessments and changes to the lease or reflect fixed lease payments in its revised core.

The interest on the lease obligation for each term in the lease term is the amount calculated by applying a fixed termic interest rate to the remaining balance of the lease obligation.

After the lease actually starts, the lease obligation is re-measured to reflect changes in lease payments. The re-measured amount of the lease obligation is reflected in the financial statements as a correction in the presence of the right to use.

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

2.25 Dividend distribution

Earnings per share

Earnings per share is calculated by dividing the net term profit that can be distributed to shareholders by the weighted average number of shares during the year. In case of capital increase from the internal sources within the term, the weighted average of the number of shares is calculated and the new value is accepted to be valid at the beginning of the term.

2.26 Related parties

It is the person or operation associated with the establishment that prepares its financial statements (to be used as 'reporting establishment' in this Standard).

(a) A person or a member of the mentioned person's close family is regarded to be associated with the establishment that reports the followings: In the event that

- (i) Such person has control or joint control power over the reporting establishment,
- (ii) Such person has a significant impact on the reporting establishment,
- (iii) Such person is a member of key management staff of a parent company of the reporting establishment or of the reporting establishment

(b) The business is considered to be associated with the reporting establishment if any of the following conditions exist:

- (i) If the establishment and the reporting establishment are members of the same group (i.e. each parent, subsidiary and other subsidiary are associated with others).
- (ii) If the establishment is an affiliate or joint venture of the other establishment (or a member of a group in which the other establishment is a member).
- (iii) If both establishments have the same third party establishment partnership.
- (iv) If one of the establishments is an establishment partnership of a third business and the other is a subsidiary of the mentioned third business.
- (v) In case the establishment has benefit plans provided for the employees of the reporting business or a establishment associated with the reporting establishment after quitting the job. If the reporting establishment itself has such a plan, sponsoring employers are also associated with the reporting establishment.
- (vi) In case the establishment is investigated or jointly controlled by a person defined in (a).
- (vii) In case a person defined in item (a) of paragraph (i) has a significant impact on the establishment or is a member of the key management staff of that establishment (or its parent company).

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2. Summary of significant accounting policies (cont'd)

2.26 Related parties (cont'd)

The transaction with the related party is the transfer of resources, services or liabilities between the reporting establishment and a related party, without considering whether it has an equivalent or not.

Transaction with related parties is the transfer of resources, services or liabilities between the related parties regardless of whether or not they are at a expense.

As of 31 December 2019, MAPFRE Group companies other than shareholders in unconsolidated financial statements and related explanatory footnotes are defined as related parties of other shareholders and Company management as related parties.

2.27 Other monetary balance items

It is reflected in the balance sheet with its registered values.

2.28 2.28 Events that occur after the balance sheet date

Events that occur after the balance sheet date and the ones which may affect the status of the company on the balance sheet date (events that require correction) are reflected in the financial statements. Events that do not require correction are explained in the footnotes if they are of specific importance.

2.29 New standards and comments which are not yet implemented

Amendments published as of December 31, 2019 but not yet entered into force and not implemented early

Changes that have been published but not effective and not yet implemented

Some of the new standards, comments and amendments that were published as of the reporting date but have not been put into effect yet and allowed to be implemented early, but are not implemented early by the Company are as follows.

Conceptual Framework (updated)

The updated Conceptual Framework was published by the UPS on October 27th, 2018. Conceptual Framework sets out the basic framework that will guide the financial reporting of UPS when developing new TFRSs. Conceptual Framework helps ensure that standards are conceptually consistent and similar transactions are handled in the same way, and therefore provide useful information for investors, lenders, and other lenders. The Conceptual Framework helps companies improve accounting policies where no TFRS is applicable for a particular transaction, and more broadly, stakeholders understand and interpret these standards. On the other hand, the updated Conceptual Framework is more comprehensive than its previous version and aims to provide all the instruments necessary for the establishment of standards. The updated Conceptual Framework covers all aspects of setting standards starting from the purpose of financial reporting to presentations and disclosures. The updated Conceptual Framework will be entered into force for the companies which use the Conceptual Framework to improve their accounting policies in cases where any TFRS is not applicable for a particular transaction even though early application is permitted as of the annual accounting terms beginning on or after January 1, 2020.

Amendments to TFRS 4 - Amendment to TFRS 4 Insurance Contracts and the implementation of TFRS 9

TFRS 4 has been replaced by the UPS to reduce the effects of the new insurance contracts standard and the different effective dates of TFRS 9. Changes made to TFRS 4 offer two optional solutions for insurance companies to reduce worries about practices:

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2. Summary of significant accounting policies (cont'd)

2.29 New standards and interpretations not yet implemented (cont'd)

Amendments to TFRS 4 - Amendment to TFRS 4 Insurance Contracts and the implementation of TFRS 9

i) Insurers' profit or loss and other comprehensive income to their financial assets and amounts recognized in profit or loss in accordance with TFRS 9 while applying TFRS 9 and will be allowed to reclassify the difference between the amounts recognized in profit or loss in accordance with TFRS 9 and those reported in accordance with TAS 39; or ii) an optional temporary exemption to apply TFRS 9 for companies whose activities are heavily dependent on insurance before January 1, 2022. These companies will be allowed to continue to apply the occurred requirements for financial instruments in TMS 39. The Company assesses the possible effects of the implementation of the TFRS 4 amendment on its financial statements.

TFRS 17 Insurance Contracts

TFRS 17 Insurance Contracts standard was published by the KGK on February 16th, 2019. TFRS 17 which is the first standard in international validity for insurance contracts will make it easier for investors and other interested parties to improve understand the risks, profitability and financial position of the insurers. TFRS 17 replaces TFRS 4 which was introduced as a temporary standard. TFRS 4 has led to the use of a wide variety of accounting approaches in applications due to the fact that it lets companies recognize insurance contracts by using local accounting standards. Consequently, it has been difficult for investors to compare the financial performance of similar companies. TFRS 17 addresses the consistent accounting of all insurance contracts and the comparability problem caused by TFRS 4 for both investors and insurance companies. The insurance liabilities will be accounted for using current values instead of historical expenses in compliance with the new standard. Because this information will be updated regularly, it will provide more useful information to the users of the financial statements. The early implementation is permitted even though the effective date of TFRS 17 is the reporting terms starting on and after January 1, 2022. The Company assesses the possible effects of the implementation of the TFRS 17 amendment on its financial statements.

TFRS 9 Financial Instruments (2017 version)

In December 2017, the UPS changed the requirements of TFRS 9 to clarify the accounting for financial instruments. Financial assets that bring out negative compensation when they are paid early can be measured at amortized expense if they could meet other relevant requirements of TFRS 9 or by reflecting fair value differences on other comprehensive income. Financial assets which include an early payment option that require the payment of a 'reasonable surcharge' which largely reflects the unpaid principal and interest amount meets this criterion when the agreement is terminated early in accordance with TFRS 9. This amendment is valid for the annual accounting terms starting on January 1, 2021 and afterwards and it is allowed to be applied early. The Company assesses the possible effects of the implementation of the TFRS 9 amendment on its financial statements.

TFRS 15 income from Customer Contracts

The new income standard published by KGK in September 2016 changes the guidance in the existing TFRS by creating a new control-based model for contracts with customers. This new Standard introduces new directions in the accounting of incomes for the separation of performance liabilities related to the goods and services included in the contract, and for the income to be recognized by spreading income over time, and also estimates the income to be regarded as the value the Company expects to deserve rather than its fair value. Referring to the letter dated May 7th, 2018 and numbered 2018 - 354 submitted to the Ministry of Treasury and Finance by Turkey Insurance Association, the postponement request for the application date of TFRS 15 to be parallel with TFRS 17 and TFRS 9 transition has been evaluated positively by the Ministry of Treasury and Finance and it has been stated that the announcement about the issue will be made after the official approval. The Company assesses the possible effects of the implementation of the TFRS 15 amendment on its financial statements.

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3. Important accounting estimations and provisions

In the preparation of the financial statements, the Company management is required to make assumptions and estimates that will affect the reported assets and liabilities and determine the possible liabilities and Undertakings as of the balance sheet date and the income and expenses as of the reporting term. Actualized results may differ from the estimates. Estimates are regularly reviewed, necessary amendments are made and they are reflected in the unconsolidated income statement in the terms when they are actualized. The estimates used are; insurance Pending claims and compensation provisions are related to other technical provisions and impairment provisions of assets, and these estimates and assumptions are explained in detail in the relevant footnotes. Apart from these, important estimates used in the preparation of financial statements are given as follows:

Equivalent for Severance Pay

The Company has calculated the Equivalent for severance pay in the accompanying unconsolidated financial statements by using actuarial assumptions and reflected them in the records.

Doubtful receivables equivalent:

The Company allocates provisions for doubtful receivables for those who can not repay and the recourse receivables at the stage of enforcement or litigation (Note 12).

Deferred tax:

Deferred tax assets are recorded if it is highly possible to benefit from temporary differences and accumulated losses by obtaining taxable profit in the future. It is necessary to make important estimates and Assessments related to the future taxable profits when determining the amount of deferred tax assets to be recorded (Note 21).

4. Insurance and financial risk management

Insurance risk

The main risk of the Company related to insurance policies is that the actual claims and damage payments exceed the expectations. So that the main purpose of the Company related to managing insurance risk is to ensure that there are adequate insurance provisions to meet these obligations.

The company operates in the elementary field and issues policies in the following main branches:

- Fire and natural disasters,
- Transportation
- Land vehicles
- Rail vehicles
- Aircrafts
- Water vehicles
- Accident
- General Responsibility
- Land vehicles Responsibility
- Water vehicles Responsibility
- Aircrafts Responsibility
- General Losses
- Bail
- Financial losses
- Credit
- Legal protection
- Health

The policies are generally drawn up for a short term of time in the transportation branch, during the project term in the main branch of engineering, during the project in the construction-assembly policies, and 12 months in other products.

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4. Insurance and financial risk management (cont'd)

Insurance risk (cont'd)

The main risks that the Company must manage are earthquake, flood, storm, etc. natural disasters and risks of fire, accident and theft. Because there is a tariff system, the risks are managed through pricing and segmentation in these branches. Furthermore, the Company receives reinsurance support to meet compensation claims that could be arisen both on a risk basis and as a result of catastrophic damage on the basis of the international general acceptance.

The Company implements the risks that may arise from the accident branch by considering the geographical and human conditions through segmentation and appropriate pricing.

The company acts as a reinsurer in the Health branch until August 1, 2011, and acts as the title of direct insurer after August 1, 2011.

Therefore, the Company manages its related risks through a wide portfolio of insurance contracts, reinsurance agreements and policy writing strategies.

As of December 31, 2019 and December 31, 2018 the insurance guarantees given for non-life insurance branches are as follows:

	31.12.2019	31.12.2018
Land vehicles Responsibility	28,023,040,000	30,104,054,000
Disease / Health	3,594,913,600,000	4,425,021,917,000
Fire and natural disasters,	12,366,547,000	14,796,272,000
General Losses	5,512,664,000	3,554,021,000
Transportation	787,929,000	574,621,000
General Responsibility	3,625,620,000	2,852,120,000
Land vehicles	30,731,270,000	31,275,625,000
Accident	375,317,551,000	338,937,662,000
Legal protection	333,516,952,000	313,326,300,000
Aircrafts Responsibility	294,103,021,000	226,152,626,000
Water vehicles	2,518,047,000	2,020,768,000
Financial losses	4,193,188,000	4,415,026,000
Aircrafts	1,475,919,541,000	1,274,134,756,000
Bail	610,316,000	512,645,000
Non-Life Total	6,162,139,286,000	6,667,678,413,000

The Company's damage development tables prepared as of December 31, 2019 and December 31, 2018 are included in footnote 17.

Financial risk management

The main financial instrument used by the Company are cash, dated bank deposits, reverse repo transactions, stocks and government bonds, receivables and loans from main operations. The Company experiences various financial risks due to its financial instruments and insurance agreement liabilities. Risks arising from the instruments used are market risk, foreign currency risk, liquidity risk and credit risk. Company management manages these risks as follows.

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4. Insurance and financial risk management (cont'd)

Insurance risk (cont'd)

(a) Market risk

i) Price risk

Since the company has financial assets valued at market price, it is exposed to price risk. The table below shows the effect of 5% value increase / (decrease) within the market prices of the shares which constitute the available-for-sale financial assets in the portfolio of the Company, provided that all other variables remain constant:

	31.12.2019	31.12.2018
Market price increase / (decrease)	Impact on equity	Impact on equity
%5	72,286	46,636
(%5)	(72,286)	(46,636)

ii) Interest risk

Interest risk refers to changes in the fair value of financial assets or future cash flow changes from fluctuations within the market rates. The interest risk is closely tracked by the Company through the analyze of the market details and appropriate valuation methods.

As of December 31, 2019 and December 31, 2018, the 5% value increase / (decrease) in interest rates does not effect the assets of the Company as long as all variables remain constant. Because there is not any variable interest financial asset in the portfolio of the Company as of December 31, 2019 and December 31, 2018.

iii) Currency risk

The currency risk arises from the foreign currency payable and assets of the Company and the currency risk arising from foreign currency exchange rate changes during the exchange of these into TL.

As of December 31, 2019 and December 31, 2018, the Company's foreign currency position is given as follows:

31.12.2019	US Dollars	TRY equivalent	Euro	TRY equivalent	British pound	TRY equivalent	Other Currencies TRY equivalent	Total TRY equivalent
Cash and cash equivalents	2,895,124	17,197,613	2,928,910	19,479,009	10,049	78,146	138,071	36,892,839
Financial assets	-	-	-	-	-	-	-	-
Receivables From Insurance Operations	16,249,911	96,527,727	25,964,151	172,677,185	11,747	91,350	26,541	269,322,803
Receivables From Reinsurance Activities	-	-	-	-	177,211	1,378,084	-	1,378,084
4- Credits	-	-	-	-	-	-	-	-
Credits to the insured	-	-	-	-	-	-	-	-
Deposits and Guarantees Given	-	-	-	-	-	-	-	-
Receivables from Shareholders	-	-	-	-	-	-	-	-
Total actives	19,145,035	113,725,340	28,893,061	192,156,194	199,007	1,547,580	164,612	307,593,726
Payables From Main Operations	7,538,655	44,781,120	13,518,538	89,906,383	-	-	-	134,687,503
Technical equivalents, net	868,458	5,158,813	1,521,274	10,117,387	2,955	22,976	-	15,299,176
Deposits and Guarantees Taken	-	-	-	-	-	-	-	-
Total passives	8,407,113	49,939,933	15,039,812	100,023,770	2,955	22,976	0	149,986,679
Foreign Currency Position, net	10,737,922	63,785,407	13,853,249	92,132,424	196,052	1,524,604	164,612	157,607,047

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4. Insurance and financial risk management (cont'd)

Financial risk management (cont'd)

(a) Market risk (cont'd)

Currency risk (cont'd)

31.12.2018	US Dollars	TRY equivalent	Euro	TRY equivalent	British pound	TRY equivalent	Other Currencies TRY equivalent	Total TRY equivalent
Cash and cash equivalents	28,360,202	149,200,188	5,142,900	31,001,400	12,230	81,363	36,521	180,319,472
Financial assets		-		-		-		-
Receivables From Insurance Operations	19,682,342	103,546,835	26,319,820	158,655,878	9,751	64,875	100,860	262,368,448
Receivables From Reinsurance Activities			64,833	390,812	18,688	124,329		515,141
4- Credits				-		-		-
Credits to the insured				-		-		-
Deposits and Guarantees Given				-		-		-
Receivables from Shareholders				-		-		-
Total actives	48,042,544	252,747,023	31,527,553	190,048,090	40,669	270,567	137,381	443,203,061
Payables From Main Operations	10,600,257	55,766,890	11,847,399	71,416,121				127,183,011
Technical equivalents, net	1,693,095	8,907,202	1,173,260	7,072,412		-		15,979,614
Deposits and Guarantees Taken		-		-		-		-
Total passives	12,293,352	64,674,092	13,020,659	78,488,533	-	-	-	143,162,625
Foreign Currency Position, net	35,749,192	188,072,931	18,506,894	111,559,557	40,669	270,567	137,381	300,040,436

On condition that all other variables in the table below remain constant, the table below shows the effect of a 10% increase / (decrease) of the foreign currencies in the portfolio of the Company against TRY on the pre-tax profit level:

Currency Unit:	December 31, 2019		December 31, 2018	
	Currency value increase / decrease	Impact on profit before tax	Currency value increase / decrease	Impact on profit before tax
US Dollars	10%	6,378,541	10%	18,807,293
US Dollars	10%	(6,378,541)	10%	(18,807,293)
Euro	10%	9,213,242	10%	11,155,956
Euro	10%	(9,213,242)	10%	(11,155,956)
Other Currencies	10%	168,922	10%	40,795
Other Currencies	10%	(168,922)	10%	(40,795)

(b) Credit risk

Credit risk refers to the situation that the Company will face due to the fact that Company can not fulfill its obligations completely or partially on time by not complying with the contractual requirements of the third parties with which it has a mutual relationship. The Company tries to manage credit risk by constantly assessing the credibility of the parties with which it has relations. The Company manages the credit risk that will consider the subject of its activities by taking warrant when it is regarded necessary.

The financial assets subject to credit risk which are added in the Company's financial instruments mainly consist of cash and cash equivalents, government bonds and receivables from main operations and loans which has credit risk in other assets of the Company. As of December 31, 2019, the total amount of the aforementioned financial instruments includes 3.852.017.817 TRY (4.237.988 TRY of other receivables balance with credit risk. It is explained in footnote 47.1) and represents the maximum credit risk (December 31, 2018: 3.679.893.484 TRY).

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4. Insurance and financial risk management (cont'd)
Financial risk management (cont'd)**(c) Liquidity risk**

It is the risk of a company which does not meet its funding needs. The company periodically calculates and evaluates the liquidity risk within the framework of its conformity with the liquidity risk policies of its group. As of December 31, 2019 and December 31, 2018, the maturity distributions of the commercial payables and financial payables which are not discounted in compliance with their maturity dates are as follows;

31.12.2019	Less than a year	1-5 years	Longer than 5 years	Total
Payables From Reinsurance Activities	200,283,584			200,283,584
Payables From Insurance Operations	134,097,842	-	-	134,097,842
Other payables	144,873,475	-	-	144,873,475
	479,254,901	-	-	479,254,901
December 31, 2018	Less than a year	1-5 years	Longer than 5 years	Total
Payables From Reinsurance Activities	209,872,159			209,872,159
Payables From Insurance Operations	190,614,213	-	-	190,614,213
Other payables	125,960,793	-	-	125,960,793
	526,447,165	-	-	526,447,165
				395.623.662

Capital Management

The Company's main capital management policies are given as follows:

- To comply with the capital adequacy requirements specified by the Republic of Turkey Ministry of Treasury and Finance
- To ensure the continuity of its activities within the framework of the Company's continuity principle.

In accordance with the "Regulation on Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance and Pension Companies" published in the Official Gazette dated January 19th, 2008 the Ministry of Treasury and Finance, the amount of equity required by the Company as of December 31, 2019 is 793.082.078 TRY (December 31, 2018: 739.865.528 TL). According to the relevant regulations, the Company's equity capital is calculated as TRY 901.484.743 as of December 31, 2019 (December 31, 2018: 806.859.441 TRY).

5. Section details Disclosed in footnote 2.3.

6. Tangible fixed assets

6.1 All amortization expenses and amortization and depletion shares of the term: 26.651.379 TRY (December 31, 2018 - 15.464.677 TL).

6.1.1 Amortisation expenses: 16.408.554 TRY (December 31, 2018 - 9.014.214 TL).

6.1.2 amortization and exhaustion shares: 10.242.825 TRY (December 31, 2018 - 6.450.463 TL).

6.2 Increase (+) or decrease (-) in the amortization expenses of the term and the changes made in these methods with the amortization calculation methods: None ((December 31, 2018 - None).

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6. TANGIBLE LONG LIVED ASSETS (cont.'d)

6.3 Long lived asset acts in the current term:

6.3.1 expense of tangible assets purchased, manufactured or built: 11.600.559 TRY (December 31, 2018 - 10.032.116 TL).

6.3.2 expense of tangible fixed assets sold or scrapped: 548.258 TRY (December 31, 2018 - 2.362.901 TL).

6.3.3 Valuation increases in the current term: None ((December 31, 2018 - None).

6.3.4 The nature, total amount, start and end date and the investment completion which are being made: Not available (December 31, 2018 - Not available).

Tangible fixed assets act statement:

	January 01, 2019	Addenda	Outputs	Transfers/Corrections	31.12.2019
expense:					
Real Estates for Use	182,638,341	8,850	-	-	182,647,191
Motor vehicles	2,908,885	4,083,607	(50,229)	-	6,942,263
Fixtures and installations	25,699,270	5,171,954	(498,029)	-	30,373,195
Private cost expenses	8,571,963	2,336,148	-	-	10,908,111
Right of use assets	-	11,973,587	(190,027)	-	11,783,560
Total expense	219,818,459	23,574,146	(738,285)	-	242,654,320
Accumulated depreciation:					
Real Estates for Use	(7,586,584)	(3,659,343)	-	-	(11,245,927)
Motor vehicles	(1,462,474)	(896,282)	50,229	-	(2,308,527)
Fixtures and installations	(14,310,517)	(4,653,952)	428,914	-	(18,535,555)
Private cost expenses	(1,958,695)	(1,945,297)	-	-	(3,903,992)
Right of use assets	-	(5,227,041)	-	-	(5,227,041)
Total accumulated depreciation:	(25,318,270)	(16,381,915)	479,143	-	(41,221,042)
Net Recorded value	194,500,189				201,433,278

	January 01, 2018	Addenda	Outputs	Transfers/Corrections	December 31, 2018
expense:					
Real Estates for Use	182,054,369	604,972	(21,000)	-	182,638,341
Motor vehicles	2,196,701	1,227,882	(515,698)	-	2,908,885
Fixtures and installations	21,067,066	16,861,862	(12,229,658)	-	25,699,270
Private cost expenses	4,947,930	3,721,000	(96,967)	-	8,571,963
Advances Regarding Intangible Assets	1,881,489	-	(1,881,489)	-	-
Total expense	212,147,555	22,415,716	(14,744,812)	-	219,818,459
Accumulated depreciation:					
Real Estates for Use	(3,939,395)	(3,660,645)	13,456	-	(7,586,584)
Motor vehicles	(1,703,668)	(294,835)	536,029	-	(1,462,474)
Fixtures and installations	(10,988,117)	(12,024,149)	8,701,749	-	(14,310,517)
Private cost expenses	(577,534)	(1,727,086)	345,925	-	(1,958,695)
Total accumulated depreciation:	(17,208,714)	(17,706,715)	9,597,159	-	(25,318,270)
Net Recorded Value	194,938,841				194,500,189

There is a mortgage at the amount of TRY 800 in favor of the Ministry of Republic of Turkey Treasury and Finance on real estates for use.

There are not tangible fixed assets acquired as a lessee in the Company's financial leasing transactions.

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7. Properties for Investment

	January 01, 2019	Addenda	Outputs	Amendments	31.12. 2019
expense:					
Land	55,573	-	-	-	55,573
Buildings	1,220,342	-	-	-	1,220,342
Buildings held for sale	-	-	-	-	-
Total expense	1,275,915	-	-	-	1,275,915
Accumulated amortization and impairment provision:					
Buildings - amortization	(106,660)	(26.639)	-	-	(133,299)
Lands and plains - Impairment provision	-	-	-	-	-
Total	(106,660)	(26.639)	-	-	(133,299)
Net book value	1,169,255				1,142,616

	January 1, 2018	Addenda	Outputs	Amendments	December 31, 2018
expense:					
Land	55,573	-	-	-	55,573
Buildings	1,222,031	-	(1,689)	-	1,220,342
Buildings held for sale	-	-	-	-	-
Total expense	1,277,604	-	(1,689)	-	1,275,915
Accumulated amortization and impairment provision:					
Buildings - amortization	(78.962)	(28.159)	461	-	(106,660)
Lands and plains - Impairment provision	-	-	-	-	-
Total	(78,962)	(28,159)	461	-	(106,660)
Net book value	1,198,642				1,169,255

In addition, the Company has earned 5.437.509 TRY (December 31, 2018- 3.990.152 TL) rental income from the investment properties for the interim term ended on December 31, 2019.

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8. Intangible fixed assets

	January 01, 2019	Addenda	Outputs	Transfers / Corrections	December 31, 2019
expense: Rights	34,965,512	13,921,346			48,886,858
On-going Investments	3,873,291	1,375,137	-	-	5,248,428
Total Expense	38,838,803	15,296,483	-	-	54,135,286
Accumulated depreciation: Rights	(15,074,413)	(10,242,825)	-	-	(25,317,238)
Total Amortization	(15,074,413)	(10,242,825)	-	-	(25,317,238)
Net book value	23,764,390				28,818,048

	January 01, 2018	Addenda	Outputs	Transfers / Corrections	December 31, 2018
expense: Rights	24,796,373	11,034,855	(865,716)		34,965,512
On-going Investments	5,150,614	106,173	(1,383,496)	-	3,873,291
Total Expense	29,946,987	11,141,028	(2,249,212)	-	38,838,803
Accumulated depreciation: Rights	(8,623,949)	(8,327,602)	1,877,138	-	(15,074,413)
Total Amortization	(8,623,949)	(8,327,602)	1,877,138	-	(15,074,413)
Net book value	21,323,038				23,764,390

9. Investments in affiliates

	December 31, 2019			December 31, 2018		
	Nominal value	Inflation/ price difference	Total	Nominal value	Inflation/ price difference	Total
Türkiye Genel Sigorta A.Ş. Memur ve Hizmetlileri Emeklilik Ve Yardım Sandığı Vakfı (Civil Servants and Servants Pension and Aid Fund Foundation)	1	11,192	11,193	1	11,192	11,193
Other	-	-	-	-	-	-
Long term securities	1	11,192	11,193	1	11,192	11,193
Tarım Sigortaları Havuz İşletmesi A.Ş. (Tarsim)	433,609	764	434,373	433,609	764	434,373
Affiliates	433,609	764	434,373	433,609	764	434,373
MAPFRE Yaşam Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	11,940,000	8,876,506	20,816,506	11,940,000	8,876,506	20,816,506
	2,428,025	-	2,428,025	2,428,025	-	2,428,025
Allied Companies	14,368,025	8,876,506	23,244,531	14,368,025	8,876,506	23,244,531
Total	14,801,635	8,888,462	23,690,097	14,801,635	8,888,462	23,690,097

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9. Investments in affiliates (cont'd)

	December 31, 2019		December 31, 2018	
	Affiliate Ratio	Site of establishment	Affiliate Rate	Site of establishment
Tarsim (*)	4.17%	Turkey	4.17%	Turkey
MAPFRE Yaşam	99.50%	Turkey	99.50%	Turkey
General Service	51.00%	Turkey	51.00%	Turkey

(*) The Company demonstrates Tarsim investment in which it participates at a rate of 4%.

Summary financial information of the subsidiaries and affiliates is given in note 45.2.

10. Reinsurance assets

Information related to the Company's reinsurance contracts is given in footnote 2.14.

As of December 31, 2019 and December 31, 2018, the Company's amounts in the balance sheet and income statement related to reinsurance transactions arising from insurance contracts are given as follows:

	December 31, 2019	December 31, 2018
Reinsurer share equivalent to unearned premiums (Note 17)	353,273,754	331,402,103
SGK equivalent to unearned premiums (Note 17)	33,384,198	36,387,752
Pending compensation equivalent to reinsurer share (Note 17)	562,903,480	585,724,008
Reinsurer share equivalent to mathematics (Note 17)	-	-
Reinsurer share equivalent to On-going risks (Note 17)	-	-
Balancing reserve equivalent to reinsurer share (Note 17)	156,198,618	129,994,832
Reinsurer companies current account (net)	(158,643,213)	(150,371,408)
payables to Dask institution	(2,313,666)	(2,026,749)
payables to Tarsim	(259,598)	(151,719)
Payables to SSI Related to Treatment Expenses	(16,544,078)	(21,068,757)
Reinsurance share of recourse and salvage receivables	(312,882)	(525,974)
Total reinsurance assets	927,686,613	909,364,088

	January 1 - December 31, 2019	January 1 - December 31, 2018
Premiums transferred to reinsurers	(691,076,841)	(674,855,278)
Premiums transferred to SSI	(64,884,448)	(67,367,644)
Commissions from reinsurers	132,792,761	119,844,056
Reinsurer share in paid damages	327,626,753	210,330,354
Reinsurer share equivalent to pending claims	(22,820,528)	147,496,634
Reinsurer share equivalent to unearned premiums	21,871,651	41,177,836
SGK share equivalent to unearned premiums	(3,003,554)	(16,158,393)
Reinsurer share equivalent to mathematical reserves	-	-
Reinsurer share for On-going risks	-	(656,792)
Balancing reserve reinsurer share	26,203,786	25,701,034
Recourse income reinsurer share	(5,673,057)	(18,666,318)
Total reinsurance expense	(278,963,477)	(233,154,511)

Detailed explanations related to reinsurance contracts are made in footnote 2.14.

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11. Financial assets

11.1 Subclassifications of items presented in compliance with the organization's activities:

Financial assets	December 31, 2019			December 31, 2018		
	Blocked	Blocked Not blocked	Total	Blocked	Blocked Not blocked	Total
<u>Financial assets ready for sale</u>						
Government bonds	346,360,700	454,184,186	800,544,886	300,078,480	685,139,144	985,217,624
Private Sector Bonds	-	5,155,300	5,155,300	-	5,933,250	5,933,250
Repo	-	-	-	-	-	-
Stock Shares	-	1,445,717	1,445,717	-	932,720	932,720
<u>Financial Risk of Which is for Life</u>						
Insureds	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Dated deposit	-	-	-	-	-	-
Total	346,360,700	460,785,203	807,145,903	300,078,480	692,005,114	992,083,594

Acts of available-for-sale financial assets for the terms which last on December 31, 2019 and 2018 are given as follows:

	January 1 2019	January 1 2018
Beginning of the term	992,083,594	661,378,854
Receivables	806,339,947	651,603,996
Sales	(1,053,560,379)	(301.644.476)
In-term transfers	-	-
Unrealized interest income reflected in the income statement	(7,247,610)	8,051,509
Unrealized income / (loss) reflected in equity change statement	69,530,351	(27,306,289)
End of the term	807,145,903	992,083,594

As of December 31, 2019, the Company does not have any financial assets for trading purposes (December 31, 2018 - None). As of December 31, 2019, the Company does not have any financial assets to be held until maturity (December 31, 2018 - None).

Term analysis of financial assets is given as follows

Tuesday, December 31, 2019	Undated	0- 3 months	3 - 6 months	6 months - 1 year	1 year - 3 years	Longer than 3 years	Total
<u>Financial assets ready for sale</u>							
Stock Shares	1,445,717	-	-	-	-	-	1,445,717
Government bonds	-	-	-	569,187,930	186,054,496	45,302,460	800,544,886
Private Sector Bonds	-	-	-	-	5,155,300	-	5,155,300
Total	1,445,717	-	-	569,187,930	191,209,796	45,302,460	807,145,903
<u>Monday, December 31, 2018</u>							
Monday, December 31, 2018	Undated	0- 3 months	3 - 6 months	6 months - 1 year	1 year - 3 years	Longer than 3 years	Total
<u>Financial assets ready for sale</u>							
Stock Shares	932,720	-	-	-	-	-	932,720
Government bonds	-	-	-	-	942,376,762	42,840,862	985,217,624
Private Sector Bonds	-	5,933,250	-	-	-	-	5,933,250
Total	932,720	5,933,250	-	-	942,376,762	42,840,862	992,083,594

As of December 31, 2019 and December 31, 2018, all financial assets of the Company are in TRY currency.

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11. Financial assets (cont'd)

11.2 The securities other than issued shares during the year: Not available.

11.3 The securities which represent payable amortized during the year: Not available.

11.4 Information about the value of the securities and financial fixed assets, which are shown at the expense value on the balance sheet in compliance with the stock market values, and the expense values of the securities and financial fixed assets, which are shown at the market value:

Securities

	December 31, 2019	
	expense Value	Recorded value (Fair value)
Financial assets ready for sale		
Government bonds	762,389,787	800,544,886
Private Sector Bonds	5,000,000	5,155,300
Repo	-	-
Stock Shares	1,911,743	1,445,717
Total	769,301,530	807,145,903

	December 31, 2018	
	expense Value	Recorded value (Fair value)
Financial assets ready for sale		
Government bonds	996,157,429	985,217,624
Private Sector Bonds	6,350,000	5,933,250
Repo	-	-
Stock Shares	1,911,743	932,720
Total	1,004,419,172	992,083,594

Financial fixed assets

There is not a market value of financial fixed assets that are monitored with expense value.

11.5 The amounts of securities added in the securities and subsidiary securities group and issued by the shareholders, affiliates and subsidiaries of the establishment and the partnerships that present them: Not available.

11.6 Value increases in financial assets in the last three years:

	Change in Increase in Value	Total Value Increase
2019	54,519,157	24,559,475
2018	(21,083,046)	(29,959,682)
2017	(8,876,636)	(8,876,636)
Total	24,559,475	(14,276,843)

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11. Financial assets (cont'd)

11.7 Total mortgage or guarantee amounts on the asset values:

	December 31, 2019	December 31, 2018
Securities wallet	342,032,400	299,326,560
Real estate mortgages	800	800
Total	342,033,200	299,327,360

As of December 31, 2019, 342.032.400 TRY of the blockages on the securities wallet and 800 TRY of the mortgage bonds are on behalf of the Ministry of Treasury and Finance (December 31, 2018: 299.327.360 TRY). The Company has calculated the securities it has blocked in compliance with the valuation conditions given in the Article 6 of the "Regulation on Financial Bodies of Insurance and Reinsurance and Pension Companies" published in the Official Gazette dated August 7th, 2007 and numbered 26606. 700.000 TRY of the blockages on the securities wallet is on behalf of Tarım Sigortaları Havuz İşletmesi A.Ş. (December 31, 2018: 540.000 TRY).

11.8 Fair value of financial instruments

The fair value is the value between a knowledgeable and willing party in accordance with market conditions where an asset can change owners or an obligation can be met.

The Company has determined the estimated fair values of financial instruments by using current market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgment. As a result, the estimations given here cannot be an indication of the amounts that the Company can obtain in a current market transaction.

The financial assets of the Company which are shown with their fair values are shown in the table below in three separate categories with regard to the valuation methods. "Category 1" represents the financial assets that are valued in compliance with the fair values obtained from the organized markets (market data), "Category 2" according to the precedent transactions and "Category 3" according to today's discounted values of the future cash flows.

	Category 1	Category 2	Category 3	31.12.2019 Total
Financial assets ready for sale				
Government bonds	800,544,886	-		800,544,886
Private Sector Bonds	5,155,300			5,155,300
Repo	-	-		-
Stock Shares	1,445,717	-		1,445,717
Total	807,145,903	-		807,145,903

	Category 1	Category 2	Category 3	Monday, December 31, 2018 Total
Financial assets ready for sale				
Government bonds	985,217,624	-		985,217,624
Private Sector Bonds	5,933,250			5,933,250
Repo	-	-		-
Stock Shares	932,720	-		932,720
Total	992,083,594	-		992,083,594

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12. Receivables

12.1 Classification of receivables in the form of receivables to be taken from commercial customers, receivables from interested parties, prepayments (payments of next months or years) and others:

	December 31, 2019	December 31, 2018
Current receivables		
<u>Receivables From Insurance Operations</u>		
Receivables from the insured	33,868,720	34,561,329
Receivables from intermediaries	743,330,742	789,660,437
Recourse and salvage receivables	20,803,425	21,654,577
Bank guaranteed credit card receivables	73,861,349	104,508,867
Receivables from Insurance Companies	7,735	7,735
Receivables from Reinsurance Companies	-	-
Other receivables	-	-
Rediscount (-)	-	-
	871,871,971	950,392,945
<u>Receivables from reinsurance activities</u>		
Receivables From Reinsurance Activities	41,506,374	59,186,437
	41,506,374	59,186,437
<u>Warehouses of insurance and reinsurance companies</u>		
Warehouses of insurance and reinsurance companies	55	-
	55	-
6- Loans to the Insured (Loans)		
6- Loans to the Insured (Loans)	-	-
	-	-
Equivalent for receivables from the insurance activities		
Legal follow-up receivables arising from main activities	216,886,777	193,694,422
Equivalent for receivables under legal proceedings arising from main activities	(216,886,777)	(193,694,422)
Equivalent for receivables from insurance activities (*)	(3,857,703)	(3,111,215)
	(3,857,703)	(3,111,215)
Non-current receivables		
Recourse and salvage receivables		
Equivalent for recourse and salvage receivables		
Receivables from agencies		
Equivalent for receivables from agencies		
Other Doubtful Receivables		
Equivalent for other doubtful receivables		
Total	909,520,697	1,006,468,167

*The company has also allocated receivable equivalent for recourse receivables which are outdated for 6 months (receivables from the insurance companies) and 4 months (receivables from natural and legal persons) from the date of payment of the damage based on the recourse receivable in compliance with the terms specified in the circulars of Republic of Turkey Ministry of Treasury and Finance, dated September 20th, 2010 and January 14th, 2011 and numbered 2010/16 and 2011/1. As of December 31, 2019, the recourse receivable amount is 3.857.703 TRY (December 31, 2018 - 3.111.215 TL).

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12. Receivables (cont'd)

12.1 Classification of receivables in the form of receivables to be taken from commercial customers, receivables from interested parties, prepayments (payments of next months or years) and others: (cont'd):

Details of various other receivables and expenses for the following months are given in footnote 47.

The operations for receivables under legal follow-up resulting from main activities is as follows.

	January 1- December 31, 2019	January 1- December 31, 2018
Beginning of the term	193,694,422	163,346,391
Additional reserve	44,706,531	40,747,555
Released response	(4,681,665)	(1,464)
Collection	(16,832,511)	(10,398,060)
End of the term	216,886,777	193,694,422

As of December 31, 2019 and December 31, 2018, the forward and retrospective aging of the receivables from undue and overdue insurance activities are as follows:

Undue / overdue receivables	December 31, 2019	December 31, 2018
Undue receivables	801,260,397	868,222,363
Overdue for 0-90 days	28,847,400	41,404,421
Overdue for 90-180 days	3,626,351	5,819,503
Overdue for 180-270 days	3,520,455	1,374,827
Overdue for 270-360 days	2,726,532	1,015,142
Overdue for more than 360 days	31,890,836	32,556,689
Total	871,871,971	950,392,945

(*) As of December 31, 2019, the Company has a total of 7,093,505 TRY collection for its receivables which are overdue an equivalent is not reserved(31 December 2018 - 7,842,244 TL).

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12.2 The establishment's receivable-payable relationship with shareholders, affiliates and subsidiaries:

	December 31, 2019			
	Receivables		Payables	
	Commercial	Non-commercial	Commercial	Non-commercial
1) Shareholders				
MAPFRE International S.A.	-	-	-	141,150
Other	-	-	-	-
2- Subsidiaries				
MAPFRE Yaşam Sigorta A.Ş.	129,813	-	-	-
Genel Servis Yedek Parça Dağıtım Tic.A.Ş.	-	-	128,943	-
3) Other related party				
MAPFRE Re Compania Reaseguros S.A.	-	-	-	-
MAPFRE Empresas Comp. De Seguro	-	-	-	-
MAPFRE Global	-	-	-	-
MAPFRE Asistencia SA	-	-	-	-
Tur Asist	-	-	3,911,282	-
MAPFRE Tech	-	-	-	-
MAPFRE Soft	-	-	-	-
Fundacion MAPFRE	-	2,160	-	-
MAPFRE S.A.	-	-	19,019	-
T.Genel Sig.Emekli Sandığı	-	418,545	-	-
MAPFRE INSURANCE	-	-	-	-
MAPFRE INTERNACIONAL	-	-	-	-
Other	-	-	-	-
4) EXECUTIVE BOARD				
Executive Board	-	-	-	104,090
Total	129,813	420,705	4,059,244	245,240

	December 31, 2018			
	Receivables		Payables	
	Commercial	Non-commercial	Commercial	Non-commercial
1) Shareholders				
MAPFRE International S.A.	-	-	-	141,150
Other	-	-	-	-
2- Subsidiaries				
MAPFRE Yaşam Sigorta A.Ş.	361,988	-	115,409	-
Genel Servis Yedek Parça Dağıtım Tic.A.Ş.	-	-	300,940	-
3) Other related party				
MAPFRE Re Compania Reaseguros S.A.	-	-	-	-
MAPFRE Empresas Comp. De Seguro	-	-	-	-
MAPFRE Global	-	-	-	-
MAPFRE Asistencia SA	-	-	-	-
Tur Asist	-	-	3,768,353	-
MAPFRE Tech	-	-	-	-
MAPFRE Soft	-	28,917	-	-
Fundacion MAPFRE	-	2,160	-	-
MAPFRE S.A.	-	-	390,672	-
T.Genel Sig.Emekli Sandığı	-	189	-	-
MAPFRE INSURANCE	-	-	477,546	-
MAPFRE INTERNACIONAL	-	1,679,675	917,653	-
Other	-	-	-	-
4) EXECUTIVE BOARD				
Executive Board	-	-	-	1,907,596
Total	361,988	1,710,941	5,970,573	2,048,746

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12. Receivables (cont'd)

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

	December 31, 2019	December 31, 2018
Mortgage notes received	26,748,105	27,526,509
Cash	11,136,662	10,449,355
Received letters of guarantee	24,216,483	25,093,651
Other warranties and bails	1,717,160	2,091,314
Total	63,818,410	65,160,829

12.4 Receivables and payables represented by foreign currencies without foreign currency guarantee as well as the total amounts of active foreign currencies and exchange rates to TL:

Note 4 (a) is shown in note iii with exchange rates.

13. Derivative financial instruments

Not available (December 31, 2018 - Not available).

14. Cash and cash equivalents

Cash and cash equivalents which form a base for the cash flow statement for the term ended December 31, 2019 are given in footnote 2.12.

As of December 13th, 2019, blocked dated deposit in favor of the Republic of Turkey Ministry of Treasury and Finance is 700.000 TRY . (31 December 2018: 540.000 TRY).

The maturity of the Company's dated deposits as of the balance sheet date is between 1 day and 364 days (December 31, 2018 - 34 days to 89 days). Annual interest rates of dated deposits in foreign currency are as follows:

	31.12.2019	31.12.2018
Foreign currency / TL	Annual interest rate (%)	Annual interest rate (%)
TRY	%7 -% 18	% 23,20 - % 27
Euro	% 0.05	% 1,60, % 1.95).
US Dollars	% 0.50	% 4,25, % 4.50).

The values of cash and cash equivalents with regard to foreign currency are shown in Note 4 (a) iii.

15. Capital

15.1 Distributions to shareholders; the amount of the transactions of the organization with the shareholders by the shareholders themselves:

Not available.

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15. Capital (cont'd)

15.2 Legal reserves

According to the Turkish Commercial Code, the legal reserves are divided into two, which are primary and secondary legal reserves. According to the Turkish Commercial Code, the first legal reserves are separated as 5% of the legal net profit until 20% of the company's paid / issued capital is reached. The second legal reserves are 10% of the distributed profit that exceed 5% of paid / issued capital. According to the Turkish Commercial Code, legal reserves can only be used to set off losses and they are not available for any other purpose of use unless they exceed 50% of paid / issued capital

Actions of legal reserves during the term are given as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Beginning of the term	104,073,160	73,648,581
Transfer from the profit of the past year	938,330	30,424,579
End of the term	105,011,490	104,073,160

Valuation of financial assets:

Unrealized profits and losses and tax effects caused by the changes in the fair values of available-for-sale financial assets are followed under the title "Valuation of Financial Assets" in equity.

Actions of the financial assets valuation amount in the accounting term are given as follows. The aforementioned amounts are demonstrated as the de deferred tax effect is net in equity.

	January 1- December 31, 2019	January 1- December 31, 2018
Beginning of the term	(29,959,682)	(8,876,636)
Fair value change and the effect of sales	69,451,888	(26,620,677)
Deferred tax amount related to the fair value increase (Note 21)	(14,932,731)	5,537,631
End of the term	24,559,475	(29,959,682)

Other profit reserves:

As of December 31, 2019 and December 31, 2018, Other Profit Reserves which amount to TRY 45.184.085 in the Equity account means the Earthquake Damage Reserves included in the balance sheet as of December 31, 2006 and the incomes of these provisions obtained till June 14th, 2007 and monitored within the related provisions.

Other capital reserves: Not available.

Private Funds

75% of the profits arising from the sale of real estates and the participation shares held for at least two years are exempt from the tax on condition that they are included in the capital as required by the Corporate Tax Law or held for 5 years

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15. Capital (cont'd)

15.2 Legal reserves (cont'd)

As of December 31, 2019, the balance of the private funds account is 52.434.100 TL. 52.927.760 TRY of this balance (December 31, 2018: 48.404.938 TL) refers to the amount which is an exempted from the corporate tax mentioned in the article 511 / e of the Corporate Tax Law on the profit obtained from the sale of real estate held for at least two years and the amount for which it is decided to add in the private fund account in the passive of the balance sheet in compliance with the same article of the law in which it is mentioned and equivalent to 75% of the profit. Furthermore, 522.517 TRY which is the severance pay actuarial loss and deferred tax effect (31 December 2018: 2.260.652 TL) is followed in the account of Private Funds.

15.3 Capital actions

As of December 31, 2019 and December 31, 2018, the Company's paid capital consists of 350,000,000 shares with a unit nominal value of 1 TL.

Other detailed information about the Company's capital is given in footnote 2.13.

15.4 Capital adequacy

The Company's calculated capital adequacy results in accordance with the "Regulation on the Amendment to the Regulation on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies" published in the Official Gazette dated March 1, 2009 and numbered 27156 of the Ministry of Finance and Republic of Turkey.

	December 31, 2019	December 31, 2018
Confirmed capital	901,484,743	806,859,441
Equity required for the company	793,082,078	739,865,528
Capital adequacy result	108,402,665	66,993,913

16. Other provisions and capital component of discretionary participation

Information on other reserves added in the equity is available in footnote 15.

17. Insurance liabilities and reinsurance assets

17.1 The warrant amounts that the Company must establish for life and non-life branches and warrant amounts established by life and non-life branches by assets:

	December 31, 2019	December 31, 2018
The amount of warrant to be established for non-life branches	264,360,693	247,421,843
warrant amount formed for non-life branches (*)	346,360,700	299,327,360

(*) In compliance with article 4 of "Regulation on Financial Structures of Insurance and Reinsurance and Pension Companies" published in the Official Gazette dated August 7th, 2007 and numbered 26606 and exempted pursuant to Insurance Law, the Minimum Guarantee Fund of insurance companies and Pension companies operating in life and personal accident branches cannot be less than one third of the total minimum capital amount. The minimum guarantee fund for non-life insurance branches is formed as warrant in the capital adequacy calculation term. The amount of warrant and amount of warrant to be formed pursuant to the financial statements of the company as of December 31, 2019 are stated in the statement above.

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17. Insurance liabilities and reinsurance assets (cont'd)

17.2 The number and mathematical provisions of the Company's life policy numbers and the life and current life insurers entering and leaving during the term: Not available (December 31, 2018 - Not available).

17.3 Insurance coverage amount given to non-life insurances by branches: Disclosed in footnote 4.

17.4 Pension funds formed by the Company and unit prices: Not available (December 31, 2018 - Not available).

17.5 The number and amounts participation documents in the portfolio and participation certificates in circulation: Not available (December 31, 2018 - Not available).

17.6 Portfolio amounts of the individual Pension and group Pension participants which are entering, leaving and canceled during the term: Not available (December 31, 2018 - Not available).

17.7 Valuation methods used in profit share calculation in life insurances with profit shares: Not available (December 31, 2018 - Not available).

17.8 Individual and institutional distribution of the numbers and gross and net participation shares of the individual Pension participants that recently entered: Not available (December 31, 2018 - Not available).

17.9 Individual and corporate distribution of the number and gross and net participation shares of the private Pension participants from another company during the term: Not available (December 31, 2018 - Not available).

17.10 Individual and institutional distribution of the number and gross and net participation shares of the individual Pension participants who changed from the Company's life portfolio to the private Pension within the term: Not available (December 31, 2018 - Not available).

17.11 Individual and corporate distribution of the numbers and gross and the net participation shares of individual Pension participants, and both of them moved to another company or did not move to another company which left the Company's portfolio during the term: Not available (December 31, 2018 - Not available).

17.12 Number, gross and net premium amounts of new life insurance holders during the term. Individual and group distributions: Not available (December 31, 2018 - Not available).

17.13 Number and gross and net premium amounts of the life insurance owners who left the portfolio during the term, the distribution of their mathematical provisions as individual and group: Not available (December 31, 2018 - Not available).

17.14 Rate of profit share distribution to life policy holders during the term: Not available (December 31, 2018 - Not available).

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17. Insurance liabilities and reinsurance assets (cont'd)

17.15 Amounts caused by the insurance contracts:

	December 31, 2019	December 31, 2018
Gross insurance technical provisions		
Unearned premium provision	1,387,159,213	1,338,582,203
Pending claims and compensation provision	1,892,083,273	1,771,193,339
Actuarial mathematical reserve	-	-
Life proŞt share provision	-	-
Equivalent for On-going risks	-	-
Bonus and discount allowance	12,788,338	9,030,586
Balance provision	238,239,112	200,492,369
Total	3,530,269,936	3,319,298,497
Reinsurer shares in insurance technical provisions		
Unearned premium Equivalent (Note 10)	(353,273,754)	(331,402,103)
SGK equivalent to unearned premiums (Note 10)	(33,384,198)	(36,387,752)
Pending claims and compensation Equivalent (Note 10)	(562,903,480)	(585,724,008)
Life mathematic equivalent	-	-
Life proŞt share provision	-	-
Equivalent for On-going risks	-	-
Bonus and discount allowance	-	-
Balance provision	(156,198,618)	(129,994,832)
Total	(1,105,760,050)	(1,083,508,695)
Net insurance technical provisions		
Unearned premium provision	1,000,501,261	970,792,348
Pending claims and compensation provision	1,329,179,793	1,185,469,331
Life mathematic equivalent	-	-
Life proŞt share provision	-	-
Equivalent for On-going risks	-	-
Bonus and discount allowance	12,788,338	9,030,586
Balance provision	82,040,494	70,497,537
Total	2,424,509,886	2,235,789,802

Action table of pending claim Equivalent in the accounting term

	January 1 -December 31, 2019			January 1 -December 31, 2018		
	Gross	Reinsurer share	Net	Gross	Reinsurer share	Net
Beginning of the term	1,771,193,339	(585,724,008)	1,185,469,331	1,367,337,226	(438,227,374)	929,109,852
Damage paid	(1,953,687,949)	327,626,753	(1,626,061,196)	(1,710,204,896)	210,330,354	(1,499,874,542)
Pending claims in the current term	2,074,577,883	(304,806,225)	1,769,771,658	2,114,061,009	(357,826,988)	1,756,234,021
End of the term	1,892,083,273	(562,903,480)	1,329,179,793	1,771,193,339	(585,724,008)	1,185,469,331
	January 1 -December 31, 2019			January 1 -December 31, 2018		
	Gross	Reinsurer share	Net	Gross	Reinsurer share	Net
Actualized and reported damages	936,534,861	(410,116,123)	526,418,738	956,178,044	(479,054,845)	477,123,199
Actualized but not reported damages	955,548,412	(152,787,357)	802,761,055	815,015,295	(106,669,163)	708,346,132
End of the term	1,892,083,273	(562,903,480)	1,329,179,793	1,771,193,339	(585,724,008)	1,185,469,331

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17. Insurance liabilities and reinsurance assets (cont.)**17.15 Amounts caused by insurance contracts (cont'd):****Action table of the unearned premium reserve in the accounting term:**

	January 1 -December 31, 2019			January 1 -December 31, 2018		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Beginning of the term	1,338,582,203	(367.789.855)	970,792,348	1,305,438,154	(342,770,412)	962,667,742
Increase / (decrease)						
- Equivalent for premiums not earned in the current term	1,319,837,412	(342,714,951)	977,122,461	1,087,834,953	(295.745.835)	792,089,118
- Provisions for unearned premiums in the past years						
End of the term	1,387,159,213	(386.657.952)	1,000,501,261	1,338,582,203	(367.789.855)	970,792,348

Action table of provisions for the On-going risks in the accounting term:

	January 1 -December 31, 2019			January 1 -December 31, 2018		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Beginning of the term			-	1,521,355	(656,792)	864,563
Net change	-	-	-	(1.521.355)	656,792	(864.563)
End of the term	-	-	-	-	-	-

Activity table of the balancing provisions in the accounting period:

	January 1 -December 31, 2019			January 1 -December 31, 2018		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Beginning of the term	200,492,369	(129.994.832)	70,497,537	160,091,438	(104,293,914)	55,797,524
Equivalent for the term	38,394,295	(26.678.707)	11,715,588	40,618,066	(25.898.675)	14,719,391
Earthquake damages paid during the term	(102,046)	78,070	(23,976)	(62,727)	8,800	(53,927)
Pending changes in earthquake damages	(545,506)	396,851	(148.655)	(154,408)	188,957	34,549
End of the term	238,239,112	(156,198,618)	82,040,494	200,492,369	(129,994,832)	70,497,537

Net technical provisions as of December 31, 2019 expressed in foreign currency are indicated in footnote 4 (a) iii.

Action table of Bonus and Discounts Equivalent in the accounting term:

	January 1 -December 31, 2019			January 1 -December 31, 2018		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Beginning of the term	9,030,586		9,030,586	19,910,583		19,910,583
Equivalent for the term	22,296,477	-	22,296,477	19,365,423	-	19,365,423
Paid in-term	(18,538,725)	-	(18.538.725)	(30,245,420)	-	(30,245,420)
End of the term	12,788,338	-	12,788,338	9,030,586	-	9,030,586

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17. Insurance liabilities and reinsurance assets (cont'd)

17.15 Amounts caused by insurance contracts (cont'd):

The company's damage improve statement final damage expense estimates as of December 31, 2019 are as follows:

Year of Notification	December 31, 2012 and before	January 01, 2013-		January 01, 2014-		January 01, 2015-		January 01, 2016-		January 01, 2017-		January 01, 2018-		January 01, 2019-		Total
		December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019		
Within the accident year	(15,719,003)	7,026,099	14,370,110	29,252,372	55,476,202	61,264,747	72,533,704	160,365,408	384,569,639							
1 year later	-	7,693,854	15,830,995	31,064,858	43,658,649	42,906,764	50,843,666	191,998,786								
2 year later	5,718,689	4,654,718	7,502,141	12,268,224	15,912,813	27,454,754										
3 year later	4,025,058	3,515,499	4,200,638	6,569,839	16,747,524											
4 year later	2,966,441	1,819,559	4,925,015	10,126,848	-											
5 year later	3,126,298	3,020,705	7,069,755	-	-											
6 year later	2,043,106	4,222,672	-	-	-											
7 year later	10,816,808	-	-	-	-											
Total pending damage based on the damage development statement	12,977,397	31,953,106	53,898,654	89,282,141	131,795,188	131,626,265	123,377,370	160,365,408	735,275,529							
Actualized but not reported damages																802,761,056
Jobs received equivalent to the pending damage																76,856,942
Reserve equivalent to pending damage																(49,841)
(2007 and before)																(131,341)
Excess of Loss																19,914
Cut Off																(23,206,243)
Earnable Provisions																(262,346,223)
Discount on Cash Flows																
Total pending claims and compensation equivalents as of December 31, 2019																1,329,179,793

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**17. Insurance liabilities and reinsurance assets (cont.)
17.15 Amounts caused by insurance contracts (cont'd):**

The company's damage improve statement final damage expense estimates as of Monday, December 31, 2018 are as follows:

Year of Notification	Saturday, December 31, 2011 and before		Sunday, January 01, 2012		Tuesday, January 01, 2013		Wednesday, January 01, 2014		Thursday, January 01, 2015		Friday, January 01, 2016		Sunday, January 01, 2017		Monday, January 01, 2014 December 31, 2014		Accident Year December 31, 2014 Total	
	December 31, 2012	January 01, 2012	December 31, 2013	January 01, 2013	December 31, 2014	January 01, 2014	December 31, 2015	January 01, 2015	December 31, 2016	January 01, 2016	December 31, 2017	January 01, 2017	December 31, 2017	December 31, 2014	December 31, 2014	Total		
Within the accident year	31,050,690	5,339,648	8,274,973	14,919,689	33,138,998	65,573,703	80,699,030	175,563,285	414,560,016									
1 year later	2,697,208	3,870,144	8,911,024	18,765,008	35,016,903	48,794,579	61,218,384											179,273,250
2 year later	2,204,681	3,202,499	6,188,139	10,295,401	12,706,767	23,391,481												57,988,968
3 year later	1,207,717	1,872,671	4,001,190	5,345,525	11,812,404													24,239,507
4 year later	2,279,349	1,425,230	2,191,664	6,934,990														12,831,233
5 year later	1,894,225	1,078,462	4,825,295															7,797,982
6 year later	2,177,552	2,767,831																4,945,383
7 year later	3,530,919																	3,530,919
Total pending damage based on the damage development statement	47,042,341	19,556,485	34,392,285	56,260,613	92,675,072	137,759,763	141,917,414	175,563,285	705,167,258									
Actualized but not reported damages																		708,346,132
Received jobs pending damage equivalent																		43,170,516
Equivalent for Pending damage quota share (2007 and before)																		(51,063)
Excess of Loss																		(699,579)
Cut Off																		22,630
Earnable Provisions																		(20.746.145)
Discount on Cash Flows																		(249.740.418)
Total pending claims and compensation equivalents as of Monday, December 31, 2018																		1,185,469,331

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18. Investment agreement liabilities

Not available (December 31, 2018 - Not available).

19. Commercial and other payables, deferred income

The Company's payables from its main activities as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
<u>Payables From Insurance Operations</u>	134,097,842	190,614,213
Payables to the insured / intermediaries	134,097,842	190,614,213
Payables to insurance companies	-	-
<u>Payables From Reinsurance Activities</u>	195,004,690	204,980,532
Payables to reinsurance companies	87,942,164	108,299,677
Payables to intermediaries	104,720,238	78,530,400
Payables to insurance companies	7,621,182	23,042,082
Payable accrual	(5,278,894)	(4,891,627)
<u>Warehouses received</u>	69,181	68,905
Warehouses received	69,181	68,905
<u>Payables from other main activities</u>		-
Payables from other main activities	-	-
Total	329,171,713	395,663,650

Commercial and other payables as of December 31, 2019 and December 31, 2018 expressed in foreign currency are given in footnote 4 (a) ii.

Details of the Company's income and expense accruals for the future months as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Deferred commission income	72,399,703	63,290,891
Expense accruals	-	-
Other	-	-
Total	72,399,703	63,290,891

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20. Financial payables

IFRS 16 "Leases" Standard was published by KGK on April 16th, 2018 and started to be implemented as of January 1, 2019. The Company's liabilities related to the leases have also started to be given under Other Financial Liabilities (Liabilities) within the scope of this standard. The Company does not have any financial payable other than the TRFS 16 Leases standard.

The Company has other financial liabilities amounting to 6.574.544 TRY within the scope of IFRS 16 Leases as of December 31, 2019.

21. Deferred Income Tax

As of December 31, 2019 and December 31, 2018, the distribution of the tax assets and liabilities deferred by using temporary differences and effective tax rates that are subject to the deferred tax are given as follows:

	Cumulative temporary differences Tuesday, December 31, 2019	Deferred tax assets / liabilities Tuesday, December 31, 2019	Cumulative temporary differences Monday, December 31, 2018	Deferred tax assets/ (liabilities) Monday, December 31, 2018
Deferred tax assets / liabilities				
Securities IFRS-VUK Difference	30,958,791	6,810,050	(38,066,391)	(8.380.291)
Security Valuation	(30,602,606)	(6,119,132)	38,414,748	8,379,065
Doubtful receivable provision	16,652,463	3,330,493	19,611,973	3,922,395
Equivalent for On-going risks	-	-	-	-
Leave equivalent	5,858,689	1,171,738	6,117,976	1,223,595
BSMV Provision	4,575,323	1,006,571	5,400,061	1,188,013
Receivables and payable rediscounts	(6,656,816)	(1,464,500)	(6,728,520)	(1.480.274)
staff Bonus Payment Advance	10,955,859	2,410,289	9,389,878	2,065,773
Over-separated AZMM amount	11,495,816	2,299,163	27,036,815	5,407,363
Recourse and salvage equivalent	3,857,703	848,695	3,111,215	684,467
Incentive commission accrual	20,933,706	4,605,415	3,607,916	793,742
Social aid fund shortfall	3,219,601	643,920	2,090,015	418,003
Equivalent for severance pay	11,305,457	2,261,091	9,957,663	1,991,533
Securities impairment provision	88,146	17,629	88,146	17,629
Fixed asset amortization differences	(15,518,433)	(3.103.687)	(14,046,237)	(2.809.247)
Discount and Bonus provision	12,788,338	2,813,434	9,030,586	1,986,729
Adverse Lawsuits	-	-	1,630,353	358,678
Other provisions	(4,518,779)	(994,130)	3,551,597	781,350
Purchased real estate expense difference	45,778,322	9,155,664	46,752,328	9,350,466
Total deferred tax asset	121,171,580	25,692,703	126,950,122	25,898,989

While the financial statements dated December 13th, 2019 are prepared in the deferred tax calculations as 22% corporate tax rate is entered into force with "The Law Related to Amending Some Tax Laws and Other Laws" numbered 7061, the rate 22% is used for the temporary differences which is possible to be recovered in 2019 and 2020 and the rate 20% for the part longer than 3 years.

Action table of deferred tax asset is as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Beginning of the term	25,898,989	24,554,320
Deferred tax effect reflected in equity (Note 15)	(14,932,731)	5,537,631
Deferred tax income / (expense)	14,726,445	(4.192.962)
End of the term	25,692,703	25,898,989

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22. Retirement social support liabilities

According to the Turkish Labor Law, it is compulsory for the Company to pay severance pay for the staff who have completed the one year term and whose service has been dismissed or who is entitled for Pension, who has been recruited in military or passed away. The compensation to be paid is equal to one month's salary for each service year and this amount is limited to TRY 6.380 as of December 31, 2019 (December 31, 2018 - 5.434 TL). As of December 31, 2019, the Company has calculated its related liability in compliance with TMS 19 and recorded the Pension pay liability which amounts to TRY 11.305.457 (December 31, 2018 - TRY 9.957.663).

Equivalent for severance pay is reserved by calculating the present value of the probable liability to be paid in case of Pension of employees. Consequently Actuarial assumptions used to calculate the liability as of December 31, 2019 and December 31, 2018 are given as follows:

	December 31, 2019	December 31, 2018
Discount Rate	4.23%	4.23%
Estimated salary increase rate	6.50%	6.50%

The Equivalent for employment termination benefits for the accounting terms ending on January 1 - December 31, 2019 and 2018 is given as follows:

	January 01-December 31, 2019	January 01-December 31, 2018
Beginning of the term	9,957,663	8,606,544
Paid in-term	(4,078,467)	(2,881,489)
Actuarial loss / (gain)	(2,172,669)	(412,769)
Equivalent amount reserved in the current term	7,598,930	4,645,377
End of the term	11,305,457	9,957,663

For the accounting terms which last between January 1, December 31, 2019 and 2018, social security fund assets deficit Equivalent operations are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Beginning of the term	2,090,015	2,260,892
term (income) expense, net	1,129,586	(170,877)
End of the term	3,219,601	2,090,015

The operation of leave for the accounting terms which last on January 1 - December 31, 2019 and 2018 is as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
Beginning of the term	6,117,976	5,135,726
Term expense	(259,287)	982,250
	5,858,689	6,117,976

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23. Other liabilities and expense provisions

23.1 Provisions regarding staff social security and others:

The employees of the company are the members of T. Genel MAPFRE Sigorta A.Ş. Officers and Servants Pension and Aid Fund ("Fund") which is established in accordance with the provisional article 20 of the Social Security Law No. 506. In accordance with the legal regulations detailed in Note 2, the Company has found out the deficit to be calculated by using actuarial methods and considering the methods determined within the framework of the mentioned legal regulations and reflected the equivalent related to the fund deficit as 3.219.610 TRY in its financial statements in scope of TMS (2.090.015 TRY as of December 31, 2018).

23.2 Equivalent for cost expenses

	December 31, 2019	December 31, 2018
Incentive commission provision	6,958,805	3,607,916
staff gesture advance	10,955,859	9,389,878
Other provisions	9,456,122	5,181,950
	27,370,786	18,179,744

23.3 Total amount of Undertakings not included in the passive:

Undertakings not included in the passive are specified in footnote 43.

24. Net insurance premium income

The details of the net insurance premiums written for the accounting terms of the Company that ended on December 31, 2019 and 2018 are as follows:

	January 1- December 31, 2019			January 1- December 31, 2018		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Land vehicles	386,421,357	(13,845)	386,407,512	374,866,179	(231,250)	374,634,929
Land vehicles Responsibility	863,671,409	(141.038.933)	722,632,476	893,874,958	(142,487,732)	751,387,226
Financial losses	2,699,108	(2.221.406)	477,702	2,140,889	(1,780,316)	360,573
Fire and natural disasters,	389,259,578	(303,918,067)	85,341,511	349,011,294	(274,712,440)	74,298,854
General Losses	280,275,840	(225.736.739)	54,539,101	304,076,613	(244,903,488)	59,173,125
Disease / Health	707,782,797	(45,579)	707,737,218	559,630,190	(1.587.061)	558,043,129
Transportation	50,779,969	(12,579,027)	38,200,942	52,434,026	(15,460,553)	36,973,473
Accident	16,645,785	(5,762,333)	10,883,452	23,802,005	(8.102.031)	15,699,974
General Responsibility	85,914,097	(52,964,072)	32,950,025	75,366,496	(45,211,410)	30,155,086
Water vehicles	10,770,688	(8.877.481)	1,893,207	7,682,713	(6,053,683)	1,629,030
Aircrafts	1,488,851	(1.485.904)	2,947	617,311	(616,512)	799
Aircrafts Responsibility	669,297	(667,778)	1,519	468,938	(468,486)	452
Legal protection	2,146,076	-	2,146,076	2,218,867	(2)	2,218,865
Bail	1,961,126	(650.125)	1,311,001	1,561,553	(607.958)	953,595
Life	-	-	-	-	-	-
Total premium income	2,800,485,978	(755.961.289)	2.044.524.689	2,647,752,032	(742.222.922)	1,905,529,110

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25. Salary (fee) income

Not available (December 31, 2018 - Not available).

26. Investment income and expenses

Details of the Company's investment income and expenses for the accounting terms which last on December 31, 2019 and 2018 are given as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
<u>Investment Value Decreases</u>		
Stock Value Increase / (Decrease)	512,996	(652,230)
Total Investment Value Decreases	512,996	(652.230)
<u>amortization Expenses</u>		
amortization Expenses	(26,651,379)	(15.464.677)
Total amortization Expenses	(26,651,379)	(15.464.677)
Stock Sale Losses	-	-
Fixed Asset Sale Loss	-	-
Total Losses Resulted from Cashing Investments	-	-
<u>Foreign Exchange Losses</u>		
Current transactions exchange rate loss	(45,435,077)	(65,225,139)
Other foreign exchange loss	(8,136,797)	(7,178,467)
Foreign currency sales loss	(757,793)	(178.436)
Foreign currency exchange difference loss	(38,890)	56,040
Total Foreign Exchange Losses	(54,368,557)	(72,526,002)
<u>Investment Income Transferred to the Non-Life Technical Division</u>		
Government Bond incomes	(147,311,331)	(111.527.479)
Repo Income	(120,861)	-
Dated Deposit Income	(151,619,104)	(131.350.969)
Stock sales profits-losses	-	(1)
Treasury Bills	(7,419,455)	-
Private Sector Bonds	(1,131,881)	(1,534,526)
Income from Real Estate	(4,943,677)	(3.660.899)
Dividend Income	(608,347)	(250,468)
Total Investment Income Transferred to the Non-Life Technical Division	(313,154,656)	(248.324.342)
Total	(393,661,596)	(336.967.251)

(*) Investment income transferred to non-life technical department, is calculated within the framework "The Circular on the Procedures and Principles of the Keys Used in the Financial Statements Prepared in the Framework of the Insurance Uniform Account Plan" which is published on January 4th, 2008 by Republic of Turkey Ministry of Treasury and Finance.

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26. Investment income (cont'd)

	January 1- December 31, 2018	January 1- December 31, 2017
<u>Income From Financial Investments</u>		
Financial assets ready for sale	178,812,610	115,679,846
Financial assets for trading purposes	-	-
Financial assets to be held until maturity	-	-
Time deposit interest income	166,764,606	143,746,198
Interest income from receivables from shareholders	-	-
Total Income On Financial Investments	345,577,216	259,426,044
<u>Income Obtained By Exchanging Financial Investments to Cash</u>		
Financial assets ready for sale	8,160,598	2
Financial assets for trading purposes	-	-
Total Income Obtained By Exchanging Financial Investments to Cash	8,160,598	2
<u>Assessment of Financial Investments</u>		
Financial assets ready for sale	(15,408,208)	8,051,509
Financial assets for trading purposes	-	-
Financial assets to be held until maturity	-	-
Dated deposit	-	-
Total of Assessment of Financial Investments	(15,408,208)	8,051,509
<u>Foreign Exchange Profits</u>		
Foreign currency deposit exchange difference profit	(32,873,945)	29,452,772
Current transactions exchange difference profit	47,378,528	62,995,375
Foreign currency sales profit	16,228,693	22,929,444
Other foreign exchange profits	54,273,563	62,726,110
Total Foreign Exchange Profits	85,006,839	178,103,701
<u>Income Obtained from Subsidiaries and Affiliates</u>		
Income Obtained from Subsidiaries and Affiliates	669,116	340,724
Income Obtained from Subsidiaries	669,116	340,724
<u>Income Obtained from Land, Field and Buildings</u>		
Lease	5,437,509	4,006,368
Sale	-	(16,216)
Total Income Obtained from Land, Field and Buildings	5,437,509	3,990,152
<u>Investment Income Transferred from Life Technical Department</u>		
Investment Income Transferred from Life Technical Department	-	-
Investment Income Transferred from Life Technical Department	-	-
Total	429,443,070	449,912,132

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27. Net accrual income / (expense) of financial assets

The income and expense details related to the government bonds and private sector bonds tracked in available-for-sale financial assets for the accounting terms which last on December 31, 2019 and 2018 are as follows;

	January 1- December 31, 2019	January 1- December 31, 2018
Government bonds available for sale	(15,415,439)	8,198,989
Private sector bonds available for sale	7,231	(147,480)
Other financial assets	-	-
Total	(15,408,208)	8,051,509

28. Active assets in which fair value is reflected in the income statement

Not available (December 31, 2018 - Not available).

29. Insurance rights and claims

Insurance liabilities and reinsurance assets numbered 17 are explained in the footnote.

30. Investment agreement rights

Not available (December 31, 2018 - Not available).

31. Other essential expenses

	January 1- -December 31, 2019	January 1- -December 31, 2018
Operating expenses classified under non-life technical department	(483,245,133)	(397.079.409)
Operating expense classified under non-technical section	(26,651,379)	(15,464,677)
Total	(509,896,512)	(412.544.086)

32. 32. Expense Types

	January 1- December 31, 2019	January 1- December 31, 2018
staff expenses	(158,452,781)	(116.653.741)
Net commission expense	(225,618,809)	(203.882.634)
General administrative expenses	(39,798,459)	(36.106.685)
Marketing and sales expense	(8,368,122)	(8.852.100)
Outsourced benefits and services expenses	(45,064,266)	(21.054.966)
Other	(5,942,696)	(10.529.283)
Other	(10,529,283)	(17.189.059)
Total	(483.245.133)	(397,079,409)

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33. Expenses of benefits provided to employees

	January 1- December 31, 2019	January 1- December 31, 2018
wages	(121,795,748)	(91.509.205)
Severance pay	(5,229,862)	(2.598.299)
Social aids	(14,921,598)	(12,795,102)
Other	(16,505,573)	(9.751.135)
Total	(158,452,781)	(116,653,741)

34. Financial costs

34. Financial expenses

34.1 All financing expenses of the term: Not available (December 31, 2018 - Not available).

34.1.1 Given to the expense of production: Not available (December 31, 2018 - Not available).

34.1.2 Given to the expense of fixed assets: Not available (December 31, 2018 - Not available).

34.1.3 Directly posted: Not available (December 31, 2018 - Not available).

34.2 Part of the term's financing expenses related to shareholders, subsidiaries and affiliates (those whose shares in the total amount which exceed 20% will be shown separately): None (December 31, 2018 - None).

34.3 Sales and purchases with shareholders, subsidiaries and affiliates (those whose shares in the total amount exceed 20% will be shown separately):

	January 1 - December 31, 2019			
	Received / (given) reinsurance commission	Reinsurance premium received / (given) in loss	(Transfer) / inherited reinsurance premium	Lease
MAPFRE Re Compania Reaseguros S.A.	84,331,261	122,135,957	(315,980,023)	-
MAPFRE Global	8,655,601	104,291,460	(60,956,091)	-
MAPFRE Asistencia	1,837,399	116,922	(3.928.436)	-
MAPFRE Yaşam Sigorta A.Ş.	-	1,245,649	(973)	239,968
Total	94,824,261	227,789,988	(380,865,523)	239,968

	January 1 - December 31, 2018			
	Received / (given) reinsurance commission	Reinsurance premium received / (given) in loss	(Transfer) / inherited reinsurance premium	Lease
MAPFRE Re Compania Reaseguros S.A.	69,738,464	127,754,779	(293.990.963)	-
MAPFRE Global	8,874,668	7,591,534	(63.201.869)	-
MAPFRE Asistencia	2,792,188	203,925	(602,273)	-
MAPFRE Yaşam Sigorta A.Ş.	-	(1,018,011)	72,856	239,448
Total	81,405,320	134,532,227	(357,722,249)	239,448

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34. Financial expenses (cont'd)

34.4 Interest, rents and equivalents received from shareholders, subsidiaries and affiliates and paid to them (those whose shares exceed 20 % in the total amount will be displayed separately):

Disclosed in footnote 45.

35. Income taxes

The Company's activities are subject to the tax legislation and practices which are in force in Turkey.

In Turkey, the corporation tax rate is 20%. The corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of relevant accounting term and the tax payment is done in one installment until the end of the relevant month. 20% temporary tax is calculated over the earnings that are formed quarterly and paid, the amounts paid in this method are set off for the tax calculated over the annual earnings.

The financial losses shown on the declaration according to the Corporate Tax Law can be deducted from the corporate tax base of the term, on condition that they do not exceed 5 years. Statements and related accounting records can be examined in five years by the tax office and tax accounts can be investigated.

15% operating tax deduction is made on the the dividends distributed to usual narrow taxpayers or the narrow taxpayers who are exempted from corporate tax (adding profit to the capital does not be regarded as dividend distribution) and numbered in paragraphs (1), (2) and (3) of the second paragraph of Article 75 of the Income Tax Law apart from those who obtain dividends through a business or permanent representative in Turkey by the full taxpayer institutions. A tax deduction of 15% is made on the dividends in subparagraphs (1), (2) and (3) of the second paragraph of Article 75 of the Income Tax Law which is distributed to the tax exempt institutions (Adding profit to the capital does not regard as profit distribution).

A tax deduction of 15% is made from the dividends stated in subparagraphs (1), (2) and (3) of the second paragraph of Article 75 which is also distributed to full taxpayer natural persons, non-income taxpayers and those who are exempt from income tax (adding the profit to the capital is not regarded as profit distribution). A 15% tax deduction is made from the dividends written in subparagraphs (1), (2) and (3) of the second paragraph of Article 75 (adding profit to the capital is not regarded as profit distribution) which is distributed to narrow taxpayer natural persons and narrow taxpayers who are exempt from income tax.

The discounted rate withholding is possible and can be applied with the residence certificate in compliance with the provisions of the international agreement on the prevention of double taxation.

An establishment is exempt from corporate tax at the rate of 75% for the stock gains held in its active assets for more than 2 years within the scope of Article 5, clause 1-e of the corporate tax law.

The amount of tax and tax provisions paid in advance as of December 31, 2019 and December 31, 2018 is presented below:

	December 31, 2019	December 31, 2018
Tax Equivalent to be paid	15,914,230	1,905,366
Prepaid tax	(43,398,209)	(35.766.446)
	(27.483.979)	(33.861.080)

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Footnotes of unconsolidated financial statements as of December 31, 2019

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35. Income taxes (cont'd)

An analysis of the tax expense Equivalent reflected in the income statement for the terms which lasts on December 31, 2019 and 2018 is given below:

	January 1- December 31, 2019	January 1- December 31, 2018
Pre-tax profit (including deferred tax)	20,408,196	20,671,961
Deferred tax income / (expense)	(14,726,445)	4,192,962
(KKEG)/Discounts	66,655,658	(16.204.169)
Increase in tax rate		613.053
	72,337,409	8,660,754
Tax rate	22%	22%
Calculated corporate tax provision	(15,914,230)	(1,905,366)
Deferred tax income / (expense)	14,726,445	(4,192,962)
Current tax expense, net deferred tax income	(1,187,785)	(6,098,328)
	January 1- December 31, 2019	January 1- December 31, 2018
Reflected in Equity (Note 15)	-	-
Reflected in the income statement	15,914,230	1,905,366
Current tax expense	15,914,230	62.502.160

36. Net exchange rate income/expenses

	January 1 - December 31, 2017	January 1 - December 31, 2017
Foreign currency deposit exchange difference profit / loss	(32,912,834)	29,508,812
Current transactions currency difference profit / loss	1,943,451	(2.229.764)
Foreign currency sales profit	15,470,899	22,751,007
Other transactions currency difference profit / loss	46,136,766	55,547,644
	30,638,282	105,577,699
Technical Part		
Life branch foreign exchange profit / loss	-	-
Total Foreign Exchange Profits	30,638,282	105,577,699

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37. Earnings per share

37.1 Profit and dividend rates for each share, provided that they are shown separately for ordinary and preferred stocks:

Earnings for each share are calculated by dividing the net profit for the term by the weighted average number of shares in the term. The calculation is given as follows:

	January 1 - December 31, 2019	January 1 - December 31, 2018
Net current term profit	4,493,966	18,766,595
Weighted average number of shares with a nominal value of 1 TRY each	350,000,000	350,000,000
Profit for each share (TL)	0.0128	0.0500

38. Profit share for each share

Dividend for each share is calculated by dividing the dividend paid within the year by the weighted average number of shares in the term. The calculation is given as follows:

	January 1 - December 31, 2019	January 1 - December 31, 2018
Dividends distributed within the term	(1,548)	
Weighted average number of shares with a nominal value of 1 TRY each	350,000,000	350,000,000
Dividend for each share (TL)	0.00	0.00

39. Cash formed from the activities

Cash formed from activities is stated in the Cash Flow Statement.

40. Convertible bonds

Not available.

41. Convertible preferred stocks

Not available.

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42. Risks

The Lawsuits which are filed against the company are as follows as of December 31, 2019 and December 31, 2018:

	December 31, 2019	December 31, 2018
Damage Lawsuits	596,647,249	494,275,466
Business Lawsuits	1,712,083	1,630,352
Other Lawsuits	849,604	816,656
Total	599,208,936	496,722,474

43. Undertakings

	December 31, 2019	December 31, 2018
Letters of guarantee	105,007,089	67,098,810
	105,007,089	67,098,810

44. Establishment mergers

Not available (December 31, 2018 - Not available).

45. Transactions with related parties

The definition of related parties is given as; an organization that can directly or indirectly control or significantly influence the other party through shareholding, contractual rights, family relationships or similar means. Related parties also include shareholders and Company management. Related party transactions include transferring resources and liabilities between related parties, whether or not a price is implemented. The related parties of the shareholders and the Company management are defined as related parties in the financial statements dated December 31, 2019 and related explanatory footnotes.

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45. Transactions with related parties (cont'd)

Sales and purchases with the other related parties of the Company for the terms ended on December 31, 2019 and 2018 are as follows:

Purchases and sales with shareholders and subsidiaries are described in footnote 34.3.

	January 1- December 31, 2019 Purchases/sales (net)	January 1- December 31, 2018 Purchases/sales (net)
1- Insurance activities		
MAPFRE Yaşam	(747,078)	(884.190)
Total Insurance operations	(747,078)	(884.190)
2- Rental income		
MAPFRE Yaşam	221,509	204,953
Genel Servis Yedek Parça Dağ.Tic. A.Ş.	(75,317)	(92.749)
Total Rental Income	146,192	112,204
3- Other Sales / (Purchases)		
MAPFRE Soft SA		
MAPFRE S.A.	(2,947,351)	(550.118)
MAPFRE Tech	(17,271,997)	(10.007.587)
MAPFRE RE	-	12,268
MAPFRE Internacional	(1,286,174)	(917.653)
MAPFRE Yaşam Sigorta A.Ş.	34,733	-
Genel Sigorta Memur ve Hiz. Emeklilik ve Yardım Sand. Vakfı	4,901,722	3,520,747
Turasist Yardım ve Servis Ltd.Şti.	(37,144,127)	(23.754.493)
Centro De Experimentacion Seguridad Vial MAPFRE S.A.	-	-
Fundacion MAPFRE	-	(3.309)
Genel Servis Yedek Parça Dağ.Tic. A.Ş.	(611.314)	(1.218.891)
MAPFRE Global Risk	-	(8.366)
MAPFRE Argentina Seguros	(170,967)	-
MAPFRE Insurance	-	(477.546)
Other Sales / (Purchases) in Total	(54.495.475)	(33.404.948)
4- Received / (Paid) Dividends		
MAPFRE Internacional S.A.	-	(148.113.810)
Other shareholders	-	(515.177)
MAPFRE Yaşam A.Ş.	-	-
Genel Servis Yedek Parça Dağ.Tic. A.Ş.	669.115	274,104
Total of Received / (Paid) Dividends	669.115	148,354,883

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45. Transactions with related parties (cont'd)

45.1 Amounts of doubtful receivables and their payables which left due to receivables from shareholders, affiliates and subsidiaries: Not available (December 31, 2018 - Not available).

45.2 Affiliates and subsidiaries list that have indirect capital and management relations with the company, Names of affiliates and subsidiaries and affiliates and their rates and amounts, term profit or loss in the most recent financial statements of these partnerships, net term profit or loss and the term to which these financial statements belong, whether it is prepared in compliance with the standards of our Board, whether it is subjected to independent audit and which type of independent audit report is prepared as positive, negative and conditional:

						December 31, 2019	
Other financial fixed assets	Amount TRY	Share	Term	Net term profit/ (loss)	Equity	Whether it has had affiliated inspection	Independent audit report
Affiliates							
Tarım Sigortaları Havuz İşletmesi A.Ş. (Tarsim)	434,373	4.00%	12/31/2019	1,407,873	15,812,638	Not passed	Not available
Allied Companies							
MAPFRE Yaşam Sigorta A.Ş.	20,816,506	99.50%	12/31/2019	141,463	17,543,196	Passed	Available
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	2,428,025	51.00%	12/31/2019	2,705,138	3,670,513	Not passed	Not available
	23,678,904			4,254,474	37,026,347		

						December 31, 2018	
Other financial fixed asset	Amount TRY	Share	Term	Net term profit/ (loss)	Equity	Whether it has had affiliated inspection	Independent audit report
Affiliates							
Tarım Sigortaları Havuz İşletmesi A.Ş. (Tarsim)	434,373	4.17%	12/31/2019	(519,244)	10,336,957	Not passed	Not available
Allied Companies							
MAPFRE Yaşam Sigorta A.Ş.	20,816,506	99.50%	12/31/2019	888,631	17,850,825	Passed	Available
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	2,428,025	51.00%	12/31/2019	1,092,455	2,689,712	Not passed	Not available
	23,678,904			1,461,842	30,877,494		

45.3 Amount of chargeless stocks obtained through internally funded capital increases in affiliates and subsidiaries: Not available (December 31, 2018 - Not available).

45.4 Real rights on immovables and their values: Not available (December 31, 2018 - Not available).

45.5 Amount of liabilities such as guarantees, Undertakings, surety, advances, endorsements given in favor of shareholders, affiliates and subsidiaries: Not available (December 31, 2018 - Not available).

46. Events that occur after the balance sheet date

Disclosed in footnote 1.10.

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47. Other

47.1 The names and amounts of the items which exceed 20% of the total amount of the group in which they belong to the “other” statement within the financial statements or 5% of the total assets of the balance sheet:

	December 31, 2019	December 31, 2018
a) Other miscellaneous receivables:		
Receivables from compulsory earthquake insurance	(2,313,666)	(2,026,749)
Payables from compulsory earthquake insurance	885,627	1,637,057
Receivables from state-sponsored agricultural insurance	(259,598)	(151,719)
Payables from state-sponsored agricultural insurance	1,404,826	1,181,401
Miscellaneous receivables from agencies	7,716,376	6,213,296
Advances given for the purchase of real estate	-	-
Real Estate Sales-Mersin	4,237,988	4,406,950
Real Estate Sales-Salıpazarı	-	-
Real Estate Sales-Bağcılar	-	-
Seller Advances	-	-
Other	1,147,273	1,494,292
Total	12,818,826	12,754,528
b) Other miscellaneous receivables (Long Term):		
Real Estate Sales-Bağcılar	-	-
Real Estate Sales-Mersin	-	-
Total	-	-
b) Various other payables:		
Payables to sellers	115,619,639	93,042,410
Other	1,548,291	1,326,854
	117,167,930	94,369,264
c) Other technical provisions:		
Balance provision	82,040,494	70,497,537
	82,040,494	70,497,537
d) Expenses for the next months:		
Deferred commission expenses	168,453,676	153,372,827
Other expenses and income accruals	24,948,321	17,290,569
	193,401,997	170,663,396
e) Income for the future months:		
Deferred commission income	72,399,703	63,290,891
Other expenses and income accruals	-	-
	72,399,703	63,290,891

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47. Other (cont'd)

47.2 Respective total amounts of staff receivables and staff payables in "Other receivables" and "Other short or long term payables" account item that which exceed one percent of the total assets of the balance sheet: None (December 31, 2018 - None).

47.3 Amounts related to the recourse receivables followed up in off-balance sheet item accounts: None (December 31, 2018 - None).

47.4 Describing note which shows the amounts and sources of income and expenses for the previous term with expenses and losses in the related term: None (December 31, 2018 - None).

47.5 Other notes that should also be added

Other income and profits:

	January 1- December 31, 2019	January 1- December 31, 2018
Agency interest income	82,836	410,158
Other interest income	1,335,957	517,444
Other incomes	896,081	885,846
Securities sales income	25,232	516,749
BSMV Equivalent cancellation	-	-
Total	2,340,106	2,330,197

Other expenses and losses:

	January 1- -December 31, 2019	January 1- December 31, 2018
Bank virtual pos points and commission	(4,104,070)	(3.541.364)
Bank and insurance transaction expenses	(13,889,577)	(13.288.724)
Non-tax deductible expenses	(1,548,756)	(353.946)
Interest expense	(45,931)	(26.276)
Other	(2.283.366)	(1,411,404)
Total	(21.871.700)	(18,621,714)

Other gross technical expenses

	January 1- -December 31, 2019	January 1- December 31, 2018
Assistance and support services	(28,158,368)	(16,000,483)
No. 6111 Pre-law treatment expenses SBM notification differences *	-	-
SBM and TMTB participation and inquiry fee	(2,362,165)	(1.920.293)
Other	(17.610.883)	(14.767.429)
Total	(48,131,416)	(32,688,205)

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47. Other (cont'd)**47.5 Other notes that should also be added (cont'd)**

Equivalent and rediscount expenses for the term:

a) Equivalent expenses

	January 1- December 31, 2019	January 1- December 31, 2018
<u>Non-technical provisions</u>		
Other provisions without issue	(4,832,314)	341,538
Doubtful receivable provision, net (Note 12.1)	(23,041,706)	(30,691,033)
Equivalent for severance pay, net (Note 22)	(3,520,463)	(1.763.888)
Equivalent for Securities Decline	-	-
Equivalent for social aid fund deficit (Note 22)	(1,129,586)	170,877
Equivalent for leave (Note 22)	259,287	(982.250)
Other provisions	(114.680)	(567,583)
Total non-technical provisions	(32,379,462)	(33.492.339)
<u>Technical provisions</u>		
Unearned premium provision	(29,708,913)	(8.124.606)
Pending claims and compensation provision	(143,710,462)	(256.359.479)
On-going risks equivalent (Note 17)	-	864,563
Mathematical Provisions	-	-
Bonus and discount allowance	(22,296,477)	(19.365.423)
Other technical provisions (balancing provision) (Note 17)	(11,542,957)	(14.700.013)
Total technical provisions	(207,258,809)	(297,684,958)
<u>Tax Provisions</u>		
Tax Provisions	(15,914,230)	(1.905.366)
Total	(15,914,230)	(1.905.366)

b) Rediscount expenses

	January 1- December 31, 2019	January 1- December 31, 2018
Rediscount interest income	(252,022)	2,788,428
Rediscount interest expenses	180,320	1,143,886
Total	(71,702)	3,932,314

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47. Other (cont'd)

47.6 Profit distribution table

2018 profit distribution table of the company will be clarified after the General Assembly Meeting which will be held on March 29th, 2019.

	December 31, 2019	December 31, 2019
<u>term profit</u>		
Profit before corporate tax	20,408,196	20,671,961
Corporation tax	(15,914,230)	(1.905.366)
Tax expense which is reflected to equity	-	-
Net term profit	4,493,966	18,766,595
Previous term losses	-	-
Primary reserve	(224,698)	(938.330)
Legal funds that have to be left to the company and saving is compulsory	-	-
Distributable profit for the term	4,269,268	17,828,265
<u>First dividend to the shareholders</u>		
To stockholders	-	-
To privileged shareholders	-	-
To the participation dividend	-	(1.548)
To participation bond holders	-	-
To profit and loss partnership certificate owners	-	-
<u>Second dividend to the shareholders</u>	-	-
To stockholders	-	-
To privileged shareholders	-	-
To the participation dividend	-	-
To participation bond holders	-	-
To profit and loss partnership certificate owners	-	-
<u>Second composite reserves</u>	-	-
<u>Extraordinary reserves</u>	-	(15.950.057)
<u>Other reserves</u>	-	(1.876.660)
<u>Private Funds</u>	-	-

(*) As a result of the decision taken at the General Assembly, profit distribution proposal related to the date March 29th, 2019, 1.548 TRY dividend payment is made to the shareholders from 17.828.265 TRY distributable term profit.

(**) Only the distributable profit amount is given in the profit distribution table for 2019 as the dividend distribution proposal for 2019 has not been prepared by the Board of Directors for approval at the General Assembly yet.

