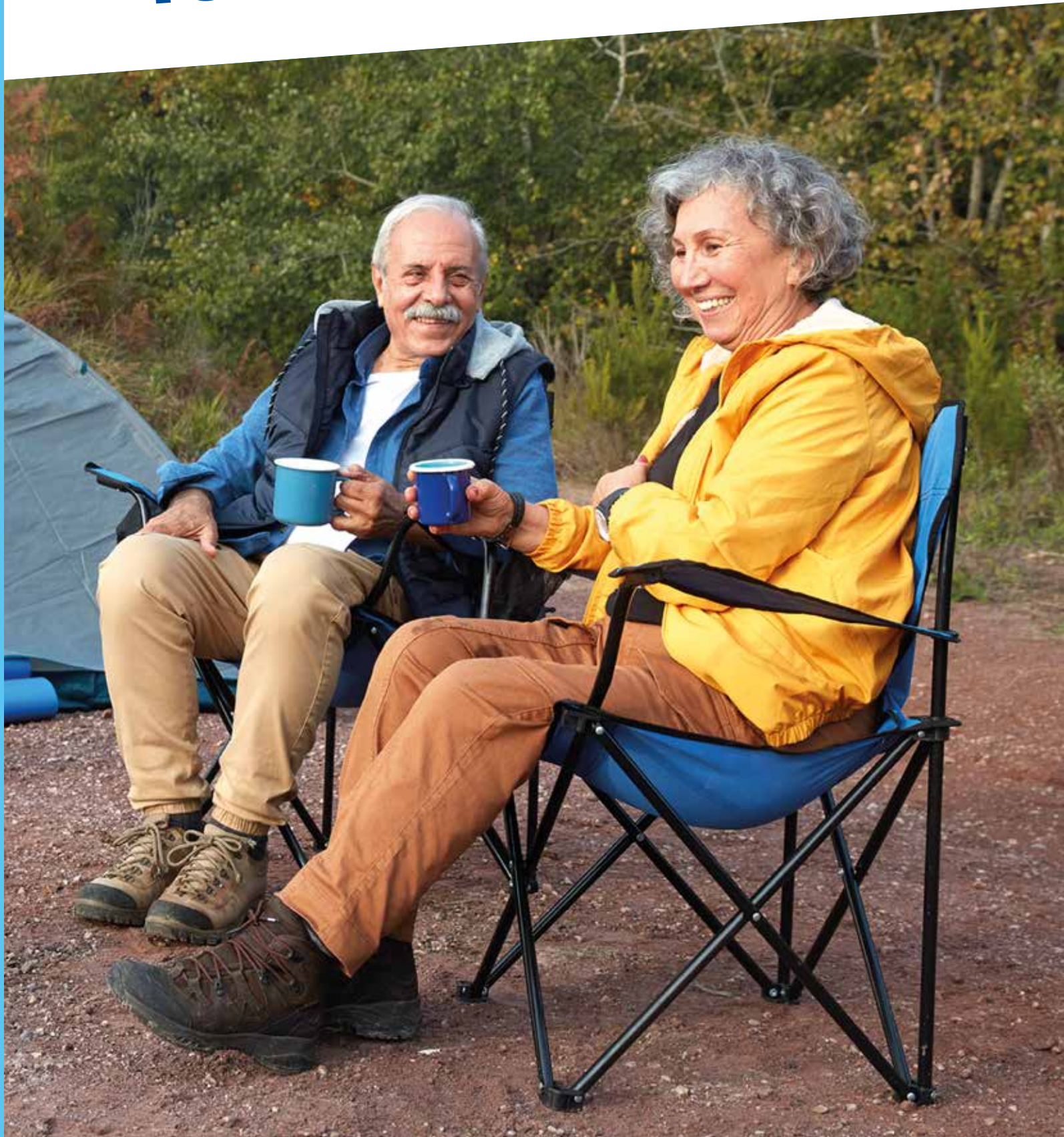


AVIVASA: FOR LIFE TO THE FULLEST



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At AvivaSA, we continued to move forward while maintaining our sector leadership position by recording major achievements in 2020, a year marked by challenges and uncertainty due to the coronavirus pandemic.

Our objective is to save people from the fear of uncertainty. To this end, we deliver a wide range of innovative products in “private pension,” life insurance” and “personal accident insurance” to our customers via multiple and efficient distribution channels.

We touch the lives of our customers with various social initiatives in addition to our products. With the corporate social responsibility project “Live Life to the Fullest at All Ages,” AvivaSA aims to place issues related to the elderly and aging on the public agenda more frequently while raising social awareness.


We continue to grow

At AvivaSA, we have raised the bar of success while leading the industry for 13 years with our innovative approach. Since 2015, we have maintained our market leadership position among private sector companies in terms of total net asset value of funds. We outperformed the sector in growth in the life insurance segment.



**We recorded new
achievements**





We differentiate our products and services with unique solutions and innovations. This difference is often recognized by awards for excellence. In 2020, we were presented with 11 prestigious awards, including the Excellent Customer Satisfaction Achievement Award, Best Remote Customer Experience Award and the Human Resources Excellence Award. We are constantly working to record new achievements.

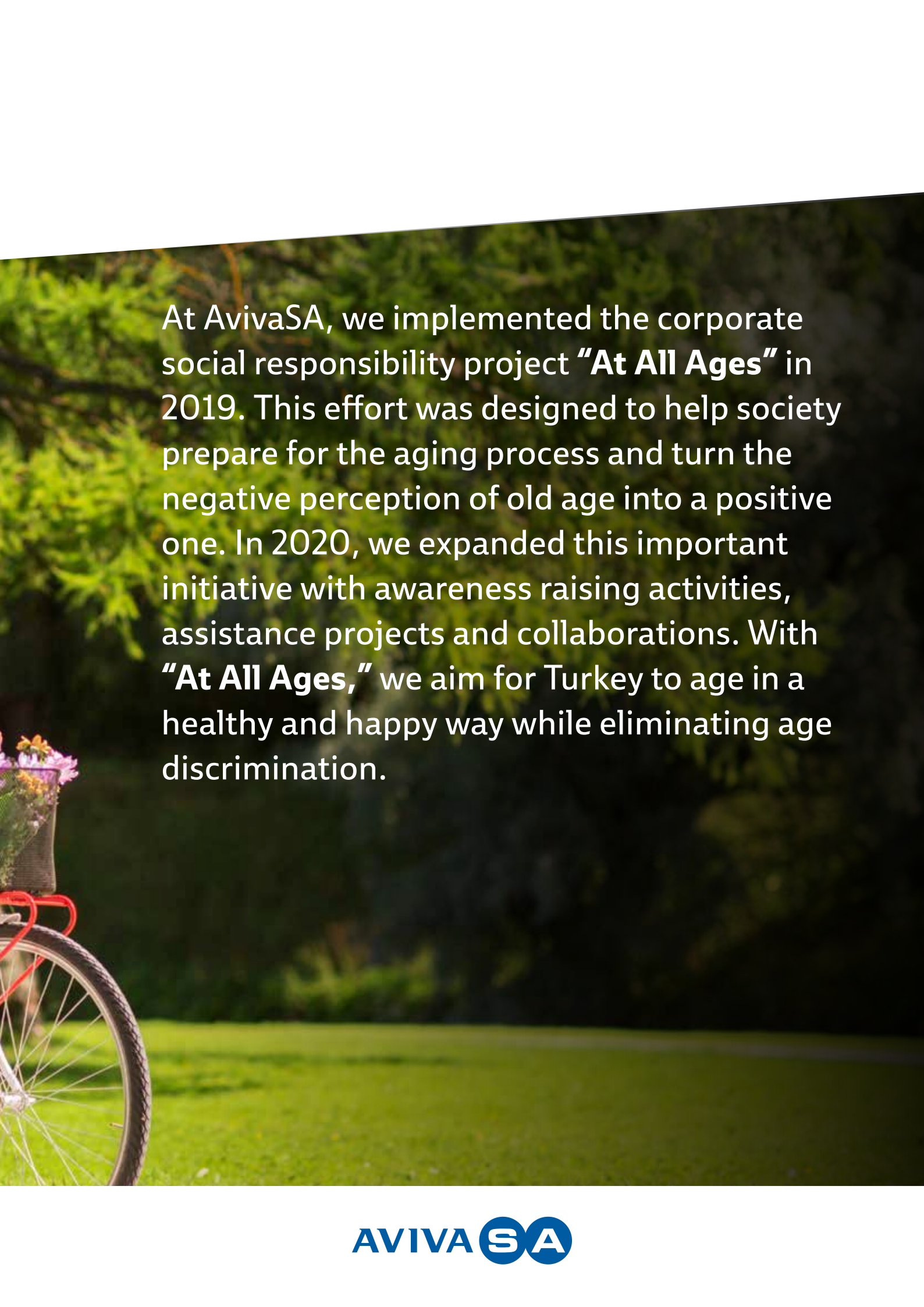
We beat the odds together

As "A Good Corporate Citizen," we contacted our customers by phone individually to extend flexibility with our products and services to allay rising concerns during the pandemic. We also implemented support programs for our employees and agencies. We contributed to society as a whole during this challenging year with donations and various volunteer activities.



**We are changing
the perception of aging**





At AvivaSA, we implemented the corporate social responsibility project **“At All Ages”** in 2019. This effort was designed to help society prepare for the aging process and turn the negative perception of old age into a positive one. In 2020, we expanded this important initiative with awareness raising activities, assistance projects and collaborations. With **“At All Ages,”** we aim for Turkey to age in a healthy and happy way while eliminating age discrimination.

2020 Ordinary General Assembly

Meeting Agenda

1. Opening and constitution of Meeting Chairmanship,
2. Reading and discussion of Board of Directors' Annual Activity Report of 2020,
3. Reading of Auditor Reports for the year 2020,
4. Reading, discussion and approval of financial tables of 2020,
5. Submission of board member appointments realized due to vacancy in the Board Membership within the fiscal year to the approval of the General Assembly,
6. Release of the board members regarding their activities in 2020,
7. Determination of how the 2020 profit shall be used and distributed, and the rates of bonuses and dividend shares,
8. Election of members to the Board of Directors and determination of the period of their term,
9. Determination of wages and the rights of the Board Members such as attendance fees, bonuses and premiums,
10. Submission of the changes planned to be made in Articles 6 and 13 of the Articles of Association to the approval of the General Assembly,
11. Selection of an auditor,
12. Informing the General Assembly regarding the donations in 2020,
13. Determination of Company's donation limit in 2021,
14. Giving the Board Members and the chairman consent in order to be able to transact the actions in the Articles 395 and 396 of the Turkish Commercial Code.

Sabancı Group and Aviva

Companies affiliated with the Sabancı Group, operating in 12 countries, market their products in various regions of Europe, the Middle East, Asia, North Africa, and North and South America.

Sabancı Group At a Glance

Hacı Ömer Sabancı Holding A.Ş. is the holding company of firms affiliated to the Sabancı Group, one of the largest business groups in Turkey. The core business areas of Sabancı Group include banking, insurance, energy, cement, retail and industrial manufacturing, which are the fastest-growing industries in Turkey. Sabancı Group companies operate with the aim of being the leader in their respective sectors. Sabancı Holding is listed on the Borsa Istanbul (BIST) and has controlling interests in 12 other listed companies.

Companies affiliated with the Sabancı Group, operating in 12 countries, market their products in various regions of Europe, the Middle East, Asia, North Africa, and North and South America. Thanks to its pedigree and brand image, as well as its established partnerships, knowledge and expertise in the Turkish markets, Sabancı Group has achieved growth in its core business fields to become a driving force of the Turkish economy.

Sabancı Holding's international partners include prominent global brands such as Aviva, Ageas, Bridgestone, Marubeni, Carrefour, Heidelberg Cement, Philip Morris and E.ON.

Sabancı Holding is responsible for setting the Group's vision and strategies and increasing shareholder value by ensuring Group-wide synergy, as well as for the coordination of the finance, strategy, business development and human resources functions.

Aviva at a Glance

With a deep-rooted history of 321 years, the Aviva Group currently provides portfolio management services as well as general, life and health insurance businesses. Aviva ensures that its customers live a peaceful life by successfully securing their risks related to daily life, and paves the way for them to have a safe and comfortable retirement period.

The biggest insurance services provider in the UK, Aviva operates vigorously in China, Indonesia, France, India, Hong Kong, the UK, Ireland, Italy, Canada, Lithuania, Poland, Singapore, Turkey, and Vietnam by providing services to more than 33 million customers across the globe.

Aviva, the largest insurance company in the U.K., focuses on markets that can offer scale, profitability and competitive advantages. The company has a strong presence in Europe, Canada and Asia.

More Than 33 Million Customers

Aviva, the UK's white shoe insurance company with more than 300 years of experience, serves more than 33 million customers throughout the world.



About AvivaSA

With the market power it derives from Aviva, one of the world's largest insurance groups, and Sabancı Holding, coupled with the leadership and growth performance it delivers in private pensions and life insurance, AvivaSA ranks among the leading players in the industry.

As AvivaSA, one of Turkey's pioneering companies in private pensions and life insurance, we were founded in 2007. The Company emerged from a union between British Insurance giant Aviva, which operates in England, Canada, Europe and Asia, and Sabancı Holding, one of Turkey's largest conglomerates operating in several key industries.

The Leading Company in the Industry

With the market power we derive from Aviva, one of the world's largest insurance groups, and Sabancı Holding, coupled with the leadership and growth performance we, as AvivaSA, deliver in private pensions and life insurance, rank among the leading players in the industry.

Our highly skilled workforce, robust technological infrastructure, unique multi-channel distribution structure and extensive client base set the rules and standards for the market.

Multi-channel Distribution Model

We serve over 2.5 million customers through the most successful multichannel distribution structure in the industry. The Company's extensive distribution structure is comprised of a robust bancassurance network that it has established with Akbank, the industry's largest direct sales team, and alternative distribution channels for corporate projects, agencies and tele sales.

Customer-focused Service

Embracing a customer-oriented approach, we are committed to offering products and services that meet all the requirements and expectations of our customers; improving all processes involving customer touch-points; achieving excellence in customer satisfaction; and becoming a "recommended company."

AvivaSA has adopted providing its customers with satisfactory and health services as a basic business principle. To that end, process maps for customer-oriented activities are created, efficiency projects are devised, and surveys at customer contact points, mystery customer research, and satisfaction surveys are conducted.

2020 at a Glance

Having 1,386 employees as of the end of 2020, AvivaSA has a market share of 18.58% with a fund size of TL 29.4 billion in the private pension market, excluding Automatic Enrollment, according to December 31, 2020, dated data of the Pension Monitoring Center (PMC). Based on the size of assets we manage, our Company is the leading company among private sector companies in the private pension sector. We also hold an 8.8% share in direct premium production for pension and/or life insurance companies with total life and accident premium generation of TL 1.3 billion, according to data of the Insurance Association of Turkey (TSB) and HAYMER.

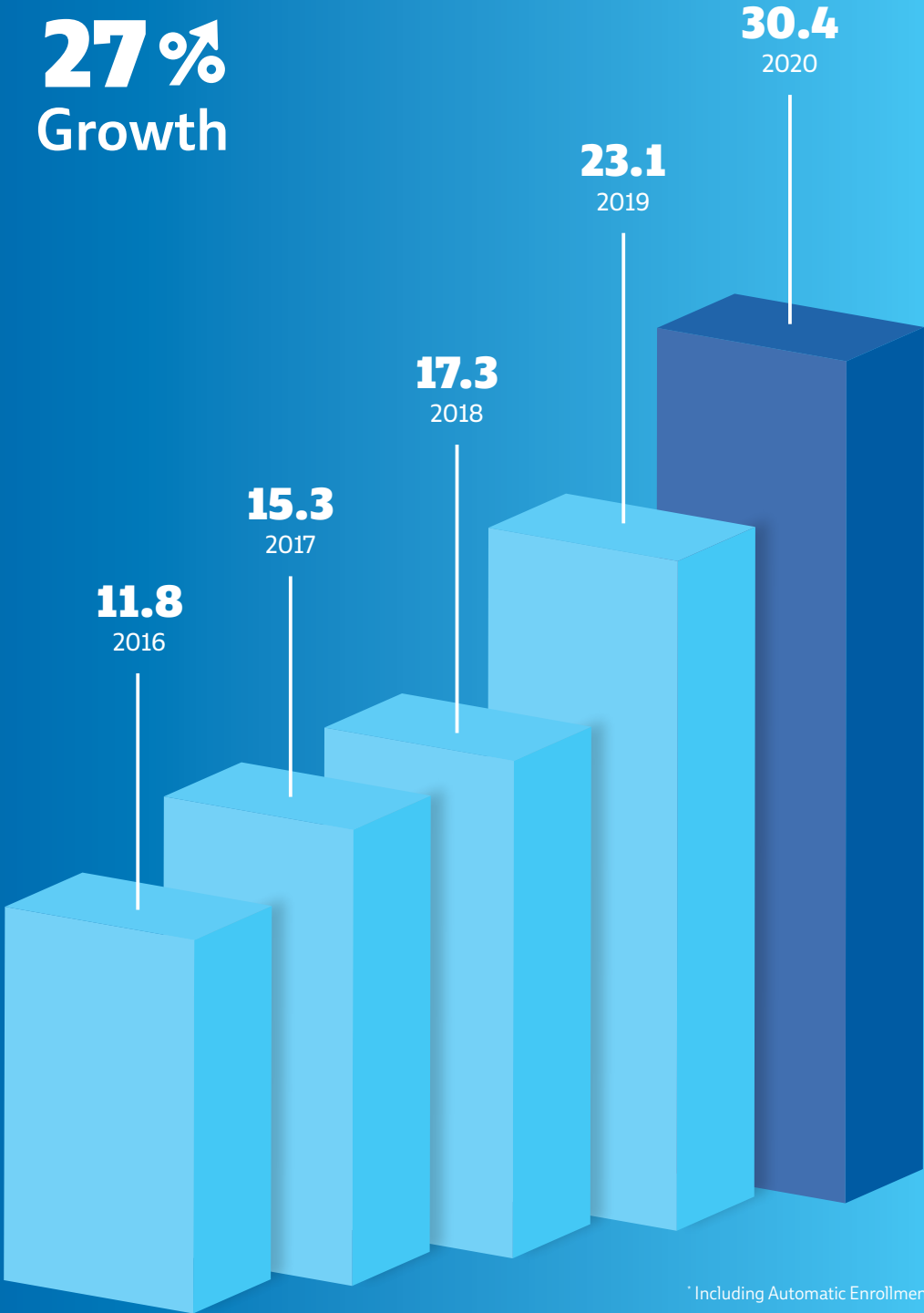
1,386 Employees

As of year-end-2020, 1,386 employees work for AvivaSA.



PPS Fund Size (TL Billion)*

27%
Growth



* Including Automatic Enrollment.

The growth rate in the chart represents the average annual growth rate of the last 5 years.

Capital Structure and Shareholders of AvivaSA

Continuing to operate under the joint umbrella of Aviva and Sabancı, Turkey's leading business group, AvivaSA is a company making all its stakeholders proud of being part of it, with its strong financial structure.



Continuing to operate under the joint umbrella of Aviva, the biggest insurance company in the UK, and Sabancı, Turkey's leading business group, AvivaSA is a company making all its stakeholders proud of being part of it, with its strong financial structure.

Shareholding Structure of Our Company

As of December 31, 2020	Share Amount (TL)	Share Ratio (%)
H. Ö. Sabancı Holding A.Ş.	72,000,006.72	40.00
Aviva International Holdings LTD.	72,000,006.72	40.00
Other	35,999,986.56	20.00
Total	180,000,000.00	100.00

Our Ultimate Purpose and Values

OUR ULTIMATE PURPOSE

We free people from fear of uncertainty.

OUR VALUES

Our business perspective is guided by high ethical standards and values.

CARE MORE

At AvivaSA, we care deeply about our customers, each other, and the communities where we operate.

We will

- Put ourselves in our customers' and colleagues' shoes.
- Actively seek out and address what needs to be corrected.
- Manage the Company's money as diligently as our own.

We Won't

- Let fear stand in the way of what's right.
- Use numbers as an excuse.
- Apply processes in a mindless or unquestioning way.

KILL COMPLEXITY

At AvivaSA we are committed to simplifying things for our customers and each other. We minimize complexity so our customers don't have to deal with it.

We will

- Make things simple so anyone can understand.
- Be plain dealing.
- Remain mindful of our customer's expected outcome from start to finish.

We Won't

- Create a new process unless it is critical to our success.
- Involve people in processes just to cover ourselves.
- Re-invent the wheel.

NEVER STOP

At AvivaSA we think big for our customers and each other each day. We push boundaries to rack up more exceptional achievements.

We will

- Think creatively to achieve the desired results regardless of any obstacles.
- Make courageous decisions.
- Learn from our mistakes and celebrate our achievements.

We Won't

- Settle for the status quo.
- Make the same mistakes again.
- Try to do everything on our own.

CREATE A LEGACY

At AvivaSA, we strive to create a future even brighter and more sustainable than the one we have inherited—in every aspect for our customers and each other.

We will

- Leave behind something much better than what we inherited.
- Make decisions that will make us as proud in 20 years' time as today.
- Invest in the community.

We Won't

- Be driven purely by short term gains.
- Change methods unless it delivers better results.
- Tarnish our esteemed legacy.

Financial and Operational Indicators

In 2020, AvivaSA increased its net profit by 39.1% compared to the previous year to TL 290.9 million and maintained its successful performance.



Financial Indicators (TL million)

	2016	2017	2018	2019	2020	Annual Increase (%) (2016-2020)
Total Premium and Net Contribution*	1,787	2,144	1,519	2,440	3,559	19
Total Assets	12,935	16,757	19,286	25,696	34,162	27
Shareholders' Equity	185	264	370	514	679	38
Profit Before Tax	73	130	249	273	379	51
Net Profit After Tax	63	102	191	209	291	46

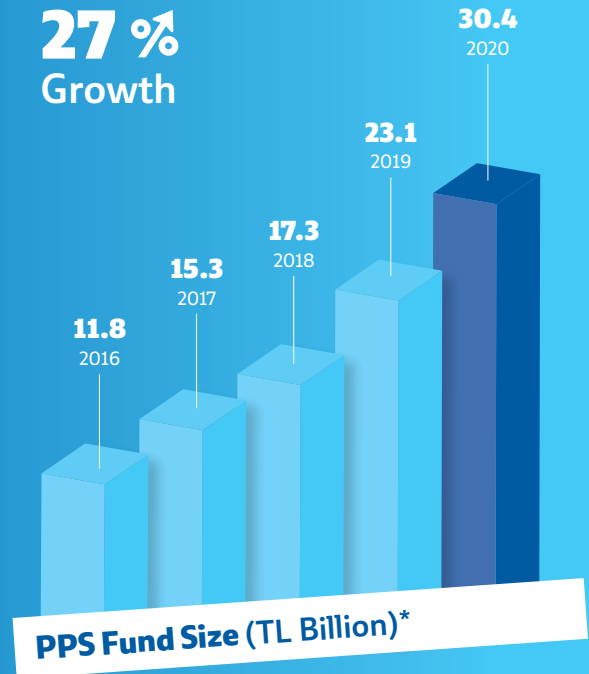
Key Ratios (%)	2016	2017	2018	2019	2020
Technical Profit/Premium and Contribution	1.6	3.2	10.0	5.4	7.2
Profit Before Tax/Total Assets	0.6	0.8	1.3	1.1	1.1
Profit After Tax/Equity	34.1	38.5	51.6	40.7	42.8
Premiums and Contributions/Total Assets	13.8	12.8	7.9	9.5	10.4
Equity/Total Assets	1.4	1.6	1.9	2.0	2.0

* Excluding Automatic Enrollment.

39 %
Growth

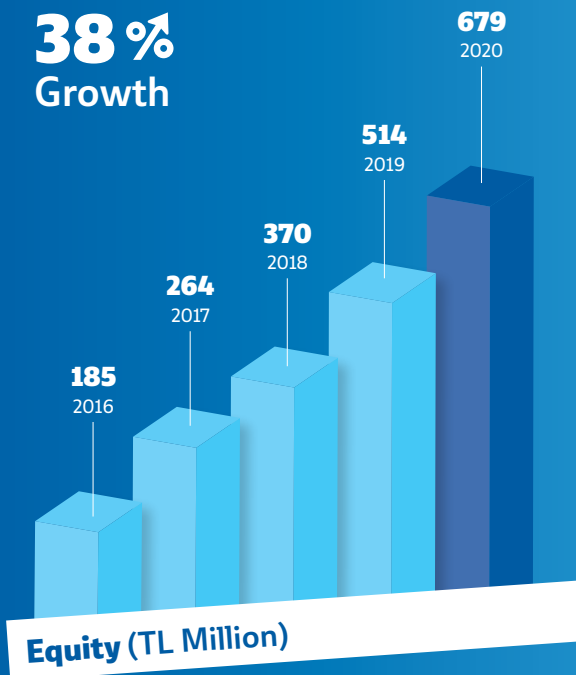


27 %
Growth

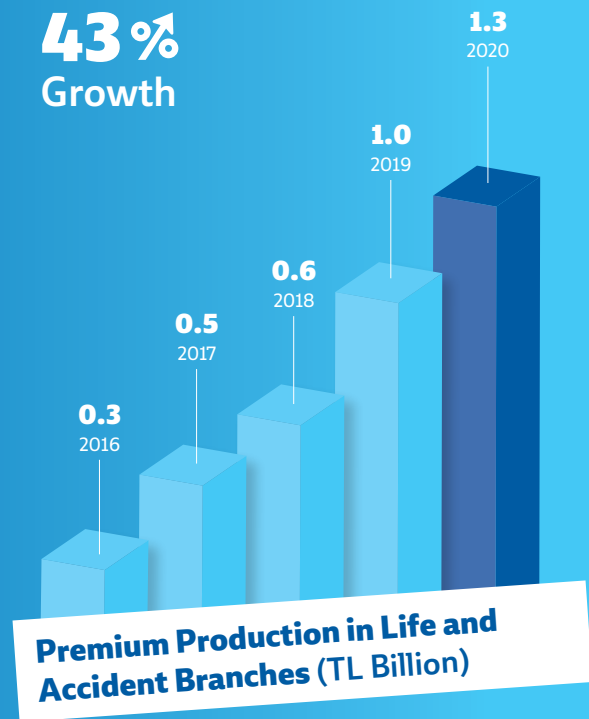


* Including Automatic Enrollment.

38 %
Growth



43 %
Growth



The growth rates in the charts represent the average annual growth rates of the last 5 years.

2020 in Brief

With the responsibility of being the first company to embrace the social problem of "Age Discrimination," AvivaSA brought the issue of "age discrimination" to the agenda by launching social awareness campaign with the "No Age" motto.

100% Increase in Brand Value

With a 100% increase in its brand value, AvivaSA, which performed the highest increase in brand value in 2020, ranked the 3rd on the list of "Turkey's Most Valuable Brands - Turkey 100."

We Have Taken Necessary Measures Against Covid-19 Pandemic

As AvivaSA, we have taken the necessary measures against Covid-19 for the safety of both our customers and our society by prioritizing the health of our employees. We halted all overseas business travels of our employees since the beginning of the spread of the virus in Europe and our neighbors in February. When it was necessary to go abroad, we applied the 14-day quarantine rule starting on the day of return to Turkey.

Currently, we are carrying out our business processes through a remote working model. For the processes requiring to be present at the office due to mandatory duties, the relevant units are rotating at the office under strict health and safety measures. Face-to-face customer meetings held by our sales teams have been suspended and in accordance with Business Sustainability Plan, we continue to provide services to our customers on our AvivaSA Mobile application, social media accounts and Customer Support Center for their transactions and requests with regard to the contracts and policies.

AvivaSA is the Only PPS and Life Insurance Company on the List of "Brand Finance"

In 2020, we registered our leadership with the increase in our brand value. With a 100% increase in its brand value, AvivaSA, the only private pension and life insurance brand that succeeded to be included in the "Turkey's Most Valuable Brands-Turkey 100" list of the international brand valuation organization Brand Finance ranked the 3rd among all the companies in the list in 2020, which has the highest increase in brand value.

First Company Drawing Attention to Age Discrimination with "At All Ages" Project

We focused on "Age Discrimination" throughout 2020 within the scope of the "At All Ages" Corporate Social Responsibility (CSR) project, which we continue with the aim of raising awareness on aging and old age issues and changing the negative perception of society in Turkey, the population of which is rapidly aging. With the responsibility of being the first company bringing the social problem of "Age Discrimination" to the agenda, we aimed to bring the "age discrimination" issue, which has been increasing since the beginning of the coronavirus process, to the agenda. In this regard, we have included interviews and expert opinions on this issue on www.heryasta.org and social media accounts since March. Based on the observation that the issue of "old people going out," which has become one of the most important agenda items of Turkey during the coronavirus process, has turned into a discrimination factor through social media, we have contributed to the disclosure of their feelings, thoughts and needs through interviews with both elderly and young people. At the same time, we contacted expert sociologists and psychologists and published interviews on "understanding the elderly and establishing healthy communication with them." We organized online trainings on "Age Discrimination" inside and outside the company throughout the year.

By launching the "No Age" Social Awareness Campaign, we explained that, contrary to the stereotypes established in society, what people can do and their dreams are not limited by age. Within the scope of the campaign, we brought the social problem of "age discrimination" to the agenda by gaining a high level of access in print, audio and visual media, especially in digital media.

3 Awards Within the Scope of Customer Satisfaction

Thanks to our communication processes provided remotely at the call center and positive customer experience during the pandemic process, we won the first prize in the "Best Remote Customer Experience" category in the Call Centers Awards of Turkey, and the "Most Commendable Company" award in the "Best Remote Call Center with 101-499 Seats" category.

Again, in 2020, we returned with an important award from the "A.C.E Awards (Achievement in Customer Excellence)," organized for the fifth time in 2020 by Şikayetvar, Turkey's first and only customer satisfaction platform. AvivaSA won the "Gold Award" in the private pension and life sector at the event, in which 54 national and international brands that managed customer experience in the best way in 27 different sectors participated.



We Stand By Our Agencies in All Conditions

As AvivaSA, we did not leave our agencies, which have a wide and distinguished network spread across Turkey, alone during the pandemic, and helped them to maintain their declining revenues during this period. In order for our agencies to pursue their activities in a healthy way, we have provided support in many areas regarding their business and private lives, from technical equipment to online information meetings and trainings, from sharing information on the markets to measures to be taken for their health, and motivation activities.

“Employee Support Program” from AvivaSA

We initiated an “Employee Support Program” in order to support our employees and their families within the scope of health and psychology. The services we provide within the scope of the program include 24/7 unlimited counseling by phone, psychological counseling and guidance by phone, face-to-face psychological counseling, family counseling, child and adolescent counseling, 24/7 medical counseling, mother/baby program, legislative counseling, wellness (well-being), and social life services.

A First in the Sector: Internal Efficiency Ratio Calculation

AvivaSA, which constantly improves its AvivaSA Mobile application, which has been awarded the Golden Award in the “Innovative Business Applications” category of the Stevie Awards in 2020, in line with the expectations and needs of its customers, broke new ground in the sector and added the “Internal Efficiency Ratio” calculation to the application. With this calculation, which enables PPS participants to compare their fund returns according to the inflation rate, it is aimed that participants obtain the highest efficiency from the PPS by having the opportunity to compare their earnings according to market conditions.

AvivaSA was the First and Only Company that Disclosed to the Public the Findings for the Impacts of Pandemic on the PPS and Life Insurance Sector

According to the results of our research on Consumer Attitude and Behavior Changes in the Insurance Sector, it was revealed that consumers turned to savings due to future anxiety and a possible disease concern with the Covid-19 pandemic. Since October 31 is World Savings Day, AvivaSA made various suggestions to consumers in parallel with its research outputs. The research, in which the people between the ages of 18-65 in the A, B, C1 and C2 SES groups was taken as a sample, revealed that consumers’ anxiety for the future took precedence over everything, and in this context, they turned to savings and protection products such as PPS and life insurance.

We Embraced Six Important Awards at IDC CIO Awards 2020

With its projects developed within the scope of IT solutions, AvivaSA was deemed worthy for a total of 5 awards with its different projects at the CIO Awards, Cloud & Datacenter Summit 2020 Event and DX Awards organized by the International Data Corporation (IDC) Turkey, where the technological solutions and digital transformation initiatives of Turkey’s leading companies are evaluated. Fahri Arkan, AvivaSA Business Technologies Assistant General Manager, won the first prize in the “DX Leader” category at the IDX DX Awards.

We Offer Job Opportunities to Women Living in Difficult Conditions

In cooperation with ATOS, which conducts our call center services, we started a new project that aims to provide employment opportunities to women who have to live in women’s shelters because of economic, psychological and physical violence and for different reasons. In the project, the first phase of which was carried out in Düzce, women staying in women’s shelters and having economic difficulties will participate in business life after the vocational training they will receive.

Message from the Chairman

AvivaSA shapes its business operations by analyzing the rapidly evolving demands of its customers and making their lives easier with its continuous digitalization investments.

After an optimistic start to the year 2020, the world was soon darkened by the Covid-19 pandemic which triggered seismic changes by deeply altering lifestyles, economies and all sectors of the global economy.

The pandemic was caused by the novel coronavirus, which started in China during the last days of 2019. This fast-spreading pandemic quickly topped the agenda around the world, resulting in plunging stock exchanges globally. For example, the Dow Jones Index in New York and the FTSE index in London recorded their steepest declines in the first quarter of the year since 1987. Volatility in the markets and closed economies significantly impacted all economic data. Unemployment rates jumped rapidly across the world.

In parallel with declining economic activity due to the disagreement between OPEC countries and Russia, and pandemic conditions, oil prices sank to 20-year lows. The underlying reasons for the sharp plunge included extreme uncertainty brought about by the pandemic, the low interest rate environment, and the sharp increases in prices and historical records were broken.

The International Monetary Fund (IMF) projects the global economy to shrink by 4.4% in 2020 due to the pandemic. IMF emphasizes that this contraction will be the most severe since the Great Depression of 1929. In addition, the IMF expects the Eurozone economy to shrink by 8.3% while the USA, the world's largest economy, is forecast to contract by 4.3%.

The coronavirus pandemic, which brought the global economy to a standstill, also had a major impact on the Turkish economy. After expanding 4.5% in first quarter 2020, Turkey's economy shrank by 9.9% in the second quarter with the negative effects of the economic and social restrictions imposed by the government and public health authorities. With the gradual normalization experienced since June, Turkey recorded 6.7% growth in the third quarter and has since entered a period of recovery. The Turkish economy is expected to end 2020 with 0% growth. The Organization for Economic Cooperation and Development (OECD) also stated in its December 2020 report that Turkey's economy will return to a positive growth path in 2021 with 2.9% estimated growth.

During this year, concerns for the future came to the forefront along with the need to safeguard our family and ourselves. As a result, people grew to better understand the importance of

PPS and life insurance. At year-end 2020, the total number of participants in PPS and Automatic Enrollment climbed to about 13.6 million people sector-wide. Meanwhile, the total managed fund size reached TL 170 billion, including state subsidies. Growth in life insurance jumped to record levels, especially due to the increased number of housing and personal loans.

We Maintained Robust and Stable Growth in 2020

AvivaSA demonstrated a solid yet flexible stance in 2020, a year full of challenging and uncertain conditions. At the same time, we continued our steady growth performance and maintained our financial strength. According to year-end data, AvivaSA remained the market leader in terms of PPS fund size among private sector companies – a position we have maintained since 2015. In 2020, AvivaSA recorded total non-life premium production of TL 66 million and total life premium production of TL 1.3 billion. We reported 2.1 million non-life policies and 1.3 million life insurance policies. At year's end, AvivaSA increased its net profit by 36% according to the International Financial Reporting Standards (IFRS).

Digitalization and Sustainability Are at the Center of Our Strategies

AvivaSA shapes its business operations by analyzing the rapidly evolving demands of its customers and making their lives easier with its continuous digitalization investments. Our digitalization breakthroughs span all the links of our value chain, especially in our products, services and business processes. This competitive advantage differentiated AvivaSA during the pandemic and further bolstered our leading position in the sector. In the coming year, AvivaSA's main focus will be creating more value for society and the environment by transforming new ideas and technologies into sustainable business models.

In 2021, as in the prior year, we will do our best for the financial future and assurance of our customers, as well as the growth of our industry. We also plan to add further value to the lives of our employees and customers by prioritizing their satisfaction.

I would like to express my sincere gratitude to all our friends, participants, policyholders, shareholders and all our stakeholders who worked devotedly during this extraordinary year.

Yours faithfully,

Haluk DİNÇER
Chairman



Our digitalization breakthroughs span all the links of our value chain, especially in our products, services and business processes. This competitive advantage differentiated AvivaSA during the pandemic and further bolstered our leading position in the sector.

Board of Directors



Haluk Dinçer Chairman

Haluk Dinçer started work as President of Sabancı Holding Retail and Insurance Group in June 2016. Prior, he served as Retail and Insurance Group between 2011-2016 and Retail Director between 2007 and 2011, Retail and Food Group Director from 2004 to 2007, and Food Group Director from 2002 until 2004. Having first joined Sabancı Group in 1995, Mr. Dinçer assumed key leadership roles in the Group's affiliated automobile, food and retail companies.

Haluk Dinçer is an Executive Council Member of the B20 Turkey and is a member of the International Consultancy Board of the Washington-based Brookings Institution. Previously, Mr. Dinçer served as Chairman of the Turkish Industry and Business Association (TÜSİAD) and as President of the Foreign Economic Relations Board (DEİK) and the Turkish-American Business Council.

Haluk Dinçer received his undergraduate degree in Mechanical Engineering from the University of Michigan and his MBA from the same institution.

Mr. Dinçer is married and has two children.



Ignacio Izquierdo Saugar Vice Chairman

Ignacio Izquierdo Saugar has been serving as the Chief Executive Officer (CEO) of Aviva Italy since October 2017. In 2019, he took part in the Capital Markets Association for the European Commission as a member of the High Level Forum. Mr. Ignacio, who is active in the Italian economic environment, is also a member of the European House Ambrosetti Club and a Council Member of the British Chamber of Commerce in Italy. In addition to participation in the board of directors of Nacional de Reaseguros in Spain, he is also the Chairman of the Audit Committee. He is also a member of the Institute of Councilors and Administrators (ICA). He joined Aviva in 2008 as the Director of Bancassurance (joint ventures), and in 2009 he became the CEO of Aviva Spain and the chairman of the board of Aviva group companies in Spain, as well as he continued to hold various membership roles in other Aviva companies.

Ignacio Izquierdo Saugar has been serving as the Vice Chairman of the Board of AvivaSA since October 2020.



Patrick Dixneuf Board Member

Patrick Dixneuf, 54, holds an engineering degree from the Ecole Polytechnique and is graduated from the Universities of Paris V and Paris VI.

In 1986, he began his career in the Alcatel Group. Then he worked as a consultant. In 1997, he joined Paribas in Paris and then in London until the merger with BNP. In 2000, he moved to Allianz where he held different executive positions including CFO of AGF in Paris and then the Group Operations Director in Munich, Germany.

He joined Aviva in 2011 and became the CEO of Aviva Italy in Milan where he achieved the business and finance transformations as well as the return to growth. From the head office in London, he also managed the finance transformation and innovation plan for the Group CFO.

He was appointed as CEO of Aviva France in Paris on November, the 1st, 2016. From April 2019 to September 2020, he took in addition responsibility for all the European activities of Aviva plc.

He is Vice-Chairman of the French Private Insurer Association.



Bülent Oğuz
Board Member

Bülent Oğuz started to work in Akbank in March 2003 and worked as Manager and Department Head in SME and Retail Banking business units respectively. After being appointed as Assistant General Manager in Akbank SME Banking in 2013, Mr. Oğuz has been serving as Assistant General Manager in Akbank Retail Banking as of November 2018. Bülent Oğuz is the Vice Chairman of the Board of Directors in AkÖde, one of the affiliates of Akbank, and a Member of the Board of Ak Portfolio Management. Before joining Akbank, Mr. Oğuz worked as a manager in the field of corporate banking and credits in various private sector banks, has a bachelor's degree from the Department of Political Science and Public Administration of the Middle East Technical University and an Executive MBA from Sabancı University.



Lee Patrick Callaghan
Board Member

Lee Patrick Callaghan serves as Legal Advisor in charge of Aviva Europe, India and Canada markets. Boasting 25 years of legal experience, Mr. Callaghan has worked in the automotive and chemical industries for 16 years. After joining Aviva, he assumed several roles within the Group's Asia and International operations. Lee Patrick Callaghan currently provides competition law consulting to Aviva Group and he also serves as Board Member at Aviva India and Member of the Editorial Board of ICCJ.



Neslihan Döngel Özlem
Board Member

Neslihan Döngel Özlem graduated from Bilkent University, Department of Economics in 2005 and started her career as an auditor at PricewaterhouseCoopers in the same year. She took part in projects consisting mostly of bank customers at PricewaterhouseCoopers, and after 4 years, she transferred to the Financial Planning, Reporting and Finance Department of Sabancı Holding in 2009. Since 2009, she has worked in Sabancı Holding, Enerjisa Enerji and Enerjisa Üretim companies within Sabancı Group in the fields of financial planning, control, reporting, analysis, income assurance and internal audit, and is currently working as the Financial Planning, Reporting and Finance Director of Sabancı Holding. Neslihan Döngel Özlem has an Executive MBA from Boğaziçi University.

Neslihan Döngel Özlem has been a member of the AvivaSA Board of Directors since January 2020.

Board of Directors



Gökhan Eyigün Board Member

Gökhan Eyigün has worked as a manager in projects and processes covering many different industries, especially in the fields of corporate finance, strategy, corporate business development and risk management, in his career of more than 20 years. He started his career at Arthur Andersen and worked as a consultant mainly in Corporate Finance. Afterward, he took part in the establishment of the Corporate Finance and M&A Consultancy Department at PricewaterhouseCoopers and became the manager of the relevant department. Gökhan Eyigün, who has worked as a manager at different levels in Sabancı Holding since 2007, still works as the Secretary General. He is also the General Manager of Exsa, Tursa and A.E.O. companies. He has also serving as a board member in different companies within Sabancı Group since 2010.

Gökhan Eyigün graduated from the I.T.U., Department of Management Engineering in 1998 with a degree. He completed his MBA degree at Rotterdam School of Management between 2002-2004, and also participated in various executive education programs at Harvard Business School.

Gökhan Eyigün has been a member of the AvivaSA Board of Directors since January 2020.



Adam Uszpolewicz Board Member

Adam Uszpolewicz joined the Aviva family in 2007 as CEO of Aviva Poland. Between 2009 and 2013, he served in various executive positions at the Group related to business development and marketing in European and Asian markets. During this period, Mr. Uszpolewicz also chaired the Supervisory Board at Aviva Poland. In 2013, he was reappointed as CEO of Aviva Poland – the leading insurance, pensions and investment products provider in this growth market. Prior to joining Aviva, Mr. Uszpolewicz held senior positions at leading international financial companies, including GE Capital, Cigna and Nationwide, and worked in Warsaw, London and Luxembourg. He was also an Executive Director at PwC in Warsaw.



Firat Kuruca Board Member - CEO

Firat Kuruca graduated from the Department of Business Administration of the Faculty of Administrative Sciences at Boğaziçi University. Having started his professional career at Unilever-Turkey in 1989, Mr. Kuruca has served in various positions. Mr. Kuruca respectively worked at Unilever-Turkey (Management Accountant), Unilever Europe-Belgium (Commercial Officer), Unilever-Turkey (Purchasing Manager), Unilever-Germany (Audit Director), and Unilever Europe-Belgium (CEE Finance Director). In 2004, he resigned from Unilever and returned to Turkey, and served as Financing and Administrative Affairs Director in Koç Holding Setur Divan Enterprises. In 2005, he joined AvivaSA as Assistant General Manager in charge of Finance. Mr. Mustafa Firat Kuruca started serving as CEO on January 1, 2017. In addition, he also serves as the Chairman of the Pension Monitoring Center with the decision taken by the Board of Directors on May 29, 2019.



Anthony Feliks Reczek
Independent Board Member

Early in his career, Anthony Feliks Reczek conducted audits and technical analyses at various commercial companies, and also held several positions in the public sector. With a bachelor's degree in Economics and Accounting from the University of Glasgow, he worked as Auditor first at Coopers & Lybrand, and then at several offices of PricewaterhouseCoopers between 1979 and 2013. Having served as Independent Board Member since 2013, Anthony Feliks Reczek is currently an Independent Member on the Boards of Aviva Life Insurance and General Insurance, Vanquis Bank Ltd. in the UK, and ING Bank Śląski S.A. in Poland.



Yeşim Uçtüm
Independent Board Member

Yeşim Uçtüm graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1986. Between 1986 and 1997, she worked at the Istanbul and Hartford (USA) offices of Ernst & Young, specializing in banks and financial institutions. Ms. Uçtüm obtained her CPA certificate (Certified Public Accountant) in Massachusetts (USA). From 1997 to 2008, she served as Assistant General Manager in charge of Financial Planning and Control at Strateji Menkul Değerler, Yapı Kredi Yatırım, and Koçbank, respectively. In June 2005, she joined Koç Holding as Banking & Insurance Group Coordinator. Ms. Uçtüm later served as Independent Board Member at Aviva Sigorta A.Ş. (2011-2014), Burçelik Bursa Çelik ve Döküm Sanayi A.Ş. and Burçelik Vana Sanayii A.Ş. (2012-2014), Marshall Boya ve Vernik Sanayii A.Ş. (2013-2016), and lastly at HSBC Bank A.Ş. (2016-2018). Yeşim Uçtüm was appointed as Independent Board Member of AvivaSA Emeklilik ve Hayat A.Ş. ve Aksigorta A.Ş. in October 2018.

Message from the CEO

AvivaSA boosted its social investments by implementing awareness raising efforts on “Age Discrimination” and assistance projects for the elderly.

We Maintained Our Leadership and Robust Growth Performance

2020 was an extraordinary year filled with efforts to create and adapt to the emerging “new normal.” AvivaSA recorded a very strong performance once again in this very challenging year as risks leaped to historic levels. In 2020, we reached a total PPS and OKS fund size of TL 30.4 billion, up 32% year-on-year. As a result, we maintained our market leadership among private sector companies in the industry. In the life and personal accident branches, we posted 35% growth compared to the previous year and expanded our market share with premium production of over TL 1,332 million. As of year-end, AvivaSA increased its net profit by 36% according to the International Financial Reporting Standards (IFRS).

We Quickly Adapted to the New Normal and Made Our Customers Feel Like a Member of the AvivaSA Family

During the pandemic, we implemented a wide range of actions and projects to support our employees, agencies, customers and society.

Above all, we ensured that our customers had comprehensive, convenient and ready access to all our products and services. By rapidly internalizing the fast-changing requirements of the new era, we took numerous actions specific to the pandemic for our customers. AvivaSA helped customers facing difficulties due to Covid-19 and who could not pay premiums by not canceling their life insurance policies. We provided free collateral for extended loans. To accelerate the compensation and support processes, we transferred relevant business processes to the digital environment. We allowed our life insurance customers to access the additional benefits we offer in the fields of health, child development and education remotely. In addition, we further expanded our support by providing flexibility in their use.

AvivaSA conducted special communication activities to identify customer insights and attitudes that emerged during the pandemic. We contacted our customers personally by phone to ease their increasing concerns. In 2020, we also displayed a sensitive and responsible attitude in our brand communications in response to the pandemic. We shared timely and relevant content related to health, nutrition and family on social media to meet rising interest in these key areas.

We Worked Together with Our Employees and Agencies to Support Social Welfare

As of March 15, immediately after the first Covid-19 case was detected in Turkey, AvivaSA quickly switched to a remote working model for the entire organization. We also conducted internal communication and motivation activities in order to support our employees – who are the reason for our success – during uncertain conditions. We implemented practices designed to protect the income levels of both our employees and agencies. In the 2020 Employee Satisfaction Survey, our employee loyalty rate was 91%. This exceptionally high score confirmed the strong bond we established with our staff during this extremely difficult period.

AvivaSA capitalized on its rapid transition to the remote working model, both culturally and technologically. As a result, we implemented new cooperation models and projects. We offered remote employment opportunities for women who faced economic hardship but could not work outside the home. We transferred AvivaSA KEP, which includes insurance training for our employees, to the online environment. In addition, we included 150 students in the program to support their development during a time when universities were closed. As part of its retail sales solution BıTıkla, AvivaSA started to execute remote sales, which commenced with the “Bright Side Life Insurance” campaign, for the PPS.

We Are the First Company to Address Aging and the Elderly

Quite simply, AvivaSA is a company that aims to secure the future lives of Turkey’s people. We are an active stakeholder in social issues and develop projects that will have a wide impact. AvivaSA is the first Turkish company to directly address issues arising from aging and age discrimination by developing various initiatives. 2020 saw our “At All Ages” effort, introduced the previous year, gain momentum. In line with the evolving needs and changing agenda brought about by the pandemic, AvivaSA boosted its social investments by implementing awareness raising efforts on age discrimination and assistance projects for the elderly. We wanted to break taboos surrounding widespread age discrimination for all youth, elderly and children with our “No Age” Social Awareness Campaign. Contrary to the idioms in our language, we conveyed the key message that age does not limit what we can do in life. This messaging went out to mass audiences, especially via social media. In 2021, AvivaSA plans to conduct additional awareness and social support initiatives on aging and the elderly in conjunction with both municipalities and non-governmental organizations.

We Are Exiting 2020 Stronger and Looking Toward 2021 with Confidence

In 2021, AvivaSA will further enrich its product and service portfolio with a customer-oriented and innovative perspective. We aim to maintain our PPS market leadership among private sector companies and accelerate our growth in life insurance. Our objective is to put health insurance, our new field of activity, on a sustainable growth path. AvivaSA’s strategic priority is to achieve breakthroughs in the digital arena. Our overarching goal is to boost customer satisfaction and acquire new customers at all our contact points, especially in Mobile, Online Sales and the Call Center. In addition, our corporate social responsibility project “At All Ages” will be broadcast even louder and more widely in the coming year.

I would like to thank all our stakeholders, especially our employees, who are the major drivers of our success. We hope to achieve even greater success in 2021.

Yours faithfully,

Firat KURUCA
CEO



In 2021, AvivaSA will further enrich its product and service portfolio with a customer-oriented and innovative perspective. We aim to maintain our PPS market leadership among private sector companies and accelerate our growth in life insurance.

Executive Committee



Fırat Kuruca **Board Member - CEO**

Fırat Kuruca graduated from the Department of Business Administration at Boğaziçi University. He started his business life in 1989 and assumed different roles in domestic and foreign organizations in Turkey, Belgium and Germany.

In 2005, he joined AvivaSA as Assistant General Manager in charge of Finance. Mr. Mustafa Fırat Kuruca started serving as CEO on January 1, 2017. In addition, he also serves as the Chairman of the Pension Monitoring Center with the decision taken by the Board of Directors on May 29, 2019.



Erkan Şahinler **Assistant General Manager - Finance/CFO**

After receiving his BA in Management at Boğaziçi University, Faculty of Economics and Administrative Sciences, Mr. Şahinler began his career in 1990 in independent external audit. Since 1993, he has held several management positions in Finance and Information Systems at Sabancı Holding companies, including Marsa Kraft Foods International (1993-2005), Gıdasa (2005-2008), and Exsa UK (2008). In 2008, Mr. Şahinler joined Aksigorta as Assistant General Manager in charge of Financial Affairs; in 2016, his responsibilities were enlarged to include Claims and Operations. Mr. Şahinler was appointed as Assistant General Manager in charge of Finance at AvivaSA on January 2, 2017. He has been a certified public accountant (CPA) and independent financial advisor since 1994. From 1994 to 2014, Mr. Şahinler served as a member on the Review Committee of the Association of Insurance, Reinsurance and Pensions Companies of Turkey.



Fisun Koç Doğan **Assistant General Manager - Direct Sales, Agencies and Corporate Projects**

Fisun Koç Doğan, graduated from the Department of Industrial Engineering at Boğaziçi University and has a Master's Degree in Actuarial Science. Fisun Koç Doğan served in a private bank for three years before starting work at AvivaSA. She joined AvivaSA in 2002. She has 22 years of professional experience in banking and insurance. From 2002 to 2018, she took different leadership and management roles at AvivaSA in marketing, strategy, transformation, digital, business process reengineering, customer management, corporate communication, project management, merger, post-merger integration and IPO. In 2018, he provided strategic and consultancy services to International CEO responsible from seven countries and the global elementary branch within the Aviv plc office in London. Since February 2019, he has been working as the Assistant General Manager responsible for AvivaSA Direct Sales, Agencies and Corporate Projects department. She is a qualified actuary in Turkey. She had also taken different roles in industry associations, mainly she was the President of the Strategy Committee at Insurance Association of Turkey, a member of the Insurance and Pension Working Group at Turkish Industry and Business Association and a member of CDO Turkey.



Selim Avşar
Assistant General Manager -
Bancassurance

Selim Avşar graduated from Istanbul University, Faculty of Economics, Department of Econometrics and received his master's degree from the same department. He started his career as Financial Advisor at Commercial Union in 1996 and served in various positions in sales management within the same company. In 2003, Mr. Avşar was appointed as Assistant General Manager in charge of Sales at Aviva Hayat ve Emeklilik A.Ş. In 2007, he was appointed as Assistant General Manager in charge of Direct Sales and Agencies. Selim Avşar has served as Assistant General Manager in charge of Bancassurance since October 1, 2017. Ms. Avşar has 24 years of professional experience.



Berkant Dişçigil
Assistant General Manager - Operations

Berkant Dişçigil graduated from Ankara High School of Science, and then Istanbul Technical University, Department of Management Engineering. He completed the Executive MBA program at Sabancı University and began his career as Research Specialist at Strateji-Mori. After serving in various positions in the Operations, Training, Actuary and Technical Departments, Mr. Dişçigil started work as Manager of Technical Operations for AK Emeklilik. He continued in Technical Operations at AvivaSA and eventually became Manager of the Company's Customer Continuity Department. In 2010, he was appointed as Assistant General Manager of Operations. Mr. Dişçigil is currently responsible for after sales services, legislative and regulatory compliance, risk acceptance, indemnity, and tele sales functions at AvivaSA. After serving as Head of the Life Insurance Inspection and Research Committee of the Insurance Association of Turkey, Mr. Dişçigil began serving as Chairman of Life Insurance Strategy Committee in 2019.



Yeşim Taşlıoğlu
Assistant General Manager - Marketing
and Transformation

Yeşim Taşlıoğlu is a graduate of Political Science and International Relations from Boğaziçi University and has an MBA degree from Warwick Business School. She began her professional career as Management Trainee at a private bank and worked at IBM Global Business Services from 1998 to 2017. At IBM, Ms. Taşlıoğlu held various positions in Turkey and abroad, including Business Consultant, Project Manager, Turkish Financial Services Business Leader, Central and Eastern Europe (CEE) Strategy and Transformation Services Leader, Middle East and Africa (MEA) Internet of Things Director and Country Managing Partner for Turkey in Global Business Services. Yeşim Taşlıoğlu joined AvivaSA in February 2017 as Assistant General Manager in charge of Transformation.

Executive Committee



A. Fahri Arkan
Assistant General Manager - Business Technologies

Fahri Arkan received his undergraduate degree from Yıldız Technical University, Department of Computer Science and Engineering and completed his MBA at Gebze Institute of Technology. Subsequently, he operated his own technology and consultancy firm for four years. Between 2000 and 2016, Mr. Arkan held managerial positions in various departments of Turkcell Group companies. He also served as Assistant General Manager of Information Technologies at Turkcell Global Bilgi from 2010 to 2016. He has served as Assistant General Manager in charge of Business Technologies at AvivaSA since June 1, 2016.



Burak Yüzgöl
Assistant General Manager - Human Resources

Burak Yüzgöl earned his undergraduate degree in Business Administration from Marmara University, Faculty of Economics and Administrative Sciences. He began his professional career at Eczacıbaşı Baxter in 2002, assuming responsibilities in the areas of recruitment, performance management, administration, compensation and vested benefits. After joining the AvivaSA family in 2007, he took on positions at different levels in the Company's Human Resources Department. He was eventually appointed as Assistant General Manager in charge of Human Resources and AvivaSA Executive Board member on April 1, 2015. Mr. Yüzgöl has 19 years of work experience.

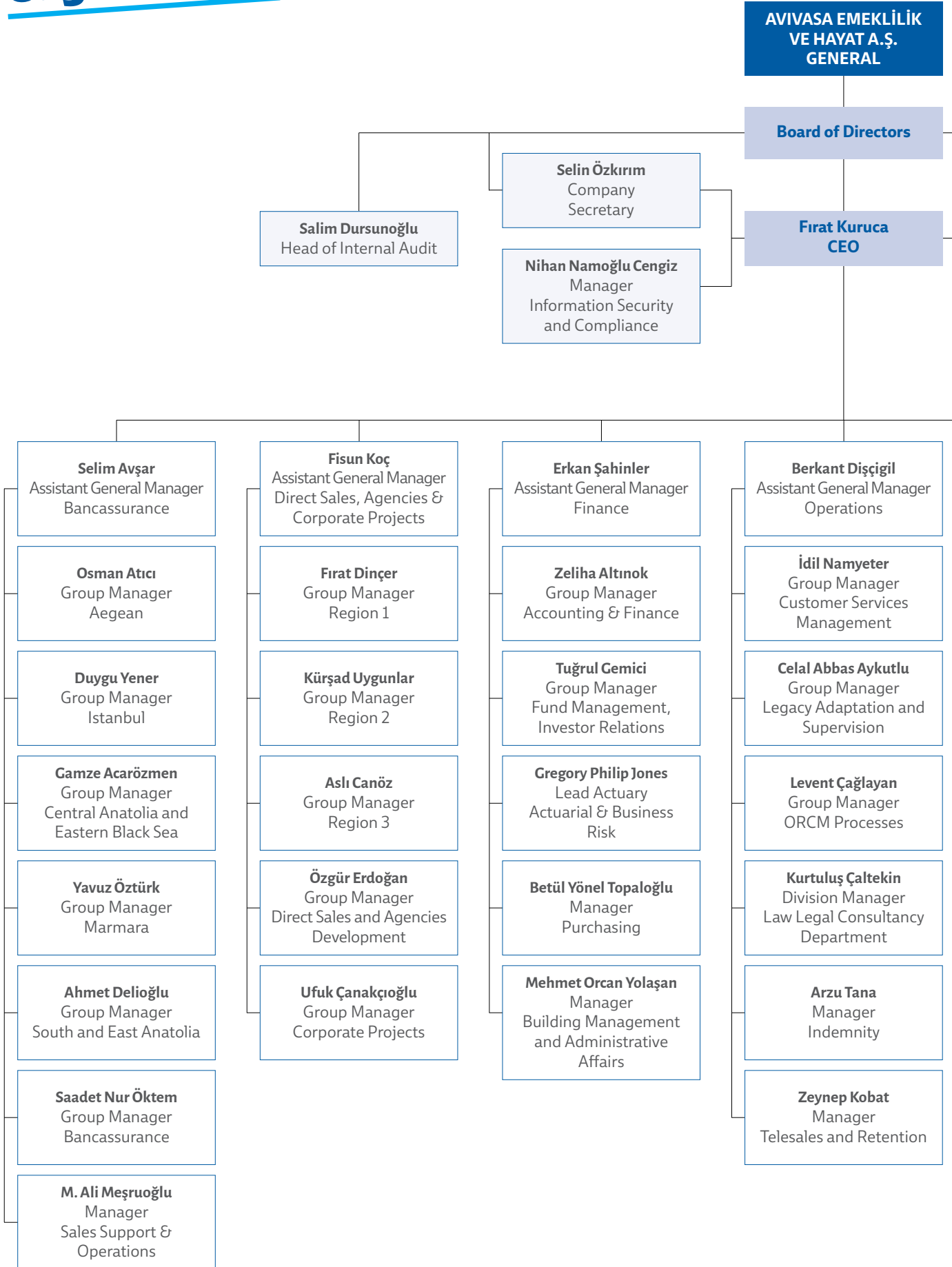


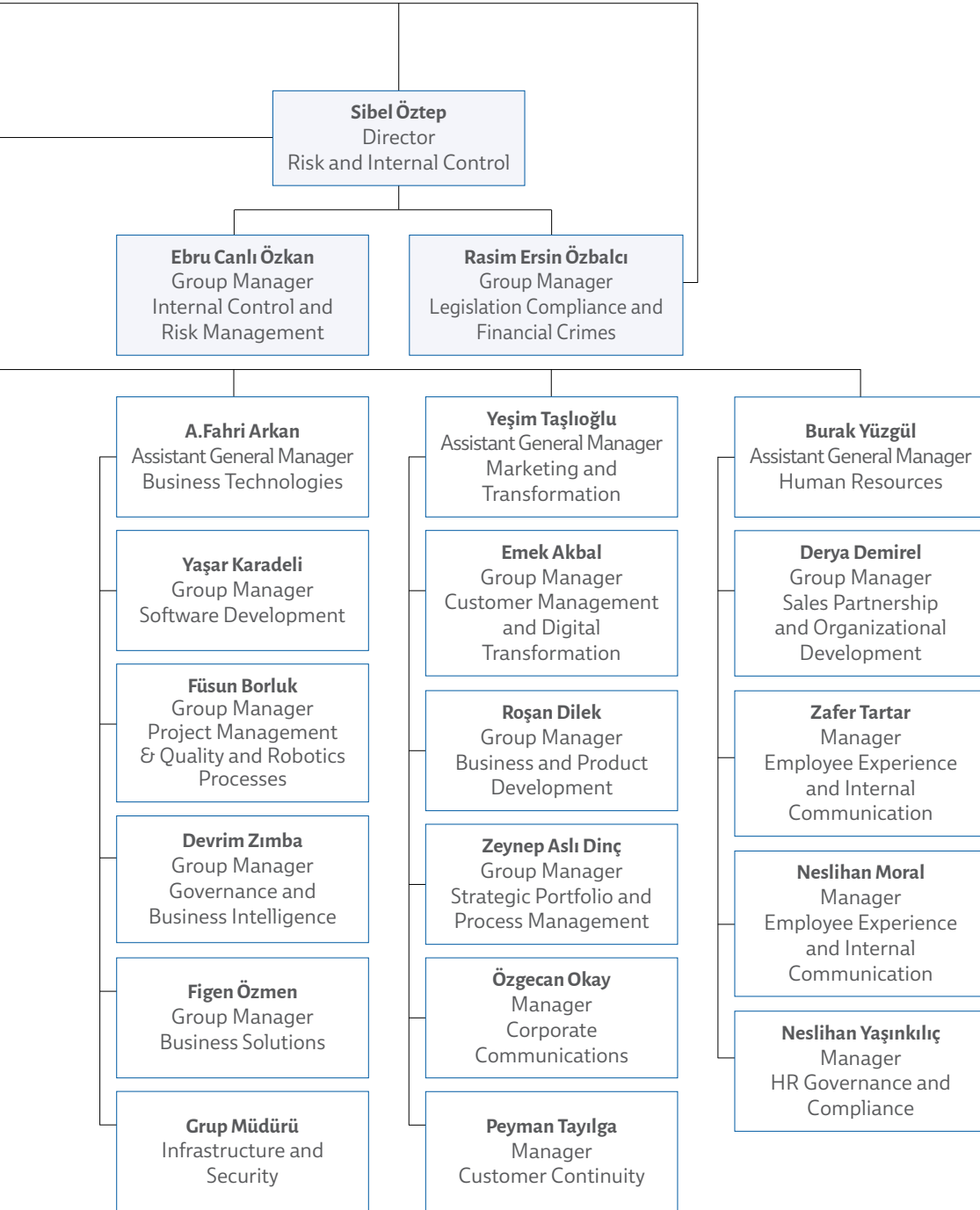
A. Sibel Öztep Oymacı
Director - Risk and Internal Control

Sibel Öztep Oymacı graduated from Middle East Technical University, Faculty of Administrative Sciences, Department of Business Administration. Ms. Öztep began her professional career as Budget Reporting Specialist at NCR Bilişim Sistemleri A.Ş. In 1996, she was appointed Accounting Manager at the same company. In 2000, she joined Sabancı Group to serve as Financial Affairs Manager at Ak Ödeme Sistemleri A.Ş. In 2002, Ms. Öztep was appointed Financial Manager at AK Emeklilik A.Ş., also a Sabancı Group company, and thereby started working in the insurance industry. On October 31, 2007, she became Manager of Finance and Accounting at AvivaSA Emeklilik ve Hayat A.Ş., which was formed through the merger of AK Emeklilik and Aviva Hayat ve Emeklilik. Ms. Öztep was appointed as Risk and Internal Control Group Manager and Executive Committee Member in 2013. She has been serving as Risk and Internal Control Director since April 1, 2018.



Organization Chart





Macroeconomic Outlook and Sector Overview for 2020

The Central Bank of the Republic of Turkey (CBRT) and the Banking Regulation and Supervision Agency (BRSA) took important liquidity steps during the year to reduce the effects of the pandemic on the economy.

Global Economic Outlook

With the identification of Covid-19 as a pandemic by the World Health Organization in March, economies closed in the second quarter of the year and experienced historical shrinkages at a record level. While almost all central banks responded to the negative effects of the pandemic with liquidity supports and financial measures at the first step, monetary relaxation steps came to the fore and policy rates fell to record low levels in many countries during this process. As part of the struggle against the pandemic, the US Federal Reserve (FED) reduced the policy rate between 0% and 0.25%, and the European Central Bank (ECB) launched an additional asset purchase program of nearly 1 trillion Euros. The total expenditures made by the governments and central banks during the struggle against Covid-19 all around the world have approached USD 20 trillion.

In addition to these supports, while the US economy displayed a strong growth performance of 33% in the third quarter after the second quarter of 2020, which passed with a sharp shrinkage, with the start of gradual normalization steps, the Eurozone expanded by 12.7%. China, which eliminated the effects of the pandemic relatively quickly despite being the starting point of it, grew by 4.9% on an annual basis in the same period.

In 2020, the fact that the pandemic reduced the demand for oil and Saudi Arabia and Russia could not agree to restrict the oil supply and entered a struggle about the price caused crude oil prices to experience historically low levels. In April, the price per barrel of crude oil fell to USD -37 in futures contracts, a first in the world's oil market. On the other hand, investors escaping from cyclical risk turned rapidly towards precious metals, especially gold therefore caused records in this commodity group. In addition, the current tension between the USA and China continued throughout the year and remained a risk factor on the global economy and trade volume.

The robust recovery observed during the second half of the year with the mitigation of quarantine measures caused the projections for 2020 to be revised upwards. As a matter of fact, in the October issue of the World Economic Outlook Report, International Monetary Fund (IMF) predicted that the global economy will shrink by 4.4% at the end of the year instead of 5.2%. The IMF reduced its growth expectations in the medium term, pointing to ongoing uncertainties and the possibility of a deep recession.

Turkish Economic Outlook

The reflection of the negativities caused by the pandemic to Turkey, as well as to all world economies, was very severe. The Turkish economy, which grew by 4.5% in the first quarter after the first Covid-19 case was observed in March, experienced the most severe shrinkage since 2009, with -9.9% in the second quarter. After recovering from the first shock of the pandemic, economic activity gained momentum and national income grew by 6.7% in the third quarter of 2020.

The Central Bank of the Republic of Turkey (CBRT) and the Banking Regulation and Supervision Agency (BRSA) took important liquidity steps during the year to reduce the effects of the pandemic on the economy. While the CBRT decreased the policy rate to 8.25% with a 375 basis point reduction in the first half of the year, the BRSA started to apply the "Asset Ratio" to increase the loan supply. In addition to the loan expansion, although the normalization process that started in the third quarter and the announced stimulus packages stimulated domestic demand, they caused an acceleration of depreciation in TL and an upward trend in inflation. The Consumer Price Index (CPI) increased to 14.6% on an annual basis in December, reaching the highest level of the year. Against the increasing inflationary pressure, the CBRT increased the policy rate to 17% with 200 basis points in the September meeting, with 475 basis points in the November meeting, and again 200 basis points in the December meeting, and resorted to simplifying its monetary policies.

The current account deficit, driven by the decline in tourism revenues and particularly the increasing gold imports throughout the year was realized as USD 38 billion in 2020. The current account deficit continues to be one of the most chronic problems of the Turkish economy, as exports depend largely on imports of intermediate goods and an important item such as energy imports is made in foreign currency. The decline in tourism and travel revenues due to the pandemic was the other factor that contributed to the high current account deficit throughout the year.

The unemployment rate, which started the year at the rate of 13.8%, remained high throughout the year and stood at 12.7% as of September.

The Turkish economy, which is expected to grow close to zero in 2020, is expected to return to a positive growth path in 2021. In its October report, the IMF predicted that the Turkish economy will shrink by 5% in 2020 and that the national income will increase by 5% in 2021.



The Private Pension System and Life Insurance Outlook

The private pension system (PPS), which was established on October 27, 2003, to increase savings by completing the social security system in Turkey, played an important role in increasing savings during the past 17 years. Particularly, 25% government support that started in 2013 has made PPS the best investment alternative in the last 8 years, and the proactive efforts of the industry players for promotion the most well-known savings instrument.

The pandemic process, which took place in 2020 and brought life to a standstill worldwide, once again displayed the importance of savings for securing current living conditions in the future.

According to the December 31, 2020 data of the Pension Monitoring Center, the total number of participants in the PPS and Automatic Enrollment System exceeded 13.6 million. The total fund size, including state subsidies, reached approximately TL 170 billion. The 33% increase in total fund size compared to the end of the previous year was the most important indicator that confidence in the system grew even more during the pandemic period.

The private pension sector, which continued its technology investments without interruption in 2020, continued its investments in digitalization as well as integrating new generation products and services into its system during the pandemic period. Its technological infrastructure, a reflex to adapt to innovations in line with global trends and the quality labor it employed ensured that the sector quickly adapted to remote working and that there were no disruptions in business processes and services provided to participants.

As AvivaSA, we find the complementary pension system (CPS), which is planned to be completed in 2021, and the regulations that we expect to be implemented for the inclusion of the under-18s to the PPS, very important for the sector to converge further to its potential in the upcoming period.

On the life insurance side, where loan-linked products are still predominant, in parallel with the increasing credit volume in the banking sector, the sector's loan-linked life premium production in 2020 grew by 27% compared to 2019 according to the year-end data of the Insurance Association of Turkey (TSB).

Business and Product Development

AvivaSA continued to develop its products, services and applications without compromising its customer focus by internalizing the requirements of the “new normal” in 2020, when life underwent radical changes in every aspect.

As AvivaSA, we strive to understand our customers, develop the best solutions for their needs and provide them with an excellent experience. For this purpose, we syncretize our innovative perspective with products and services that create value, and we constantly try to improve customer experience with applications that create trends in the sector.

We Adapted to the “New Normal” in All Our Activities

As AvivaSA, we quickly conducted the necessary activities to prevent our customers’ and employees’ health from being adversely affected by the onset of the Covid-19 pandemic. In the pandemic period when social mobility was reduced to zero, we developed remote sales processes in the digital environment in order to continue our sales activities. In July, we started to offer our private pension product on audio-recorded media and the İyi İhtimallerin Sigortası (Bright Side of Life Insurance) from AvivaSA Mobil for our current customers.

In order to increase new product sales and promotion, we intensified our activities regarding customer communication and prepared promotional videos for PPS, Kredim Gvende (Credit Life Insurance) and the Bright Side of Life Insurance.

We have taken a series of important actions throughout the year so that our current customers are not affected by the conditions created by the pandemic. As of April 1, 2020, the automatic cancellation process of our policyholders who were unable to make their premium payments was suspended until the end of July 2020. Our customers have been protected under their coverage until this date even if they cannot continue to pay their policy premiums. On the other hand, our customers, who postponed their loans, continued to be under protection within the scope of loan life insurance during the pandemic.

Our personal accident insurance customers who have a check-up and/or health package defined as an additional benefit and who could not benefit from these services during the Covid-19 process or whose policy expired during this period could benefit from the services before the policy expires by asking for an additional 90 days by contacting the institution that provided the additional benefit service.

In the comprehensive customer survey we conducted towards the changing attitudes and conduct of consumers regarding savings and protection needs with the Covid-19 pandemic;

- With the pandemic, we have observed that consumers tend to save due to future concerns and possible disease concerns,

- We have observed that the future concerns of the consumers take precedence over everything and in this context, they turned to savings and protection products,
- While the biggest concern before the pandemic was the financial difficulty of the family, we determined that getting a dangerous disease took precedence over all concerns and ranked first after the pandemic,
- We detected that the feeling of regret became prominent in consumers who did not have or canceled PPS, with the onset of the pandemic.

We are planning to base our future product strategies on these outputs.

We Continue to Make Lives of Our Customers Easier with The Developments We Make

We also continued to develop our products, services and applications without compromising our customer focus by internalizing the requirements of the “new normal” in 2020, when life underwent radical changes in every aspect.

In 2020, we revised the Kredim Gvende Credit Life Insurance, which we positioned as a single product instead of 6 loan-linked life insurance products serving the same purpose in the light of market and customer research. Relevant revisions for our product Kredim Gvende, which we offer for consumer loans, were implemented in June, and the revisions we made for the product we offer for housing loans were implemented at the end of December. We achieved an upward momentum in premium production with our improvements in the product Kredim Gvende, and we managed a 58% increase at the end of 2020 compared to the end of last year. In 2021, we are planning to complete the activities we have undertaken to expand the unemployment coverage in Kredim Gvende.

In order to provide flexibility to our customers who are the holders of the İyi İhtimallerin Sigortası (Bright Side of Life Insurance) policy, we have developed customer-oriented options in the conditions of reinstating the policies of customers who paused their premium payments. We are planning to implement the improvements during the first months of 2021.

As a result of the project we conducted with the goal of customer focus in 2020, the recommended fund distributions in our private pension plans, depending on the risk group, have been started to be automatically updated quarterly, in line with changing market conditions.



We continue to work on “Life Cycle” funds for our customers who want to delegate private pension fund management and systematically manage them in line with changing market conditions. We aim to implement our new structure at the beginning of 2021.

Within the scope of customer-focus, we initiated improvement efforts during the 2020 activity period specific to the Retirement Income Plan product, in which our participants who are entitled to retirement receive their savings based on time or amount as a salary.

We started to work on new products to meet the medium-term savings and protection needs of our customers. Furthermore, we continued our standard product revisions and improvement efforts in all product groups.

We conducted customer and market researches in order to meet the needs of our customers on the basis of the product groups of PPS, loan life, free life, and personal accident insurance and dangerous diseases, to ensure balance for the product prices and to further improve the product portfolio from a customer perspective day by day.

In addition, we continued to design group pension and life insurance products for the needs of institutions with the aim of increasing corporate participation in PPS and life insurance products during the activity period.

As AvivaSA, while offering the right products to the current customers from the right channel by shaping our entire strategy and service model and understanding the needs of them with the aim of being the company that offers the best products and services in line with customer needs, we also conduct activities to increase the performance and efficiency of our sales teams. In this context, in 2020, we continued to operate our cross-sales program, which we initiated last year. Within the scope of the program, we made

personalized product suggestions, which we created by taking into account the current products, revenues, segments and life cycles of our customers, and contribution increase offers for the use of our Call Center representatives as well as our field sales teams.

In 2020, our activities were successfully reflected in the results and we maintained our leadership in the private sector in the size of the PPS funds. While the protection and personal accident insurance production in the sector increased by 25% compared to the same period of the previous year, AvivaSA grew by 35%. We closed the activity year at the 5th rank in the protection and personal accident insurance market.

Having established its strategy and services for the Automatic Enrollment System, which was implemented with the regulation in 2017, focusing on the needs of employers and employees, AvivaSA achieved a growth of 32% in fund size, 13% in the number of participants and 8% in the number of employers, and maintained its robust position in the market which it achieved in the past years.

Our Goals for 2021

In 2021, we will focus on our new product studies aimed at meeting the medium-term savings and protection needs of our customers, which we started to develop in the operating period we left behind. We will continue to review and revise all our product groups after the changes in customer needs during the pandemic.

We are planning to expand our persona activity, which aims to get to know our customers better, understand their habits and expectations better, and combine the services they receive with the communication language and communication channels appropriate to their preferences, to include our customers in our new and existing customer portfolio.

On the other hand, we aim to develop our cross-sales program so that the algorithms used are developed by analyzing the results obtained and the suggestions are gradually positioned on other sales channels and digital platforms.

The transformation journey that AvivaSA started to build with Akbank in order to serve its customers with more innovative business models has continued by gaining momentum with the unique wind of change in 2020.

Digital Transformation is at the Focus of Bancassurance Channel

2020 started a rapid change process in our country as well as all over the world. With the detection of the first Covid-19 case, various measures were taken to keep the spread of the pandemic under control and to minimize the risks. Due to these measures, the concept of “new normal” entered our lives with changing living conditions. In the new normal lifestyle, meeting the needs of our customers remotely without having to come to the branch has become more important than ever. Of course, companies that have previously invested in digital processes and gained experience in this field have been much more successful in keeping up with this rapid and radical change.

As AvivaSA, together with our main business partner Akbank, we initiated our efforts on this issue a few years ago, with the awareness that the trend of the future will be digitalization. Our transformation journey, which we started to build at the Call Conference we held with Akbank in 2018 in order to serve our customers with more innovative business models, continued by gaining momentum with the unique wind of change in 2020.

Our projects, consisting of digital and paperless processes that we implemented in 2019, enabled us to serve our customers with the comfort of their homes during the pandemic period. For example, thanks to the feature of approving life insurance applications via Akbank Mobile, which we launched last year, it became possible for our customers to own our products wherever and whenever they want. In addition, we have increased the solution suggestions we offer to our customers for approving their applications remotely with the new projects we have implemented in 2020. In this context, we made it possible for our customers to easily approve their Bright Side of Life Insurance applications via AvivaSA Mobile. In addition, we created the opportunity for our customers to have the Pension Investment Plan, which previously required an application with a wet signature, through a phone call without having to come to the branch. These projects, which we implemented in a very short time, provided us the opportunity to work remotely in an efficient manner. Thus, we could take the necessary measures to protect the health of both our employees and our customers.

We Produce Solutions According to the Needs of Our Customers and the Conditions of the Period

In this period, customer analytics studies such as distance selling also gained importance. We focused on identifying the different needs of our customers with various analytical models and producing solutions accordingly, and our sales teams have greatly improved their competencies in this field. In addition, we offered special benefits in struggling with the economic effects of the pandemic during this period. We revised the loan life insurances of our customers, who postpone their loans, in accordance with the new coverage and new maturity without the need to pay a separate cost. Between April and June, when the economic impact of the pandemic was felt at the most, we protected the life insurances of our customers, whose income levels decreased, under the same conditions, even if they did not make premium payments. Creating special value for themselves and the conditions of the period increased our customers’ satisfaction with the services we offer.

The Health and Motivation of Our Employees is Our Top Priority During the Remote Working Period

The innovations brought by digitalization have made the lives of our customers and employees easier. Being able to respond to the demands of our customers without the need to go to the branch enabled our sales teams to work remotely in an efficient and effective manner. In this way, we were able to fulfill our responsibility to society by supporting the measures taken to protect the health of both our employees and society. We have taken many steps to struggle with the challenges of working from home and the quarantine process and to ensure employee loyalty. We have taken the necessary measures both in our company and in our working order by following the occupational health meticulously.

We also organized events to come together with our employees, even remotely, and feel that we are strong together. We supported the collective working culture and group synergy through the social media accounts we opened exclusively for the employees of the bancassurance channel. At the same time, the teams shared their experience with each other and helped each other to generate innovative ideas thanks to the interactions made on this platform. In addition, we have developed alternative methods to reward successful employees. We contributed to the motivation of our employees through the celebrations we made through online channels and the



coffee conversations we had with our managers. As a company that puts people at its focus, the loyalty and dedication of our employees have given us strength during this challenging year.

We Maintain Our Strong Position in Bancassurance

During the period of anxiety and uncertainty we experience, our efforts continue to provide our customers and employees with the best experience and respond to their demands whenever they need support. Thanks to the customer-oriented and innovative approach we brought to our products and services, we left behind a successful year in both private pension and life and personal accident insurance branches. Thus, AvivaSA maintained its strong position in the Bancassurance channel in 2020 as well.

- AvivaSA realized 51% of total private pension contract acquisitions and 67% of life insurance premium production through the bancassurance channel.
- Total PPS contribution through the bancassurance channel rose to TL 16 billion, representing 54% of the AvivaSA total fund size while APE production reached TL 284 million.
- With production exceeding TL 840 million, 69% of our Company's total surplus contribution production was realized through the bancassurance channel.
- In life insurances, we produced a TL 887 million premium with an increase of 31% compared to 2019. Bancassurance's share in AvivaSA's total premium production was 67%.

Direct Sales Agencies and Corporate Projects

Direct Sales Channel contributes significantly to AvivaSA's strengthening of its customer focus by continuing to offer all insurance needs of its customers from a single point under the roof of AvivaSA Sigorta Aracılık A.Ş.

DIRECT SALES CHANNEL

We Strengthened Our Ties with Our Customers During the Pandemic Period

Our Direct Sales Channel, which has the most established staff in the private pension and life insurance sector, is one of our most important distribution channels. The Channel, which quickly adapted to the changing working order due to the pandemic in 2020, started distance selling activities and prioritized protecting our customers from the uncertainties of the current period through strict and effective customer negotiations. During this period, we took high-level measures by prioritizing the health of our customers, employees and society, and we tried to minimize health risks.

Our Direct Sales Channel quickly turned its focus to use the existing customer potential, as face-to-face meeting conditions and new customer acquisition became difficult in 2020. It continued its production without slowing down through its cross-sales, lump sum PPS payment, continuity and collection activities. The exit rate was kept at 0.64%. Despite the pandemic impact, the channel generated TL 971 million PPS contribution and produced TL 116 million new business APEs in 2020, achieved 227% growth in lump sum payments compared to the previous year, and achieved TL 7.1 billion in fund size. The average fund size per PPS contract increased from 40 thousand to 56 thousand, and we have progressed one step further in enabling our current customers to achieve their retirement dreams by increasing their retirement savings.

In 2020, the life insurance premium production, which was most affected by the pandemic period, achieved a growth of 72% compared to the previous year with a production of TL 206 million. It has provided TL 45 million in the new business generation.

Increased New Business APE Production

Direct Sales Channel generated TL 116 million new business APEs in 2020.

Our Direct Sales Channel, which derives its strength from working as a young and dynamic team that creates its own reference, continues to offer all insurance needs of its customers from a single point under the roof of AvivaSA Sigorta Aracılığı A.Ş., and contributes significantly to the strengthening of our Company's customer focus. We continue to develop the competence of our Direct Sales team, which has a strong relationship management focus, uninterruptedly to produce the most suitable solution for customer needs by taking advantage of our rich product and service portfolio. The sales of the health insurance, which we added to our product portfolio last year, continue to increase.

In 2019, we took the "Paperless Sales" project, which we supported through digital processes and technology in line with its customer-focused vision, one step further in 2020 and implemented distance selling. Thus, we aimed to provide the safest service for both our customers and employees during the pandemic process.

The Direct Sales Channel will continue to grow steadily in 2021, focusing on increasing channel profitability and efficiency.

AGENCIES CHANNEL

We Continued to Stand by Our Agencies

Our Agencies Channel implemented joint solution suggestions in 2020 by further strengthening cooperation and communication with existing agencies in order to better understand the impacts of the pandemic on agencies.

As soon as the pandemic process started, health kits were delivered to the homes of our agencies. We determined our first priority as the health of our agencies, encouraged them to stay at home, and implemented income protection packages to ensure their cash flows would not be disrupted in this period when the rate of production decreased.

AvivaSA, the leader in private pensions and fund size, did not leave its agencies, which have a wide and distinguished network spread all over Turkey, alone during the pandemic period. In addition to implementing motivation programs for their agencies to continue working in a healthy way, it also provided equipment support by organizing online information meetings and trainings.

During this process, we brought the Guidance and Psychological Counseling Service into use, which provides services from business life to private life, by considering the mental health as well as the physical health of our agencies.

Our Agencies Channel, which quickly adapted to the extraordinary conditions of 2020, increased its existing customer focus and started distance selling activities. By tripling its production of lump sum payments, PPS increased its collection and continuity activities and continued to make production consistently.

In line with this strategy, we continued to operate actively in 48 provinces with a total of 336 agencies. In 2020, TL 54.3 million of APE life insurance was produced in line with the priority of our Company to have a productive and active agency network in the field of life insurance. In the private pension field, where we focus on promotion strategies, we produced TL 138 million

of APE and increased the fund size in our Agency Channel to TL 3 billion by increasing it 46% compared to the previous year. We further increased the retirement savings of our customers by increasing the average fund size per PPS contract from 37 thousand to 54 thousand.

Our Agencies Channel also made a very quick and smooth transition to distance selling by developing the "Paperless Sales" project, which we put into practice in the previous year, in order to protect both our customers and our agencies from the effects of the pandemic. In this context, 229 tablets were distributed and activated to strengthen the technological equipment of our agencies.



Direct Sales Agencies and Corporate Projects

In 2020, AvivaSA implemented the distance selling model for both private pension and certain life insurance products.

Our Agencies Channel, which has steadily increased its production volume through its value-oriented service approach, will continue to take decisive steps and increase its productivity in order to establish the most productive and active agency network of Turkey in 2021 in line with our company's strategic road map.

CORPORATE PROJECTS

In 2020, when social life was restricted due to the pandemic, our Corporate Projects team focused more on our existing corporate customers. We increased our consultancy services for the fund performances and correct fund distributions on the basis of the employees of our employer and corporate customers and carried out customer retention activities. In addition, we took part in many activities and projects that would create more value for our customers.

One of the most important steps, which came into prominence in 2020 and we took to create value for the customers, was that we redesigned customer service models and clarified customer service channels on a segment basis, according to the customer segmentation we made for the employees of our contracted corporate companies. In this context, the first steps have been taken to establish a healthier and continuous communication bridge with our customers and their consultants, whom we have assigned as responsible persons for them, through written communications.

In 2020, while our Corporate Field Sales teams focused on the persuasion interviews about withdrawals-exits from the PPS system under the name of customer retention, on the one hand, and took actions to increase the funds by making negotiations about lump sum payments and additional contributions in order to benefit their customers from the advantages of the state subsidies. We accelerated the information activities regarding other products for the employees of the companies which want to invest in foreign currency for not only long-term but also short-term savings needs. Another point that corporate field sales teams focused on was the proactive actions they took to create value for our customers with a high churn score (the customer group that is calculated to have a high probability of leaving the PPS system) by communicating with them.

In 2020, we implemented the distance selling model for both private pension and certain life insurance products. In this way, our field sales teams, who could not come together with

their customers physically due to pandemic conditions, had the opportunity to meet the needs of our customers and offer products specific to this period. We continued to increase the product ownership of our customers and to offer products that will provide 360 degrees of protection for them with our collaborative working model carried out in coordination with our Direct Sales teams. The outcomes of the synergy created between our Corporate Field Sales and Direct Sales teams had a positive impact on our cross-sales activities, and the productivity of our sales teams increased significantly.

In addition to the basic structural features of the group, such as product ownership, product features, number of employees, number of active and passive customers and customer advisors of more than 45 thousand Group Pension and Automatic Enrollment customers for whom we provide services by blazing a trail through our Corporate Portfolio Management, we prepared a resource in 2020 in order to create value for company employees, which is fed with data from analytical intelligence that reveals the cross-sales potential within the company. We have turned this resource into an instrument that will feed and guide the whole marketing and customer service model understanding.

The Company's solution partners in payroll integration enabled the application and collection processes related to Auto-Enrolment customers to run smoothly and swiftly. With technological investments for these collaborations, we continued our business with four business partners on payroll integration at the end of 2020.

Our Corporate Projects team continued to be a service provider for many small- and medium-sized companies within the scope of Auto Enrollment. While the retention activities continued for the existing customers with Employer-sponsored Group Pension Plans, we played an active role in the Group Pension Plans market by selling new Employer-sponsored Group Pension Plans and Group Private Pension Plans. While the funds of group pension plans grew by 32% compared to the previous year, we produced TL 56.3 million of PPS APE in group pension plans in 2020. With a collection rate of 141%, we performed an improvement of 11% in the collection amounts compared to the previous year and realized 9% of AvivaSA's total contribution production. While producing premiums within the budget in the group life and group personal accident portfolio, we also made efforts on more competitive and value-creating tariffs.



Customer-Focus

AvivaSA Mobile was deemed worthy for the Golden Stevie award at the Stevie International Awards for being the first digital self-service platform that has the principle of customer-focused experience design in the "Innovation in Business Applications" category.

Our Holistic Customer Management Model

As AvivaSA, we aim to make a difference with our customer-oriented perspective in the private pension and life insurance sector, with the product and services we offer and the personalized experiences we provide to our customers through all the channels we contact.

With our holistic customer experience model that we launched in 2018, we adopted the vision of being a segment-based company that knows its customers closely, offers a personalized experience, communicates through the most effective channel at the right time and establishes emotional bonds with them. With this point of view, we have established our new service model that will listen to customer feedback in real time and enable them to receive perfect service from the service channels we have established, aiming to leave a mark by the experience we provide to our customers. We aim to create added value by improving this model every year with planning that we will rapidly implement.

With this approach, we continued to be a company that makes a difference in the sector with our focus on customer experience and the products and services we offer in all channels and with our focus on customer journey-based and experience-layered service in 2020. Our service model, which is a guide for all customer projects we have implemented, brings all the services and products we offer to a customer-focused point. At AvivaSA, we have standardized the customer experience at all our service points in the light of this guidance.

Trust-Oriented Customer Communication During the Pandemic Period

In 2020, when extraordinary conditions were experienced in the world and in our country due to Covid-19, we accelerated our customer communication efforts in order to relieve the concerns of our customers and increase the trust in the private pension system and life insurances.

We have maintained our market share by making our customers and their loved ones feel that we always stand by them, providing more than expected as well as maintaining our services uninterrupted, and increasing customer loyalty and satisfaction.

In order to maintain the belief in private pension and life insurance products and to establish an unbreakable bond with our customers by creating satisfaction, we made our participants

feel that we stand by them by calling them one by one, especially those who are over the age of 65. By preparing a social support kit, we increased awareness about the pandemic and the process. We postponed premium payments during this period, and within this process, we continued to protect our customers with life insurance without the need for additional premium payments to their existing policies and included pandemic diseases within the scope of life insurance products.

We carried out communication activities with the participation of our field teams in order to reduce the concerns of our customers against market fluctuations and to prevent their loss of funds; thus, we increased both employee and customer satisfaction.

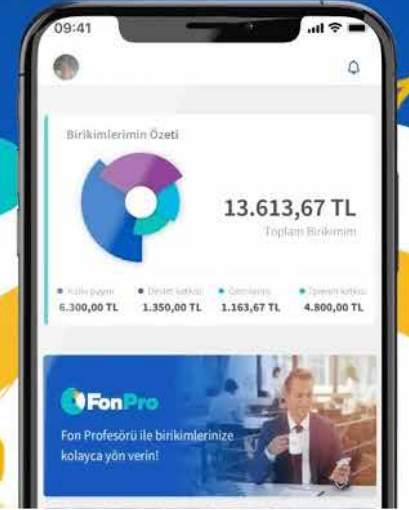
Our Award Winning Mobile Application: "AvivaSA Mobile"

Our mobile application, which we, as AvivaSA, have designed and developed with approximately 250 customers and business partners, has been continuing to serve for two years, taking into account the needs and expectations of our customers and putting user experience as our focus.

AvivaSA Mobile has been crowned with awards from international platforms for its customer satisfaction and success with its over 870 thousand downloads and its rank as the most popular insurance application in application stores. In 2019, the application was deemed worthy for the Bronze Stevie in the "Best Mobile Application" category in the Stevie International Awards, one of the most prestigious awards organizations in the international business world, and for the Golden Stevie in 2020 as being the first digital self-service platform with the principle of customer-oriented experience design in the "Innovation in Business Applications" category. Standing out with its user-oriented design story, AvivaSA Mobile has won the "Most Customer Oriented Life Insurance Company" award from the International Finance Awards. In addition, AvivaSA Mobile, which received the 2nd prize in the Centauri Winner Muse Creative Awards in the Mobile Application Category at the Vega Digital Awards and in the IDC Awards Omni - Experience Innovator category, continues to enrich its services with its experience and new functions.

AvivaSA Mobile, which we positioned as the main customer platform in order to provide faster and safer service and which we developed continuously to facilitate the lives of our customers, reached 180 thousand active users per month in 2020 when it

Akıllı Hareketler Burada



celebrated its second anniversary. The income we have obtained from the lump sum money transfers through the application has increased to TL 114 million, and the additional benefit we have gained from the contribution changes has increased to approximately TL 114 million.

We implemented many innovations in AvivaSA Mobile in 2020 in line with the expectations and needs of our customers:

- Thanks to the Portfolio Performance Analysis calculated with the Internal Rate of Return (IRR), our customers, for the first time in the industry, are able to follow-up the returns and earnings of their savings accounts against inflation on a contractual basis.
- Payment transactions can be made quickly by viewing the withdrawal attempts and outstanding payments of PPS accounts on AvivaSA Mobile.
- By adapting quickly to changing conditions due to the pandemic, approval flows were implemented in AvivaSA Mobile for an easier and faster purchasing experience without the need for a wet signature. Our customers can now view the information about their applications and approve their application documents.
- With the function of state subsidy maximization, the total amount to be deposited can be displayed by selecting the state subsidy rate to be utilized during the year, and the payment is made quickly and easily with a single click.
- You can easily access fund performances, daily updated economy news and monthly news under the "Market Overview by an Expert" from the FonPro menu.

Our Customers Easily Manage Their Savings with FonPro

FonPro allows our private pension customers, who have difficulties in guiding their investments, increasing the return of their savings or deciding which fund to buy and sell, to easily choose their funds and manage their savings.

With FonPro, which has many functions and innovations that make a difference in the sector, our customers can easily follow financial market analyzes, individual risk analyzes and the most

appropriate fund allocation suggestions on AvivaSA Mobile. As of the end of 2020, the number of our customers who experienced AvivaSA Mobil's FonPro function reached 68 thousand.

With FonPro, we automatically offer the most appropriate fund allocation suggestions to our private pension customers with the current money markets, financial analyzes, previous periods data and expert opinion we obtained from Ak Portföy in line with their risk perceptions. FonPro offers the most appropriate fund allocation suggestion to our customers who fill out the risk profile survey consisting of several questions in the application. Providing the opportunity to change funds in just a few seconds, FonPro also leads the industry as a digital fund advisor offering up-to-date financial analyzes.

We Display the Added Value We Provide to Our Customers By Comparing it with Inflation

In 2020, we broke new ground in the sector again, and within FonPro, we started to share the portfolio performance analysis that clearly displays the added value we provide to our participants by offering them the opportunity to compare their returns with inflation.

Portfolio performance analysis, which was viewed over 100 thousand times during the year, reinforced customers' trust in AvivaSA. We also offered AvivaSA Mobile users the internal rate of return function, which shows the earnings of PPS participants against inflation.

In the inflation comparison, we emphasized that customers with a high internal rate of return have earned more than inflation with the communication activities we carry out with the motto "Your PPS wins, continue to earn more!" in order to further increase their belief in the Private Pension System, and we made suggestions to increase these earnings.

We Carried Our Customer Loyalty Program to Digital Shopping Platform

As AvivaSA, while protecting the future of our customers with the products we offer, we also ensure that they live the moment by making the best of today; and we add value to their lives with Bı'dolu, the online loyalty platform we have launched.

Customer-Focus

In 2020, AvivaSA listened to the voices of customers and potential customers by conducting 31 surveys, including 4 promoter scores, 4 contact points, 20 net promoter scores (NPS), and 3 different satisfaction surveys.



We Aim to be There for Our Customers at Every Moment with "Bi'dolu"

In 2019, we renewed the customer loyalty program we launched in 2010 to maximize customer satisfaction and ensure its continuity, and we moved the loyalty program Future Savers Club (Geleceđini Biriktirenler Kulübü) to "Bi'dolu."

Breaking new ground in the industry, we introduced our new customer loyalty program, Bi'dolu, to our customers through the online experience world and campaign management platform. Being an advanced campaign management platform, "Bi'dolu" made a difference among the loyalty programs in the sector with the distinguished experience it offers to our customers and its advantageous products that meet their daily routines.

In 2020, we reshaped the regular communications of Bi'dolu, the online experience world, the content of which is constantly updated in line with customer expectations and needs, in a way that further touches the daily lives of customers. By offering an AvivaSA lifestyle with renewed communications, we enriched the customer experience with fun recipes, different travel routes, decoration ideas and digital application recommendations, as well as products and experience.

Bi'dolu Exclusive Online Shopping World

The world's and Turkey's leading brands are offered at very advantageous prices on the online shopping platform "Bi'dolu." On the site, where AvivaSA participants can find many products they seek from phones to electrical appliances, and from digital checks to discount coupons, an exclusive range such as travels to different routes and gourmet experience are also offered.

With this platform, we offer our participants the freedom to choose among more than 25 thousand product and experience options. Our customers can access Bi'dolu without spoiling their experience via AvivaSA Mobile application or at www.bidolu.advanta.sanalmagaza.com. Over 247 thousand AvivaSA participants have visited Bi'dolu, which has just completed its first year.



AvivaSA Customer Week

We brought our customers and employees together online by carrying the seventh "Customer Week" event, which is now mentioned together with AvivaSA brand, to digital platforms in 2020 in order to get to know our customers better and to provide them with better service in line with their needs and expectations. In the online panel, our customers sincerely shared their opinions and expectations about the products and services with all our employees. At the event, the projects that served and implemented for customer-oriented transformation in 2020 were also mentioned. As a company that puts customer focus at the center of its cultural transformation, we contributed to the internalization of this culture in all of our employees.

Voice of the Customer

We listen to the voice of our customers through many channels in line with our principles of customer orientation and providing a personalized product and service experience.

Within the scope of "Voice of the Customer" activities, we regularly conduct customer satisfaction calls to get first-hand feedback and measure the experience of our customers from the service they received by making one-to-one interviews. With these efforts, we aim to improve the experience we offer and enable our customers to establish longer-term partnerships with the AvivaSA brand.

In 2020, we listened to the voices of our customers and potential customers by conducting 31 surveys, including 4 promoter scores, 4 contact points, 20 net promoter scores (NPS), and 3 different satisfaction surveys. The results of these surveys were shared with all relevant stakeholders in our Company via the Pulse-Customer Voice Platform, and awareness was raised.

We reached 6,200 people in order to measure the satisfaction and recommendation tendencies of our customers and competitors through the promoter score survey. In 2020, we switched to layered research methodology and started to measure the impacts



AVIVASA **BI'DOLU** İLE ÖDÜLLENDİR KENDİNİ!

Onlarca kategoriden binlerce ürün, benzersiz etkinlik ve seyahat fırsatları AvivaSA'lılara özel avantajlar ile AvivaSA Bi'dolu'da sizleri bekliyor.

of various business factors on general recommendation and satisfaction scores and to conduct impact-performance analyzes. With the effect of customer-focused projects and proactive customer contacts, we determined that our customers' tendency to recommend us increased compared to the previous year.

We researched our customers' Net Promoter Scores, satisfaction levels, and factors affecting their satisfaction through researches based on the customer journey. We interviewed a total of 17 thousand customers through researches we conducted for sales, information, demand management and exit journeys. With the contact point survey, we interviewed more than 3,000 customers who had this experience in order to measure the service provided through channels such as mobile application, call center and corporate service center.

We regularly monitor the developments and actions we have created by taking advantage of the insight and customer feedback we have gained from the surveys.

Customer Focused Projects

Welcome Calls

In 2020, we continued the welcome calls for our PPS participants, which we initiated in 2019.

We aim to provide our customers with detailed information about their products and services through welcome calls, to understand their future expectations and to establish a strong bond with them from the first day.

Special Customer Line

We have re-created our service strategies in line with the customers' segments and life cycles in order to make long-term and sustainable communication with our customers.

Our "Special Customer Team," our telephone service function we established within the Headquarters in 2019, continued to serve our upper segment customers in 2020. We increased the sustainability of the bond we established through this service by making 10 thousand customer calls in 2020.

Opportunity Management Process

We re-established our opportunity management process with a customer-focused digital transformation perspective. We have completely automated the product request process submitted from existing and potential digital channels and ensured that the most accurate product is offered for the requests in the fastest way through our new opportunity management process.

With the renewed opportunity management process, we improved our process efficiency as well as customer experience by enabling the tracking of product requests from digital channels such as website, mobile application, social media and Call Center through a single system.

Customer-Focus

Using artificial intelligence, AvivaSA managed to identify customers who tend to exit, with a success rate of 84% and reduce their exit rates by 50%.

DATA & CUSTOMER ANALYTICS

Artificial Intelligence in Our Promotion Processes: Promotion Assistant

As dynamic domestic and foreign market conditions affect customer behavior and exit tendencies rapidly, the model algorithms need to be continuously followed, kept up-to-date and reinterpreted.

As AvivaSA, we have focused on understanding those customers with a tendency to leave by predetermining the possibility of exit, enabling a proactive intervention and monitoring customers' every moment from their first contact to their departure. We transformed the outputs and predictions we obtained from these surveys into an artificial intelligence application in order to support our field and Headquarters employees in promotion activities. Consequently, we managed to identify customers who tend to exit, with a success rate of 84% and reduce their exit rates by 50%. Thus, we contributed to reducing the exit risk of a fund amounting to TL 1 billion.

With the Promotion Assistant project, we won the "Highest Value Creating Project" award at the DnA (Digital and Analytics Community) Awards and the "Highest Value Creating Company" award with our analytical projects in 2020.

Internal Rate of Return (IRR) by Which Our Customers can Compare Their Returns Against Inflation

The internal rate of return (IRR) is a performance indicator that compares customers' returns according to inflation rate, based on the contributions made for each contract in order to display more clearly the high added value it provides to the PPS participants. With this performance criterion, it is aimed to reinforce the beliefs of the customers in the system by enabling them to compare their earnings according to market conditions.

Complex Event Processing Technology (CEP) Evolves with Analytical Models

As AvivaSA, we have implemented 'Complex Event Processing' technology, which offers the ability to act instantly by constantly monitoring customer transactions in different scenarios with certain rules.

In addition to SMS and e-mail notifications to our customers, we also provide simultaneous proactive notifications to our Call Center and field teams. In this regard, we have established a more organized and holistic communication structure by integrating our CRM infrastructure with CEP technology.

In 2020, we implemented scenarios that will increase customer retention and satisfaction, primarily based on the customers' current actions and predicting their next steps. Thus, we increased operational efficiency, holistic service management, customer satisfaction and loyalty, and made a financial contribution. In this context, we have contributed to the retention of TL 45 million of additional funds, which had an exit request as a result of promotional communications. We achieved a 30% improvement in the return to collection period, as well as an additional premium payment of TL 32 million in private pension and USD 1.5 million in life insurance, thanks to non-collection notices. We ensured that 10% of the Retail Internet Branch customers were introduced to the mobile application through instant referrals.

With our Smart Action (Akıllı Hareket), AvivaSA Mobile and Real-Time Personalized Customer Actions projects, we won the second prize in the Omni-Experience Innovator category at the IDC 2020 Awards.

In addition, we brought the data we obtained to a certain saturation level by using model approaches such as "Speech Analytics," and combined with CEP technology streaming data and predictive analytics. We aim to offer differentiated service to our customers by taking advantage of the continuously developing "Internet of Things" (IoT) technology.

Single View of Customer was Ensured

As AvivaSA, on our journey to provide the best service, we created the new single customer data mart as the first step and expanded the customer data collected from different systems for the last three years. The "Single View Of Customer" (SVOC) project, which was initiated to serve all users in our company from a single point, was completed in 2020. We have started to use the value-added data we have developed in our analytical studies in environmental systems in order to conduct our service model and to provide smart suggestions to our customers through the communication channel they prefer within the scope of the "Message Management System" and to work to increase customer value. In this way, we had the opportunity to manage all the information we provide to our customers holistically and to access the same information from each channel with perfect accuracy.

Personalized Campaign Management

In 2020, we continued our personalized campaign activities with one-to-one meetings conducted by our Call Center and field teams in order to enable our customers to grow their savings with the highest benefit. In this context, we have developed AvivaSA Mobile to enable our customers to take maximum advantage of the state subsidies and encouraged the use of the application.

We progress our analytical modeling studies to ensure that our customers get the highest benefit from our products. As a result of the model outputs, we communicated with approximately 150 thousand customers through various channels and informed them that they could benefit from the state subsidies and that our customers with high fund returns could save more. Thus, in 2020, we had an impact on our customers' additional savings of approximately TL 350 million.

Within the scope of the "Smart Action Mobile Lottery Campaign," we have initiated gift vouchers campaign for our customers who will perform certain transactions on AvivaSA Mobile that they can use on Bıdolu, AvivaSA Loyalty Program. In this way, we both contributed to customer digitalization during the pandemic period and rewarded our customers who save more. We will continue to emphasize the importance of saving in the future through digital channels.

Establishing a Holistic Chain of Action Through Artificial Intelligence: Next Best Action

We aim to offer a more customized service to our participants in 2021 with our technological investments. We aim to provide communications for the needs of the customers by basing the holistic customer journey on analytical foundations with the help of "Next Best Action" artificial intelligence, predictive determinations with machine learning, data mining and digital CRM studies. In this new structure to be established, we will be able to make appropriate suggestions to our customers through the CRM system Ocean, based on their preferred communication method, both current and future individual needs.

We Implemented University-Industry Collaboration for the Third Time

As part of "AvivaSA-University Collaboration," participants of the Sabancı University Data Analytics Graduate Program, which was held for the third time this year, graduated by completing their projects.

With the projects titled "Health Product Purchase Tendency Modeling" and "Persuasion Tendency Model," which we determined by taking into account the priorities of our Company, we aimed to develop the skills of approaching business problems with an analytical perspective by providing mentoring and modeling support to the two groups.

As a result of the advanced analytical modeling studies in which we collaborated with Sabancı University, the participants not only gained the opportunity to put theoretical knowledge into practice but also designed two new analytical models that support promotions and cross sales for the ongoing business processes.

CUSTOMER SERVICES MANAGEMENT

As AvivaSA, we determined our Company strategy by saying, "We exist to offer good at the core of our business for happy individuals and a society full of trust." When the Covid-19 pandemic hit the year 2020, we focused on what additional work we can do to achieve this strategy. We conducted this process by putting human in our focus. Taking the health of all our colleagues and their families, including our Call Center, as our priority, we quickly switched to working from home within 10 days following the first case in our country. We still continue to serve our customers from our homes.

In this process, our priority was to understand the needs and expectations of our customers in terms of our products and services, to provide accurate, fast and most importantly uninterrupted service, to approach them with compassion and to make them feel that we stand by them. While maintaining our 99% accessibility level during the pandemic period, we started to fulfill almost all requests of our customers with no paperwork and through voice approval. We increased our consultancy services in order for our customers to manage their funds more effectively by standing by them during economic fluctuations, and we further developed our digital applications by using innovative technologies. We accelerated the exit procedures of those in urgent need of money. We brought flexibility to our customers in premium payments. We further developed our digital applications.

Our devoted efforts brought us the first prize in the "Best Remote Customer Experience" category at the "Turkey Call Center Awards 2020" and the "Most Commended Company" in the "Best Remote Call Center with 101-499 Seats" category in 2020.

TELESALES AND PROMOTION UNIT

Within the scope of our promotional activities, we meet the exit and transfer requests of our customers and remind them of the advantages of private pension contracts and life insurance policies. We continue to emphasize the importance of state subsidies, especially in private pension contracts. In the light of the information provided, we convinced approximately 15% of the customers who came with the request to leave, and we supported TL 400 million funds to remain within our company. With the pandemic process, the completion time of the requests was reduced to 1 day to ensure customer satisfaction and the continuity of coordination with the field.

Within the scope of Telesales activities, we manage customer meetings to support contribution increase, non-collection and state subsidy progress payments. As a result of these meetings, we generated approximately TL 100 million revenue. We contributed to increasing the customers' savings by emphasizing the importance of saving and continuity of collection.

Again, during the activity period, we projected the issue of establishing a "Special Customer Team" in line with our strategic priorities. We plan to start these communications in 2021, which we expect to increase our service quality and competence.

Again, during the activity period, we started a project to establish the "Special Customer Team" in line with our strategic priorities. We will start these communications in 2021, where we aim to increase customer satisfaction to the highest level.

Digital Transformation

AvivaSA was among the main stakeholders of the ITU program in 2020, supporting start-ups in developing plug-and-play solutions to the problems of the sector.

Digital Solutions & Innovation

We established "Digital Garage" in 2016 to increase our Company's influence within the entrepreneurship and innovation ecosystem and carry out the Company's internal and open innovation efforts effectively. Being a first in the sector and inspiring the industry with its innovation efforts, the "Digital Garage" continued to make a difference with its activities despite the constraints caused by the pandemic in 2020.

Digital Garage Supports the Entrepreneurship Ecosystem

AvivaSA, which previously opened calls for cooperation through the Digital Garage initiative, was among the main stakeholders of the ITU program in 2020, and also supported start-ups to develop plug-and-play solutions to the problems of the sector.

We participated among the main sponsors of ITU Çekirdek Big Bang, Turkey's largest start-up Challenge Program. 20 of our employees who participated in the mentoring program of ITU Çekirdek worked as start-up mentors within the framework of the program.

As a company that follows the problems of the sector by contributing to the common idea platform, we continue to be a strategic member of the Blockchain Turkey Platform, established under the leadership of the Turkish Informatics Foundation (TBV).

We attended the Istanbul FinTech Week (IFW'20), which was held online due to the pandemic on 9-13 November 2020, as a premium sponsor, and strengthened our relations with global entrepreneur centers and managements.

GarajTalks Seminars

We gathered the series of seminars on innovation, technology and digital transformation, which we initiated in 2016, under the brand "GarajTalks." In this context, we enable selected influencers to share their experience and knowledge with our employees through GarajTalks seminars. In order to provide vision to both the sector and the Company digitalization program, we bring together successful start-up application examples on current issues such as big data, blockchain, artificial intelligence and virtual reality with our employees.

Digital Garage on Social Media

In 2020, we continued to produce content to provide information and create awareness about innovation, digital transformation and recent technological advancements on our Digital Garage blog site www.avivasadijitalgaraj.com and other social media accounts.





Branding and Communication Activities

AvivaSA achieved an increase of 87% in the number of followers on Instagram, 75% in interactions and 34% in access, with the content efforts it made on social media in 2020.

Brand Communication Activities

AvivaSA used newspapers, magazines and digital media to reach its target group for image and product communications throughout the year. Throughout the year, we mainly conducted communication activities for the promotion of AvivaSA Mobile application, AvivaSA Bi'dolu loyalty program, Private Pension, the Bright Side of Insurance and Kredim Gvende products. We produced digital and printed materials such as videos, e-mails and brochures to introduce our products to the target audience. As a result of our communication efforts, we took our place among the most well-known brands in the life insurance and pension sector. With a 100% increase in its brand value, AvivaSA, the only private pension and life insurance brand that succeeded to be included in the "Turkey's Most Valuable Brands-Turkey 100" list of the international brand valuation organization Brand Finance ranked the third in the list in 2020, which has the highest increase in brand value.

We conducted a multi-dimensional project throughout the year to determine the new existence reason for the AvivaSA brand. Within the scope of the project, we conducted various field researches, workshops and interviews to measure brand perception, customer insights and social and cultural tensions of Turkish society. In the light of data we obtained from all these activities, we determined the new reason of existence for AvivaSA, which will be adopted by all stakeholders and will differentiate it in the market. In 2021, we will carry out activities within the company and for our customers to reflect our reason of existence in all our processes, services and culture.

We published content about lifestyle, products, and events to boost our brand awareness on social media and reached more people compared to the previous year. Throughout the pandemic, we made informative communications to our customers and potential customers with "#evdekal" contents we shared on social media and included in e-mails. In order to announce the advantages of the Private Pension System and the privileges of AvivaSA, we collaborated with 3 influencers having a high number of followers on Instagram and shared them under the #AvivaSAileBES tag. The posts achieved a total of 903 thousand views, 834 thousand accesses, and 21 thousand interactions. We shared content that will transform the aging and old age perception of the target audience into positive in order to direct them to At All Ages account, which is our corporate social responsibility project.

With our content efforts on social media, we achieved an increase of 87% in the number of followers on Instagram, 75% in interactions and 34% in access.

As a result of our search engine optimization efforts throughout the year to rank higher in search results, we ranked among the top three in the results of sectoral word searches such as "life insurance" and "private pension system." We achieved a performance increase of 6.87% in the performance of private pension pages on our website and 13.3% in life insurance pages.

We sent regular e-mail and SMS messages about products and services to our customers who gave permission for information and marketing-related communication.

We regularly analyzed the visitor conduct in our corporate website avivasa.com.tr, and made regular developments to improve its experience and performance. In addition to the improvements in terms of speed, mobile experience, design and content, with the aim of providing an inclusive service, we have added a button to our website to increase the size of the texts for visually impaired visitors and visual explanations to describe the images on the site vocally.

AvivaSA Bi'dolu Communication Initiatives

In order to announce and increase the use of our loyalty program AvivaSA Bi'dolu to our customers, we have broadcast social media advertisements throughout the year and sent e-mails containing lifestyle content as well as campaign products/experience to our customers who have given permission to communicate.

We have initiated design and UX activities with the aim of renewing the Bi'dolu website in line with the latest design trends and improving the user experience.

AvivaSA Mobile Application Communication Initiatives

We conducted communication activities in digital, printed and audio channels throughout the year in order to encourage existing customers to download the AvivaSA Mobile application, to increase the frequency of its use, and to strengthen the brand image by announcing its prominent features to potential customers.



By continuing to broadcast the advertisement film prepared within the scope of the launching communication we realized with the motto of "Smart Action: AvivaSA Mobile" on digital media in 2020, we made a display banner in order to announce and increase the use of FonPro, our Digital Fund Consultancy service on AvivaSA Mobile. In addition, we explained all new and prominent functions and facilities of AvivaSA Mobile with the content we posted on social media throughout the year.

Our "Smart Action: AvivaSA Mobile" advertisement film won the Centauri Winner award in the Online Video Category at the Vega Digital Awards in 2020.

Public Relations Initiatives

Our media visibility has increased 10 times compared to last year, thanks to our extensive spokesperson communication and news activities in printed and digital media throughout the year, as part of press communication and reputation management.

Within the scope of "At All Ages," the industry's first social responsibility project on aging and old age, we focused on awareness efforts on "age discrimination" in 2020 and brought a social problem that has never been discussed before to the

agenda of the press. We announced the awareness campaign of "No Age" of the corporate social responsibility project "At All Ages," which was launched in 2019, at a press conference, and we made efforts to make the campaign visible in the leading media of the printed and internet press. We achieved 11 million accesses and 30 million views only on Instagram and Facebook with our No Age awareness film. We accessed 3.9 million users on YouTube. We achieved 58.7 million interactions and 22 million accesses with live broadcast ads, banner activities, Ekşisözlük and Onedio content, and Google targeting.

During the pandemic process, as AvivaSA, we announced the Red Crescent food donations made for those over the age of 65 within the scope of our corporate social responsibility project At All Ages in printed and online media. Within the scope of our awareness activities on "Age Discrimination," we also made special interviews and content activities on the pandemic agenda and shared them on www.heryasta.org and social media accounts. With the announcement of the "At All Ages" project, AvivaSA was made visible in the media with marketing, communication and life themes as well as the economy press.

Branding and Communication Activities

An online award ceremony, entitled “Changemakers,” was held in June for employees who were awarded for their outstanding achievements in sales channels in 2019.

130 Million Accesses

As a result of its media efforts, AvivaSA achieved 130 million accesses by the end of 2020.

In line with our mission to raise awareness of saving in Turkey, we announced the results of our “Consumer Attitude and Behavior Changes in the Insurance Sector with the Covid-19 Pandemic” on October 31 World Savings Day. According to the results of the research, it was revealed that consumers turned to savings due to future anxiety and a possible disease concern with the Covid-19 pandemic. In our press communication, we made various suggestions to consumers in parallel with the research outputs.

Within the scope of press communication and reputation management, we achieved a wide range of media visibility with the CEO communication we carried out on TV, printed and digital channels throughout the year. Likewise, within the scope of spokesperson communication, our Assistant General Managers conveyed the developments in their fields, expert opinions and AvivaSA’s activities to the masses via press and TV.

We maintained leadership communication through media and reputation management efforts such as press conferences, press releases, interviews, and TV programs throughout the year. The news about the growth of AvivaSA in Private Pension, which is above the sector average in life insurance, with the sector leadership in terms of fund size, was reflected in the press and online media. In addition, we announced our financial achievements through our fund size and award communications in addition to the Public Disclosure Platform (KAP) disclosures. We aimed to be visible and demanded company on the potential human resources side and to increase our employer brand reputation by announcing our successful practices in areas such as cultural development, employee experience and talent management implemented by Human Resources and the positive results we achieved in media. By communicating the projects carried out in the fields of business technologies and operations and the successes achieved, we have achieved reflection in the relevant channels.

As a result of our media efforts, by the end of 2020, we had 48 million accesses with 856 printed and 12,209 online reflections.

We aim to continue with CEO communication and increase spokesperson communication in the upcoming period. We are planning to announce developments in products, processes, cultures and services through one-to-one communication with press members and to increase our reputation efforts. In 2021, we will also continuously share new projects, collaborations and developments that we will implement within the scope of “At All Ages” project with the press.

Event Management and Sponsorship Initiatives

Sales Vision Meeting

Due to pandemic conditions, we could not hold the Vision Meeting, which is the most loved internal communication activity by our employees and is highly anticipated every year, where our different sales channels such as Direct Sales, Bancassurance, Corporate Projects and Agencies and other internal stakeholders come together.

We held an online award ceremony, entitled “Changemakers,” in June for our employees who were awarded for their outstanding achievements in sales channels in 2019. In this way, we tried to keep the motivation of our employees high by rewarding their successes under pandemic conditions. Our sales achievements in 2019 and our strategic sales targets set for 2020 were conveyed in the live broadcast that lasted for three hours. At the award ceremony, 369 employees were awarded in nine different categories, and the live broadcast was watched by 1,032 people.

Sponsorship Activities

Throughout 2020, we took part in activities as a sponsor to increase our brand awareness by evaluating various sponsorship channels in line with the strategies and targets of the AvivaSA brand. In line with our digital transformation goal, we supported events especially on insurance and financial technology. In addition to increasing our brand visibility in the fields of entrepreneurship, digitalization and financial technology, we had the opportunity to share our strategic messages with industry stakeholders at ITU Çekirdek InsurTech, Istanbul Fintech Week (IFW’20) and Webrazzi Fintech events.



Corporate Social Responsibility

In 2020, AvivaSA addressed the issue of age discrimination in a holistic and sustainable manner and continued to support society with its aid and donation activities throughout the year.

At All Ages Project

As AvivaSA, in 2020, we carried out very important activities within the scope of our corporate social responsibility project "At All Ages" in order to address the issue of age discrimination in a holistic and sustainable manner and to bring it to the agenda both in the media and in the digital world.

Throughout 2019, we made efforts to embrace the issue covered in the project which aims to increase awareness by attracting attention to topics related to old age and aging. In 2020, we focused on awareness-raising activities on age discrimination, which became more visible especially after the pandemic. We have continuously increased communication and interaction with the target audience by producing regular content on www.heryasta.org and social media accounts in order to guide society's preparation for aging and to turn the negative perception of the society into positive. We accessed a total of 5 million people on social media with only the content shared on age discrimination.

We informed approximately 750 people about "age and age discrimination" through 4 trainings we organized for our employees and business partners. We explained age discrimination to approximately 8 thousand people in two live broadcast interviews, one with Kaan Sekban, on social media.

We have started to work to make our processes that work and touch our customers age-friendly through workshops and voluntary activities within the company. By establishing the "At All Ages Volunteers" team, we explained the At All Ages project to 20 volunteer AvivaSA employees. We also included the volunteer team in the efforts to increase the awareness and adoption of the project within the company. On the other hand, we organized workshops, determined relevant development fields and established our action plans in order to make AvivaSA an "age-friendly company."

In November 2020, we decided to unite our efforts on age discrimination under a campaign and announce it to the masses. We launched an awareness campaign with the discourse "No Age" with the aim of bringing this social problem, which has never been discussed before, to the agenda. With an awareness film that we prepared within the scope of the campaign and shared on digital media, we drew attention to the age discrimination that everyone, men and women, young

Awareness in Age Discrimination

AvivaSA explained age discrimination to approximately 8 thousand people in two live broadcast interviews, one with Kaan Sekban, on social media.

and old, is subjected to, through idioms and proverbs such as "that's a child's mind," "the heads of the young people are in the clouds," "hanged up their spurs" and "one foot in the grave." The film, which explains that what they can do in life and how to live is not related to age, through 4 personas representing different age groups, gave the message, "Despite the idioms that are settled in our language, we can live fully at any age. Because if we want, there is no age for what we can achieve in life." We used advertising and content collaboration models in social media, internet, radio, newspaper and magazine channels with the aim of communicating the campaign to the large masses. We made content partnerships with content accounts sensitive to social responsibility issues and influencers with high number of followers on Instagram. Our Awareness film reached 30 million views on Instagram and Facebook and 3.9 million users on YouTube in 1.5 months. During the campaign, while the number of followers on Instagram doubled, the number of followers on Facebook increased by 34.4%.

We interviewed people aged 65 and over about their feelings during the coronavirus pandemic on www.heryasta.org and on social media. We expressed the feelings of all generations by asking the same questions to young people. We contacted expert sociologists and psychologists and published interviews on "understanding the elderly and establishing healthy communication with them." At the same time, by publishing a "Coronavirus Guide" on our website and social media accounts, we informed the readers about what needs to be done during this period.

As of 2021, we aim to develop ideas that will shape the projects we will implement in the long term, access the target audience with non-governmental organizations and municipalities



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we can collaborate with, and implement information and awareness activities on preparation for aging. At the same time, we will continue to work on communication within AvivaSA and increase the participation of our employees in the project. We are planning to achieve a first in the sector by implementing the activities we planned with the vision of “Age-Friendly Company.”

Aid and Donation Activities

2020 was a difficult and painful year in which many disasters, especially earthquakes and fires, have left a mark in our lives, as well as the pandemic that took the whole world under its influence and a similar one of this size was encountered a hundred years ago.

In May 2020, we donated to the Turkish Red Crescent’s Pandemic Solidarity Project, reaching 3,000 homes where elderly citizens have difficulty in meeting their basic needs due to pandemic restrictions and supported the delivery of aid packages that will cover 1 month’s food expenses.

In December 2020, considering the new measures taken during the pandemic process and the basic needs of the elderly that emerged in this environment, we implemented the “At All Ages-Pandemic Aid Project.” We distributed aid packages to people over the age of 60 in 2,300 households in 7 municipalities, including Istanbul, Ankara, Izmir and Bursa, to meet their basic needs regarding food, health and hygiene. With the Psychosocial Support Line we established within the scope of the project, a team consisting of 4 psychologists under the leadership of a geriatrician started to make phone calls with elderly citizens. In this way, we aim to help our elderly citizens, whose feelings we listen to, reduce their feelings such as loneliness and anxiety by providing psychological support.

We donated to the Disaster and Emergency Management Presidency (AFAD) and the Red Crescent in order to help the people of the region after the earthquakes that occurred in Elazig and Izmir during the year.

We donated 2007 saplings to the Foundation for Support of Forestry Development and Forest Fires Fighting Services (OGEM-VAK) in order to contribute to the reforestation of the forest area affected by the fire in Hatay.

Human Resources Activities

Determining foresight, customer-focus, inspirational leadership, simplicity and collaboration as cultural priorities in 2020, AvivaSA carried out many activities in accordance with the pandemic under these headings.

Cultural Development Activities/1-0 Difference

As a company that always keeps the importance we attach to cultural development at the highest level, we continued our investments in people and culture in 2020 without slowing down.

After the Voice of Aviva survey, we evaluated the point achieved in cultural development and prepared the cultural strategy for 2020. According to the results of the survey, AvivaSA became the second best company among all Aviva companies throughout the world.

In 2020, we set foresight, customer-focus, inspirational leadership, simplicity and collaboration as our cultural priorities, and carried out many activities in accordance with the pandemic under these headings.

In order to convey AvivaSA's cultural development priorities and cultural actions to all our employees, the "Cultural Ambassadors," consisting entirely of our volunteer employees, visited all departments and regional offices on online platforms. All feedback collected was used in the planning of cultural development actions.

Topics believed to be improved further according to the results of the 2019 loyalty and culture survey were collected under 6 headings (Customer, Communication, Development, Talent, Processes and Leadership). We established a working group called the Culture Innovation Team (KIT), consisting of volunteer employees to develop suggestions to target better results on these topics.

After the studies, 18 project ideas were developed by the KIT team and submitted for the approval of our executive committee. All ideas approved by the executive committee were projected in the relevant business units. We implemented 5 out of 18 projects in 2020, and made plans to implement the remaining projects in 2021.

The Culture Awards program, which was designed to appreciate our teammates who act in accordance with the cultural approach and priorities among our Headquarters employees and to increase cultural awareness, was carried out on online platforms in 2020 due to the pandemic. In the program, "Cultural Pioneers" were selected among the persons suggested and voted by the employees within certain rules. We organized a live broadcast concert on our @avivasakariyer Instagram account in order to have fun together on the evening, the Cultural Awards were delivered to their owners.

Employee Experience

In 2020, we created the main approaches and mechanisms for the sustainability of the employee experience and started to apply these approach methods in all changed or newly designed applications/decisions. Many projects were realized under the title of appreciation and rewarding as part of the employee experience.

Within the scope of these projects, our employees who received the most appreciations for the support they gave to their friends every month in the Bi'Teşekkür module on our intranet portal were announced to the entire Company and were rewarded for their contribution to the culture of our Company in the field of cooperation, which is one of our priorities. We continue to reward those who receive the most appreciation every month with the application.

Another rewarding project was implemented with high loyalty badges assigned to managers specifically for loyalty scores. A special address was sent from the CEO to the team managers with a loyalty score of 85% and above, and they were rewarded with a badge located on the intranet profile page.

Within the scope of employee experience, we performed another study for seniority awards. In the workshop organized with the participation of 15 employees, we decided together on the content of the award to be granted to our employees who have completed their seniority in the 5th year and its multiples.

AvivaSA Seninle Bi'Başka (AvivaSA Is Different With You)-Employer Brand Initiatives

As AvivaSA, we attach great importance to every experience of our employees and potential colleagues, and we continue our employer branding efforts at full speed in order to live and explain this experience in the best way possible.

With the Sebepsiz Mutluluk Kutuları (Baseless Happiness Boxes) application, which we initiated with the aim of causing a small smile on the faces of our employees and helping them to have a good day, we sent gift packages consisting of tiny surprises to a group of employees chosen randomly every month.

Within the scope of career events of target universities, we participated in live broadcast events on Instagram and a digital career fair and organized meetings with students.

We shared up-to-date information about AvivaSA by maintaining active communication with intensive planning in all social media channels. We announced open positions on AvivaSA Career account and started to receive applications.

Instead of broadcasting with stock images that are frequently made in social media management, we made shares involving our employees. While it was observed that this preference contributed significantly to employee loyalty and motivation, the sincerity of our employees was also reflected in the candidates.

During the pandemic, we conducted live broadcasts with both career and motivational content. By the end of 2020, the number of followers on the LinkedIn page increased by 70% compared to the previous year. The number of followers of AvivaSA Career Instagram account increased by 7% compared to the end of 2019 and reached 6,017.

CEO for a Day

By registering for Odgers Berndston's social responsibility program "CEO for a day" on a global level, we conducted successful cooperation. Our CEO Firat Kuruca spent a full day on online platforms with three finalist students within the scope of this program, where young leader candidates who passed through different evaluation processes and qualified to be finalists and CEOs of Turkey's leading organizations came together.

Participating in important meetings with a busy schedule throughout the day, the young people had the opportunity to observe the responsibilities of the managers, team management and how value is created for the Company. They evaluated the day they spent with our CEO Firat Kuruca at AvivaSA as "very valuable and inspiring." Young leader candidates also had the opportunity to answer questions about our company from our social media accounts.

Shadow EC

In 2020, we launched the Shadow EC program for the first time to observe and understand how the issues on the agenda of our Executive Committee and how the decisions taken are evaluated by qualified young AvivaSA members with high potential, and to combine the different perspectives and creative, innovative and entrepreneurial approaches of Young AvivaSA members with the experience of our Executive Committee.

The first period of the program, in which each Assistant General Manager has one representative, was successfully completed in July with a team consisting of 8 people. The Shadow EC program, which started the second period with 8 different talents, will be completed in January 2021 and new talents will be given opportunities in each period.

Equal Opportunity for Women - TogetHER

We continued our efforts within the scope of the "TogetHER" program, which aims to identify and eliminate the obstacles to the careers of women employees, increase the ratio of women managers and raise awareness on gender equality.

- On March 8, International Women's Day, we hosted Ayşe Arman as a strong female model at our Headquarters and had a pleasant conversation with the participation of all our employees.
- By organizing a special event, we ensured that university students who want to pursue a career in technology meet with our Company's senior female managers working in the field of technology and get information on issues they are curious about.
- We started the "Jump IT HigHER" program, in which we planned to increase the number of women working in our Business Technologies department and to reinforce gender equality, and 8 female university students started working part-time during the school period and full-time during the holiday period. We are planning to offer employment opportunities to students at the end of the internship period.
- We increased the period of paternity leave from 5 days to 2 weeks.
- We established and shared a "Policy for Struggling with Domestic Violence" for our employees. We opened the Domestic Violence Support Line for use.

AvivaSA Employees' Social Responsibility and Volunteering Activities

We donated to the Education Volunteers Foundation of Turkey (TEGV) and in case the first degree relatives of our employees die, we sent a condolence card, and in case of serious surgery, illness or accident, we sent a get well card.

Human Resources Activities

Evaluated over 10 questions, AvivaSA loyalty score reached a record level of 91% in 2020.

AvivaSA's Most Social Team

Bi'Happy, the most social team of AvivaSA, founded and managed by our employees, organized 9 different events in 2020 with the participation of 214 employees.

We continued to contribute to the education of female students with the "AvivaSA" scholarship fund established in the Turkish Education Foundation (TEV). After Aviva's Voice Survey, we donated to AvivaSA TEV Scholarship Fund for the total number of employees who participated in the survey.

Our employees ran after good by participating in the Istanbul Marathon virtual run. 7 of our employees ran and collected donations to support the Foundation of Hope for Children with Cancer (KAÇUV), 5 of our employees to support the Foundation for the Support of Women's Work (KEDV), and 10 of our employees to support Darüşşafaka Society.

We launched an aid campaign for families who suffered from the earthquake in Izmir on October 30, 2020 and sent basic needs kits to those in need with the donations of our employees.

Voice of Aviva Survey

In 2020, 98% participation was Voice of Aviva Survey, which measures employee loyalty and satisfaction. The loyalty score evaluated over 10 questions reached 87%, exceeding the last year's score of 83% by 4 points. According to the new evaluation made on a single question, we achieved a very high loyalty score of 91%.

This year, the loyalty scores of AvivaSA were 11 points above Aviva's global average according to the evaluation made over 10 questions.

According to the evaluation results of the survey of 2019, we conducted a focus group, team coaching activity and 1 to 1 interviews to increase the loyalty rates of our departments with a score of 70 points or less. In these activities carried out with a total

of 12 teams, including our Headquarters and sales staff, actions were taken by evaluating the survey questions and results. We held one-to-one interviews with our managers with scores between 70 and 75. In 2020, the average score of our 12 teams, for which focus group and team coaching activities were carried out, increased from 59% to 81% thanks to the actions.

Internal Communication Activities

We held monthly communication meetings with the CEO and sent informative e-mails so that our employees were currently informed about the decisions of our executive committee, our goals and developments, our partners and the sector.

Within the scope of employee loyalty activities, we organized many online and offline activities such as various events, competitions, health talks, executive committee talks, dietician practice and social responsibility activities before and after the pandemic.

Bi'Happy

Bi'Happy, the most social team of AvivaSA, founded and managed by our employees, organized 9 different events in 2020, physically before the pandemic and online after the pandemic, with 214 employees in total.

Bi'Happy has organized many different activities during the year such as cocktail workshops, ski and cultural trips, glass workshop, cheesecake workshop, online pilates lessons, punch workshop, cat house decorations, Christmas door decorations, and astrology talks.

Bi'Dünya

A total of 46 news, 126 announcements and a total of 4 photo albums related to the events were published on the Bi'Dünya intranet portal. Our employees thanked each other 2,148 times in total through the Bi'Teşekkür module, which is designed to spread the culture of appreciation and acknowledgment among AvivaSA employees. We took the opinions of our employees on various issues through mini-surveys we conducted on the portal.

Bi'Başka TV

Corporate and up-to-date news were shared between January and March to be displayed on Bi'Başka TV, which is broadcast simultaneously in 20 regional offices at the same time with the General Directorate. We had to take a break from the broadcasts for a while, as we switched to working from home after the pandemic. We plan to resume the practice after the pandemic.

Human Resources Organizational Structure

Sabancı Holding aims to focus on Digitalization & Innovation, Environmental Sensitivity, and Human & Society within the scope of its sustainability strategy. In order to realize our goal of being a pioneer in these issues, we are planning a new organizational structuring to address sustainability issues under the umbrella of Human Resources.

Employee Profile

AvivaSA's current number of employees is 1,409 as of the end of 2020. 94% of our employees, 66% of whom are women and 34% are men, are university graduates. We have a dynamic staff with an average seniority of 5.9 years and an average age of 34, with 79% from generation Y and 2% from generation Z employees.

HR Business Partnering

During the closed-door meetings where we came together with our employees, we talked about issues such as career planning and performance, and shared the issues that require action with the necessary departments and management. During the pandemic period, we held online team meetings with our Bancassurance and Direct Sales channel employees who could not carry out their field activities and work from home. In these meetings, we discussed topics such as the pandemic period, career planning, and current Company information. The requests received from our regions were evaluated and delivered to the relevant departments and communications with solution/information content were made. In addition, we planned so-called open door meetings with our management staff. Here, appropriate solutions were produced by focusing on the team of our relevant manager and leadership processes during the remote working period.

Recruitment

A total of 189 new colleagues joined the AvivaSA family, with 114 in the Headquarters staff, and 19 in the Bancassurance Department and 56 in the Direct Sales Channel, with the recruitment activities we carried out with various methods and instruments.

We redesigned the recruitment process of our 18 regions and branches in the Direct Sales Channel and developed them to keep up with the needs of the digital age.

We have created a remote model for our Business Technologies Software Development teams. In this context, 5 Software Specialists from Izmir, Gaziantep, Antalya and Bursa joined us. After the successful pilot implementation, it is planned to expand the remote working model from different provinces throughout our company.

Jump IT HigHER and Internship Opportunities

Together with Jump IT HigHER, our university internship program for female university students who aim to pursue a career in information technologies, and high school interns, we offered internship opportunities to 37 students across AvivaSA and supported them to gain experience before starting business life. Within the scope of this program, we planned interview techniques and Agile/project management trainings for students and organized career talks to get them to know the executive committee more closely. Moreover, within the scope of the Sabancı Holding New Generation Career Experience Internship Program, we offered internship opportunities to 2 university students in our Company.

Career and Talent Management

At AvivaSA, promotion periods for standard and level increase were planned twice a year for Headquarters staff within the scope of the career procedure. In 2020, 26 level increases and 48 standard promotions were performed. 52% of our managerial positions (10 of 19 positions with internal candidates and 9 with external candidates) were filled internally.

In 2020, 42 employees were promoted in Direct Sales Agencies and Corporate Projects Assistant General Managers and 51 employees in Bancassurance Assistant General Managers. We also promoted 2 employees, who worked in sales positions in the Bancassurance and Direct Sales Agencies and Corporate Projects Assistant General Managers, to managerial positions. All of our managerial positions were filled internally.

In addition, within the scope of our Young Entrepreneur Program, 5 AvivaSA employees opened their agencies and had the opportunity to establish their own businesses.

Next@Work

With this project called Next@Work, we established a working group in April and started to work on the road map to see what the pandemic period taught us, its gains and how we will reflect them in a way that will create a permanent competitive advantage in our lives. We determined the main dynamics that will guide the HR of the future, with a one-day preliminary workshop held at the beginning of May.

In July, we organized a workshop where all departments were represented at all levels, and we established working groups and planned actions in line with the needs of the new period.

Human Resources Activities

AvivaSA won the first prize in the category of "Sabancı of the New Generation" at the Golden Collar Awards organized by Sabancı Holding every year with its rotation program Career Adventure.

During this process;

- In order to design the future of the new working order after the pandemic, we determined the principles of different working models and excluded the scope of new fringe benefits compatible with these models.
- We implemented the 100% remote working pilot application regardless of the location.
- We structured our Headquarters and sales offices by conducting a needs analysis for the new office model.
- We designed the distance selling model and implemented the pilot application.
- We initiated the Employee Support Program.
- We carried development programs, recruitment and promotion processes to digital platforms.
- We took actions to digitalize HR processes and expanded the e-signature process throughout the Company.
- By creating a concept of a Huge Family in Different Houses specific to the remote working period, we conducted all communication under this roof.
- We redesigned Bi'Happy social activities in digital environments in line with the needs of the new period.
- We organized many events that will increase belonging in remote working and made plans for the future.
- We analyzed the leadership needs of the new period and implemented the "New Period Leadership Development Program."
- We built a performance management system compatible with the new period.
- We updated the goal and reward criteria of the field team with a new period perspective.

Career Adventure-Rotation Program

With the Career Adventure rotation program, which is carried out to contribute to the development of our employees, to create opportunities for collaboration and discovering individual talents, to provide a diversity of experience and to support career processes, 10 employees were included in the rotation program in 2020. Career Adventure won the first prize in the category of "Sabancı of the New Generation" at the Golden Collar Awards organized by Sabancı Holding every year.

360-Degree Competency Appraisal and Development Days

With the Development Days, which started right after the 360-degree appraisal, our employees met with their managers and determined the competencies they would focus on their development. Second interviews for follow-up purposes will be made over the actions we have determined.

Development and Talent Management Activities

Training activities structured in line with AvivaSA's strategic goals contribute to the personal development of our employees as well as their basic professional development. We continue our training investments in line with our goals of maintaining customer satisfaction and providing a customer experience in line with our standards.

In 2020, we organized 457 group trainings under 214 different topics using internal and external resources.

The training period for the Direct Sales Channel was 2.2 days per head, the training period for the Bancassurance Channel was 3.81 days per head, and the training period for the Headquarters was 2.3 days per head.

As a result of the training programs provided to employees and business partners, 84 people were qualified to become Private Pension Brokers while 38 people successfully passed technical exams and received their licenses.

With the training support provided for Akbank employees, 206 people in 10 groups participated in sales and product training in 2020. In the licensing studies, 74 people in 5 groups received license training. 151 people from 6 groups participated in the sales and product training provided for Akbank Call Center employees.

858 agency employees attended the online "Current Economic Trends" training.

Digital Transformation of Training and Distance Training Model

During the pandemic period, especially with the transformation of face-to-face trainings into the distance and online training, fundamental changes occurred in training both provided within AvivaSA and outsourced.

We transformed all in-class trainings given by internal trainers into a distance training model within our company. At the same time, our trainings were supported by digital tools and implemented with a new training setup and design. We used the Bloom Taxonomy and Flipped Learning methods accepted all over the world while making the designs.

At the same time, we made the in-class training contents enabling interaction with the digital applications of Padlet, Hatırlat, Mentimeter, Kahoot, Mural, Wooclap and de Quiziz.

For our employees, we established a digital competence library so that they can turn this period of remote working into an opportunity and continue their competence development, and we have turned the content specific to competencies into a development series through weekly communication.

We supported our sales teams to closely monitor economic developments so that they can interpret instant developments regarding changing market conditions and manage the demands of our customers. We have kept the market information up-to-date with our frequent economy webinars, newly started Economy Club activities and economy bulletins.

We evaluated the development needs of the departments with training needs analyzes. In line with the determined needs and priorities, we conducted training activities with distance training and online content.

We implemented post-training follow-up applications with our digital reminder "Hatırlat," which is a mobile application in order to promote the trainings we provide remotely due to the pandemic and to keep them in mind.

Again, we prepared a new training program for our employees in sales teams whose performance was affected by the pandemic. Program participants were supported with one-to-one "role plays," applications and simulations that would support each other's learning experience using digital tools remotely.

In this process, we transformed the trainings we provided within the scope of talent programs by adapting them to the distance training model and supported them with new online applications.

With the digital transformation of the e-learning project that we started in the field of training and development in 2020, we aim to make e-learning compatible with new generation applications and technological developments.

Remote Customer and Sales Management

During the pandemic period, we carried out development activities to support the remote customer and sales management process of our sales teams.

We prepared an e-learning content that includes the details of all the tools used in distance selling, and the processes and applications carried to a digital environment. We shared a seven-episode podcast series designed with the new learning experience to improve distance selling competence.

In order to support this process and reinforce the learning, we made live broadcasts including "Distance Selling and Role Play" applications.

AvivaSA Economy Club

AvivaSA Economy Club was founded with a team selected among our employees to increase financial literacy in our company. Club members publish an e-Economy Bulletin with their researches every month and meet with different guests at live broadcasts every month and organize an economy program.

Webinar Series

We created a webinar series taking into account the pandemic conditions and employee needs. In this context, we implemented the webinar series based on mindfulness, motivation and endurance, brain and adaptation, future perspective and futuristic approach. We are continuing our development activities with content specific to the agenda with the "Brain Adapting to the New Normal" and "T Human-Future is in Pursuit!" webinars.

CMB Licensing Process

In order to contribute to the professional development of the employees working in our sales teams and to support their specialization in financial markets, we carried out development activities that will enable them to obtain a CMB license.

Professional Exam Applications

By measuring the professional knowledge levels of our employees working in the sales team, trainings were organized for subjects that need improvement.

Sabancı Advanced Data Analytics Academy

As AvivaSA, we have participated in the Academy established within the scope of Technology and Advanced Data Analytics, one of the three strategic priorities of Sabancı Holding. In the third year of the Advanced Data Academy, which was established to increase the number of data transmitters, scientists and engineers in Sabancı group companies, AvivaSA took part in the program with 4 participants.

Experience Transfer Mentoring Program

AvivaSA Mentorship Program DNA (Experience Transfer Mentoring Program) continues with its second term. The mentorship program, which started with the aim of being a learning organization, integrating the corporate culture and way of doing business, increasing cooperation, improving motivation and productivity, creating corporate memory and focusing on development, has 20 mentors and 24 mentees as of 2020.

Human Resources Activities

AvivaSA ranked the first and won the gold award with its "DSF 2.0 Orientation and Training Program" in the "Best New Orientation" category at the Talent Acquisition Excellence Awards organized by Brandon Hall.

Distance Leadership Development Series and Training Program

With the pandemic process, we have shared a total of 20 different distance leadership-themed contents since March. The contents are designed to serve different learning experiences, together with leadership webinars, Harvard Business Review articles, podcasts, book summaries, and TED Talks videos.

In addition, we designed a development program in order to deepen and support the development in "Distance Leadership." The training of our development program, which includes all our managers, focuses on long-term distance leadership needs, and consists of five modules, has been initiated.

LOMA-LIMRA Training Support

We offered our employees the opportunity to become a member of LOMA, one of the largest training and development organizations in the insurance industry, and LIMRA, its subsidiary providing research, consultancy and professional development for the sector. We continued our training and certification support for our management staff in "The Fellow, Life Management Institute" (FLMI), LOMA's professional development certificate program, during the previous activity period.

AvivaSA KEP, Industry's School

As the industry's school, we implemented the AvivaSA KEP project in order to support the development of students and to promote the insurance sector during the period when universities took a break from education. 1,000 applications were made to the program. This program, which includes university students and new graduates, offered its participants opportunities to meet with insurance, economy, interview trainings, industry-renowned trainers and AvivaSA executives. In addition, AvivaSA KEP participation certificate was given to all participants who completed the process. 150 young people who met certain success criteria in the trainings, had the opportunity to experience online interviews with AvivaSA recruitment teams.

Talent Management | Future Club

We continued our talent training program, Geleceğe Bi'Adım (One Step to the Future), which was created with special content for different participant groups, through digital platforms. We support the training and development processes of 27 employees with the training program.

By approaching talent management, which is one of the focal points of Human Resources, with a holistic perspective, we held certification program support that supports specialization in

insurance, a webinar specific to the pandemic process, and a communication meeting with executive committee, besides training programs.

Brandon Hall Award

We ranked first and won the gold award with our "DSF 2.0 Orientation and Training Program" in the "Best New Orientation" category at the Talent Acquisition Excellence Awards organized by Brandon Hall, one of the world's most prestigious consulting companies with its experience in in-house training and development.

IDM (Identity Management) Project

The project has been initiated to manage the types of users using AvivaSA systems and applications and identified/transferred from different sources to AvivaSA systems from a single system, to determine the authorizations of all user types in accordance with their place and role in the organization, to define IDM roles suitable for these authorizations, and to manage authorizations through a single system. The roadmap efforts continue for the next period of development of the project, in which the system created in parallel with these objectives was put into action.

Communication and Development Efforts Concerning the Commission System

We started the year by making some changes in acquisition systems in line with cyclical developments, industrial dynamics and customer needs. Since March, we have followed the course of the pandemic on a monthly basis and made the necessary updates on the basis of channel and period. We implemented measures to protect the income and cash flows of our field employees.

Bancassurance

At the beginning of 2020, we simplified our commission system by implementing the BS 2.0 project. The commission model change and Human Resources practices were conveyed through visits to our regions in January. We gave priority to evaluating the feedback received by our sales partners through one-to-one interviews with our employees.

During the year, we also organized campaigns to support both production and our field staff.

Direct Sales Channel

Starting the year with parametric changes in the commission model, we organized campaigns to support our productions and field staff throughout the year. In addition, vehicle deliveries were made for the title of Savings Assurance Manager.

Corporate Projects Field Sales Team

The performance report development of the Corporate Projects field sales team was completed and the commission calculations started to be made with these reports.

Retention Team

We started the additional multiplier application for our employees who were successful in the quality metrics included in the channel acquisition model.

Occupational Health and Safety Activities

Our Occupational Health and Safety Unit (OHS Unit) works for the establishment and development of an effective Occupational Health and Safety Management System in the workplace. Within the scope of our legal responsibilities and the value we give to human, we continue our activities to raise awareness of occupational safety, to control risks, to establish a healthy and safe working environment, and to define the requirements that must be fulfilled to prevent work accidents and occupational diseases.

For this purpose, the Occupational Health and Safety Unit carried out the following activities:

Periodic Occupational Health and Safety Meetings

Board meetings were held during the periods stipulated by laws and regulations on occupational health and safety, decisions were made on occupational health and safety issues and they were implemented.

Communication

In order for our employees to be aware of the basic issues of Occupational Health and Safety, general information activities were reminded, and one-to-one interviews were held with employee representatives and guidance was made to work more actively.

Training, Competence and Awareness

In order to convey the necessary information on Basic Occupational Health and Safety, both our new employees and all our Company employees were ensured to complete Basic OHS trainings online. Emergency Drills were held within the scope of awareness activities and online Earthquake Training was provided.

Risk Assessment and Risk Management Process

We have completed our risk assessment activities for our Headquarters building and all our offices in order to identify the hazards that exist in the workplace or may come from outside, to analyze and rate the factors that cause these hazards to turn into

risks and the risks arising from the hazards, and to decide on control measures. During the epidemic process, assessments are ongoing in parallel with legal measures.

Procedure/Policy/Emergency Plans

We revised the procedures, policies and emergency plans required for all activities critical to occupational health and safety. We prepared case scenarios.

Use of Personal Protective Equipment (PPE)

We ensure the use of Personal Protective Equipment in order to prevent work accidents or occupational diseases, to protect employees from health and safety risks, and to improve health and safety conditions. We have provided our employees with health kits containing masks, disinfectants, etc. to use while they are on duty especially during the pandemic period.

Near-Miss, Work Accident Notification, Investigation and Reporting

Near-miss incidents and work accidents that occurred and resulted within the company were investigated and corrective actions were taken to prevent their recurrence.

Health Checks and Periodic Examinations

In order to determine the health problems that our employees may encounter and to take the necessary precautions in advance, health checks and periodic examinations continued to be carried out online during the recruitment and special periods.

We shared the documents prepared for providing an ergonomic working environment for remote working with the employees and we informed the employees with the Ergonomics Seminar.

Protection of Hearing Health and Control of Ambient Measurements

In order to protect hearing health, we completed all ambient measurements of 2 of our 18 offices during the first 3 months of 2020. We are waiting for the epidemic process to end so that the measurements of our remaining 16 offices are completed.

Hygiene Management

While the hygienic controls of the floor kitchens, cafeteria, dining hall, dining hall employees and food are regularly carried out, monthly hygiene inspections were carried out to control the cleanliness of the general building, showers and rest rooms. All the control and audit results were reported and the actions were completed.

Human Resources Activities

While the hygienic controls of the floor kitchens, cafeteria, dining hall, dining hall employees and food are regularly carried out, monthly hygiene inspections were carried out to control the cleanliness of the general building, showers and rest rooms.

Audit and Planning

Annual audits were carried out by OSGB to check whether Occupational Health and Safety steps were properly planned, implemented, improved and recorded, and actions to be taken were planned.

Holistic Health Activities

In addition to ensuring the physical health and safety of our employees, we have implemented holistic health programs in order to be with them mentally and spiritually.

AvivaSA Employee Support Program

With the Employee Support Program, we have ensured that our employees and their families receive reliable support from the expert on the 24/7 phone in situations where they encounter difficulties in their business and private lives and cause loss of productivity and time in their life quality and business life. We have established "personal" effective coping strategies when faced with difficulties or inconveniences in business and private life areas. With this program, 24/7 psychological counseling and guidance by phone, face-to-face psychological counseling, family counseling, child and adolescent counseling, medical counseling by phone, mother/baby program, legislative counseling, wellness, social life, and concierge services are provided.

Supportive Applications

We organized various seminars, trainings and workshops in order to contribute to the physical and mental development of our employees.

We conducted healthy nutrition workshops with dieticians, ergonomics seminars on remote working, the effect of the pandemic on children and parents, online breathing therapies and mindfulness webinars. In this context, online pilates lessons and online dietician service were provided for all our employees.

Pandemic Process Management (A Pandemic Story)

Following the occurrence of Covid-19 cases, we started to take precautions by closely following the developments in the world and in our country.

We shared the necessary precautions and travel rules to reduce the risk of viruses by increasing hygiene measures. First of all, following the increasing rate of cases in countries deemed risky, we canceled all overseas business travels, and we implemented the 14-day quarantine rule on returns to ensure that private travels are not canceled.

After the first case was seen in our country, we established a crisis desk. We created our case scenarios by revising our Pandemic Policy and Emergency Plans. After quickly implementing the requirements for remote working, we started the working from home/remote working period as part of the pilot application as of March 16.

Health Precautions and Follow-up

With the pandemic, we initiated the "Doktorumuz Seninle (Our Doctor is with You)" application (continuous availability of the Workplace Physician for all our employees and their families), and we created the process of online doctor interviews. In this context, our employees were provided with a 24-hour remote medical support service, telephone follow-ups for epidemic diseases and their symptoms, medical consultation, referral, and medication, if necessary, minimized hospital visits. Within the scope of health precautions, our employees who are not covered by health insurance due to their duties were also included in the scope of private health insurance. In addition, examinations made on suspicion of Covid-19 were included within the scope of private health insurance.

Health-related information was given and workplace physician's blog articles were shared over the intranet. We created a safe work document at home and shared it with our employees. We sent health kits (masks, visors, disinfectants, colognes) to our employees as part of personal protective equipment.

We established the patient follow-up process for those who are Covid-19 positive and those who contacted them. All our employees in this group were followed closely by our workplace physician and the necessary guidance was given. Directions were given for employees in the risky group not to leave their homes and these people were followed.

We made the necessary physical arrangements to prepare our Headquarters and sales offices for pandemic conditions. We constantly check the continuity of compliance with these conditions.

We prepared the return to office scenarios for our Headquarters and sales staff and managed work order changes with announcements and notifications.

A Huge Family in Different Houses: AvivaSA

With the pandemic, we switched to the remote working model for the health and safety of all our employees. During this process, we adopted the motto "We are a big family in different houses even if our computers are opened in different houses, and we are not physically side by side," and we brought all our communication and motivational activities together under one roof with the motto "A Huge Family in Different Houses."

In this context;

- Since the end of January, we have carried out instant information and awareness efforts on Covid-19. We prepared an informative document for our managers regarding the questions they may encounter during this period.
- We provided regular information about the working order.
- We held monthly CEO communication meetings and held live meetings with our General Manager and Assistant General Managers.
- In order to strengthen communication, we have created WhatsApp groups with Assistant General Managers & HR business partners; we held how it is going meetings with Assistant General Managers and open door meetings with the managers.

Within the scope of the efforts made to keep the motivation of the employees high;

- We shared nearly 200 activity suggestions with the series of games that can be played at home as a family and the series we are at home on the weekend.
- We prepared 3 Spotify lists called AvivaSAxHappyHome in order to increase the motivation of our employees while working at home.
- By organizing activities such as Evdeysen Söyle (Sing If You Are at Home) Song Contest and the Bi'Sosyal platform photography contest, we ensured that our employees had pleasant times.
- During this period when our employees were far from each other, we prepared "A Pandemic Story" and "We Miss You" videos and shared these videos with them in order to make them feel that our company always stands by them.
- We shared the difference of being a member of AvivaSA with our followers by posting photos from employees on our social media accounts.

- In the period when the pandemic was alleviated, we defined the Bi'Kavuşsak budget for our different departments to socialize with each other and enabled meetings for motivation purposes.

Changes in Business Processes and the New Processes

We made various changes in the business processes in order to manage the pandemic process with the least risk for both the employees and the employer, to provide a good employee experience by simplifying the processes to protect the income of the employees and to harmonize their fringe benefits with the pandemic conditions:

- We carried the Employee Request Form and Job Application Form used in the execution of our recruitment processes to the online environment, and the steps (inventory, interviews, reference control, evaluation processes, etc.) that are a part of recruitment interviews to digital platforms.
- As a pilot application, we recruited software experts residing outside the city (Izmir, Gaziantep, Antalya and Bursa) to work under the Business Technologies Assistant General Manager.
- We started a 3-month rotation program to support our teams with an increased workload.
- We conducted an interview simulation and feedback activity with students who completed the AvivaSA Online Certificate Program.
- We sent computers and the necessary equipment to the home addresses of our newly recruited employees.
- In order not to compromise our newly recruited employees, we postponed their health examinations with the follow-up of the workplace physician by taking their statements.
- We ensured that all the documents required for the execution of personal, payroll and fringe benefits processes of our employees and requested with wet signature are taken in digital environments, provided that their originals will be delivered later.
- In this period where we work remotely, we utilized the Short-Time Working Allowance in order to prevent decreases in the income of our field teams due to decreased customer contact and production. We applied salary advance in April salary payments and Income Protection (Advance Commission) in commission earnings for the April-July period.
- We continued to provide food aid for both the Headquarters and field staff.

Business Technologies Activities

Within the scope of Business Application Transformation, which has been followed since 2019, 12 of 41 projects in total have been completed.

BUSINESS TECHNOLOGIES

BUSINESS SOLUTIONS DEPARTMENT

Taking part as a stakeholder in AvivaSA's strategic decisions with the digital transformation and modernization of its information technology infrastructures, the Business Technologies team has become a strategic business partner for other departments of the Company.

We have determined the main focus areas of our Business Solutions group under Business Technologies as working in cooperation with business units to increase internal customer satisfaction, ensuring that the demand process is traceable and transparent, increasing demand delivery speed, quality and efficiency, and developing process-based fields of expertise.

For this purpose, the Group carries out its activities in an organizational structure of 4 units consisting of 2 main functions that fulfill the functions of "Business Technologies Portfolio Management" and "System Analysis," which are customer-focused and bring expertise to the fore.

IT Portfolio Management

Within the scope of the Demand and Roadmap Management function, portfolio management of all activities handled by the Business Technologies department is carried out after being approved in line with our strategies and business priorities. It is aimed to provide consultancy in order to ensure that our business and methodology knowledge adds the highest level of value to the Company's processes. Our management works on the capacity management of all Business Technologies teams, the prioritization process of their projects, status tracking, and strategic road map alignment, and designs the systems and processes for the management and operation of these issues. This function supports the management of teams in production activities by working in a structure parallel to all Business Technologies teams.

Also taking on the Business Relationship Management role, actions are taken to increase the collaboration of Business Units with the Business Technologies Department. Being a communication and coordination point in areas where our other business units interact with Business Technologies and transforming Business Technologies into a structure that supports business objectives are among the main objectives of this function.

Throughout 2020, we demonstrated a very agile approach in order to progress by adapting to the changing conditions brought about by the changing and developing technology and the pandemic process. We have created a dynamic roadmap for the ways of doing business to adapt to the pandemic period and to the rapid change.

Systems Analysis

The team consisting of leaders, directors, senior analysts and analysts who carry out System Analysis and Solution Leadership functions continues to work under three directorates: "Bancassurance and Sales Business Solutions," "Life and PPS Business Solutions," and "Customer and Corporate Business Solutions." In line with the solution-focused approach, which supports subject expertise in business processes and operates in accordance with lean and agile project development methods, the team is included of six team leaders within a multidisciplinary structure. Unlike other teams, the lean teams consist of analysts who focus on Business Technology transformation in the projects that they participate in. In addition, the management of the masters of over 20 scrum and kanban teams that have completed their agile transformation is among the responsibilities of this team.

Under a matrix organizational structure, these teams perform systems analysis, software development, and test functions; they also manage the business plans of individuals who report to other group managers within the IT department, and the inventory lists.

In order to transform the changing needs into technology outputs throughout 2020, studies were carried out in accordance with technological innovations with the priorities determined by our strategy and legislation teams. A dynamic road map was established to keep up with the rapid change brought by the pandemic period.

Within the scope of Business Application Transformation, which has been followed since 2019, we have completed 12 of 41 projects in total. Our work is ongoing for 7 of them and we follow up on the remaining projects on a future date.

We can summarize these lines and their objectives, and the projects we carried out in 2020 and the objectives for the new period as follows:

Bancassurance Processes

It aims to meet the queries of our business partners in the field of Bancassurance; deepen collaboration with these parties; and specialize in relevant processes. In this context, our critical project achievements in 2020 were as follows:

- We contributed to the profitability by developing a new loan-linked life insurance product.
- Akbank's transfer and reconciliation systems were developed.

Sales Processes

It aims to develop the sales requests related to employees and organizational processes and to undertake improvements in agency and broker sales processes. In this context, our critical project achievements in 2020 were as follows:

- Systems and processes that enable remote private pension and life insurance sales were established.
- New tablets were distributed to our agencies and sales were made with biometric signatures on this tablet.
- The Customer Card, in which our sales consultants can display all the information, products and activities of our customers, was implemented.
- The Identity Management System, which enables central user, authority and role management of our employees and sales teams, was put into use.

Life Products and Operational Processes

It aims to ensure compliance with legal and regulatory changes and new circulars related to life insurance products, to carry out legal reporting and to develop new life insurance products. In this context, our critical project achievements in 2020 were as follows:

- Improvements were made to the automation of damage processes.
- Our reinsurance systems were improved.
- Improvements were made regarding the commission parameterization.
- Data transfer operations were carried out, allowing the centralized management of cumulative life products.

PPS Products and Operational Processes

It aims to implement legal and regulatory changes related to PPS, to carry out legal reporting and to develop projects to ensure compliance with Auto-Enrolment and state contribution laws and regulations. In this context, our critical project achievements in 2020 were as follows:

- Compliance with technology development demands in line with PPS legislation changes was achieved.
- The Deduction Refunding system was implemented.
- In order to make use of the money, which is not sought by the right holders, in standard funds in the current contracts, studies have been made to activate the account, display it on the web and make EGM submissions.

Customer Processes

It aims to meet application requests and undertake improvements related to after-sales services. In this context, our critical project achievements in 2020 were as follows:

- New versions of the iOS and Android compatible AvivaSA Mobile application, which offers a unique self-service to AvivaSA customers, have been implemented.
- The virtual store, which operates integrated into the AvivaSA Mobile application, was launched.
- The required efforts were completed to ensure compliance with the Personal Data Protection Law.
- Our new generation Call Center infrastructure started to be used.

Corporate Solutions

It aims to ensure the integration of outsourcing applications, sales and service processes, or customers and to create a pool of corporate solutions. In this context, our critical project achievements in 2020 were as follows:

- Employee actions in line with the pandemic period were taken through our in-house portal.
- Improvement efforts on our financial systems were completed.

Business Technologies Activities

Within the scope of the first step of transition to cloud technologies, Bi'Tikla application, which is aimed to be the common point of Mobile, Bancassurance services, Automatic Enrollment applications and AvivaSA in-house applications, has been moved to the newly established cloud infrastructure.

SOFTWARE DEVELOPMENT DEPARTMENT

Software technologies, which are the most important milestones in the digital transformation of companies, play an important role in achieving the goals of operational excellence, customer satisfaction, sustainability, profitability and cost advantage.

As AvivaSA Software Development Department, we carried out projects in 6 main subjects within the scope of software technologies and transformation in 2020;

- Corporate Architecture,
- Cloud Transformation,
- AS400 Transformation,
- Database Infrastructures,
- DevOps and Software Code Quality,
- Security.

1. Corporate Architecture (MAF 2.0)

At AvivaSA, we renewed our corporate architecture and software technologies with up-to-date versions in order to continuously increase our efficiency in the channels we serve our customers and in insurance applications.

We made our corporate architecture compatible with microservices and cloud-based technologies. In this context, our transition to current technologies enabled the realization of our objectives in important areas such as cost advantage, performance and operational excellence.

2. Cloud Transformation

As a continuation of the digital transformation program of IT applications we launched in 2019, we established a cloud infrastructure in AvivaSA's own data center. Within the scope of the first step of the transition to cloud technologies, we carried the Bi'Tikla application, which we aimed to be the common point of Mobile, Bancassurance services, Automatic Enrollment applications and AvivaSA in-house applications, to the newly established cloud infrastructure. With this project, we managed to optimize our operational costs by 23%, as we were able to manage our resources more efficiently. In addition, the effective use of cloud systems has increased our speed in system updates by 95%.

This study was announced as a success story on international platforms by the Red Hat London Office, as it is a first in the Turkish financial sector and 40% of the company's transaction volume is realized through cloud architecture.

3. AS400 Transformation

Moving our basic insurance application on the AS400 platform to our corporate architecture MAF 2.0 environment written with modern technologies has become a priority. We are working with an international company that has proven itself in its field within the scope of preliminary studies for this long-term project. By making in-depth examinations on the technical analysis and working strategies of the current system, we realized the target architecture and software technology studies we need in our new generation applications in the cloud environment.

In the project that we will implement with the agile project approach, we completed the steps of establishing teams, determining the project management model and the scope of consultancy to be received in 2020. We are planning to start the development activities of this transformation project in 2021.

4. Database Infrastructure Efforts

We made version updates, performance improvements, backup, and server hardware and operating system changes of the DB2 database, which is one of our 2 main databases where our customer data is stored. With these efforts, we have prevented the interruption problems of the application completely by improving the application performance and monitoring the database.

The fact that it has been accepted by the IDUG (International DB2 User Group) conference organized by IBM is a testament to the effective efforts we have demonstrated in our DB2 database update project. System performances were maximized and thus we achieved significant gains in customer satisfaction.

5. DevOps and Software Code Quality

In order to continuously improve the quality of the developed software, we carried out activities on the automation of our application go live processes (CI/CD).

We started to use code scanning and analysis applications within AvivaSA, which helps to improve the integration of open source software technologies accepted throughout the world with our systems and improve the code quality. The quality of the developed software is measured by evaluating it over approximately 1,600 metrics, and we perform the tests by taking the codes that provide these quality metrics into the testing environment.

We have achieved significant improvements in project development time and quality by improving our technical design process, which plays an important role in the software development life cycle.

6. Security Infrastructure Projects

Central Identity Management

We worked on a new identity management system to manage user accounts and authorizations from a single point. With the project, we started to use a product central identity management system recognized throughout the industry to manage user accounts and authorizations. In this way, the identity and authorization controls of all our stakeholders inside and outside the company can be performed from a single point.

Virtual Pos and PCI-DSS Compatibility

In order to prioritize the information security of our customers, we started to work to manage the credit card information within our Company by obtaining card storage service through a company that has international PCI-DSS compliance. In this context, our Virtual POS integration efforts continue in order to speed up the collection process.

Pandemic Process

2020 started with a pandemic period full of extraordinary events for all companies. As AvivaSA, we carried out the necessary work for the remote working needs that came into our lives during this period. Thanks to the AvivaSA IT Modernization Program, which was started in 2016 and completed in 2019, our software team quickly implemented network and application developments that will enable remote operation of all units of our Company with very small adaptations. Projects carried out during the pandemic period;

- With the PPS Distance Selling Project, we made changes in the processes regarding PPS products. Under the current circumstances, we have become able to perform distance selling transactions in order to offer our products and services to our customers without meeting them face to face.
- We made improvements to enable the İyi İhtimaller Hayat Sigortası (The Bright Side of Life Insurance) to be sold remotely due to the current conditions, as well as simplifying the approval processes. We have completed the processes and software infrastructure developments that our customers can approve from the mobile application as an alternative to biometric signature instead of a wet signature.

- During this difficult period, we stopped the policy cancellation transactions due to non-collection between April 1 and July 30 within the scope of the Recommendations of the Treasury Undersecretariat to make our customers feel that we stand by them and to ensure customer satisfaction. We returned to the current working order after July.

Basic Insurance and Channel Applications

Sales Applications

We added new functions related to our BıTıkla The Bright Side of Life Insurance product to our application. These services include taking and storing the customer's biometric signature, stamping and certifying the customer's signature with a time stamp, and preparing services that facilitate the decision-making process in underwriting transactions with ODM software.

We distributed Android tablets to 300 of our agencies so that the Bright Side of Insurance product can be offered digitally to our customers. We enabled our agencies to make mobile sales by connecting to our systems over the internet.

Bancassurance

As part of the sales activities carried out jointly with Akbank, Akbank-AvivaSA products and services were simplified. In this sense, New Kredim Gvende product and services were created and offered to our customers. We carried out renewal studies for the deliveries of our policies issued by Akbank. As part of the Akbank-AvivaSA delivery process, we used our internal delivery solution. With this study, Akbank deliveries were simplified and controlled delivery has been achieved.

Customer and Channel Transactions

The New Generation Call Center application, the development of which was completed, was made available on the BıTıkla platform. Thanks to the interface, infrastructure and functions we have developed, the increase in the quality of service we provide to our customers through the Call Center and shortening the solution times have provided customer satisfaction and cost savings.

We made the infrastructure modernization of service applications. We replaced the clients which have license fees and which we use in our systems with open source application clients with no license fees that are more manageable and scalable.

Business Technologies **Activities**

In 2020, 3 projects in the process efficiency portfolio, 11 projects in the strategy portfolio, 8 projects in the legislation portfolio and 17 projects in the technological development portfolio were put on the agenda.

Efforts continued to increase the service functions offered through the mobile application. Functions added to our mobile application during this period;

- Savings trend chart, display of last fund distribution change information
- Display of outstanding PPS payments and receiving payment requests
- Mobile sales of The Bright Side of Life Insurance
- Adding state subsidy maximization information on the lump sum payment page
- Viewing and updating delivery permissions on mobile
- Bi'Dolu user rating/comment page directions

Life Insurance

We made improvements to ensure timely delivery of the end-of-month legal reports, which we need to regularly submit to the relevant authorities and achieved a 30% performance improvement. We added automation processes so that our business units can use the reporting system more effectively.

We reduced our software development and testing costs by establishing a parametric infrastructure in the commission application.

We started to make the necessary arrangements for our accounting systems to comply with the IFRS standards and to offer them to our internal customers. Our efforts on reporting continue.

Private Pension (PPS)

As the promised State Subsidy amounts in the Automatic Enrollment system began to be converted into cash over the progress payment rates as of January 1, 2020, it was ensured that the State Subsidy amounts converted into cash to be transferred to the participants' accounts and used in the State Subsidy funds.

We started to send the financial statement data that we shared with the Insurance Information and Monitoring Center quarterly, with web service integration.

Legally, contractual deductions must be refunded from January 1, 2021. By completing our efforts on calculating deductions and making returns to our participants, we have been able to make returns as of January 1.

PROJECT MANAGEMENT, QUALITY AND ROBOTIC PROCESSES GROUP DIRECTORATE

Our Group Directorate, under the Business Technologies Assistant General Manager, which manages and directs technological developments at AvivaSA is responsible for;

- Management of projects,
- The quality of the application developed,
- Automation of business processes using up-to-date technologies,
- Management of AvivaSA's process with technological suppliers and
- Internal communication activities of Business Technologies.

Project Management

It ensures that the changes related to the applications we use, the additions of functions, as well as the developments for the new functions we will use, are delivered on time, at the desired quality and within the budget, in accordance with the road map of Business Technologies.

The focus of Project Management includes initiating projects carried out by Business Technologies, conducting projects in cooperation with all stakeholders, monitoring the development and results of projects continuously, informing executive committee and stakeholders about the progress of projects, reporting changes regarding time and quality, observing the compliance of projects with the plan, go live and the processes that continue until the closure following the monitoring period.

In 2020, 3 projects in the process efficiency portfolio, 11 projects in the strategy portfolio, 8 projects in the legislation portfolio and 17 projects in the technological development portfolio were put on the agenda.

As part of the process development, we updated our current project management procedure with a design-oriented (Design Thinking) approach and published it on the Company portal to be used by all our stakeholders. We shared our new procedure with Aviva Global to exchange ideas and received positive feedback.

Our communication activities, which have an important place in our project management process and in the execution of projects, continue without slowing down during the pandemic process. Periodic project status evaluation and risk management meetings, steering committee meetings held with project sponsors and project board meetings where we share the status, risks/problems of our projects proceed in the virtual environment depending on the changes brought by the pandemic process.

In addition, project management trainings were provided within our Company in 2020 in order to spread the project management and increase our cooperation with our stakeholders during the execution of projects.

The sustainability of project management processes will be ensured next year according to our needs and new conditions. In order to increase cooperation with our internal customers, we will continue project management trainings within the Company. We aim to increase our competence to produce quality outcomes and customer satisfaction by making improvements in weighted calculations in project grading and scoring method in scrum projects.

Quality and Robotics Processes

These functions are carried out by two different units for a common purpose.

While the number of processes we have transferred to our metal collar employees (TechBot) exceeds 30 by the end of the year, the number of automated test scenarios is planned to exceed 1,200. In the light of these data, our competence in both process and testing automation will increase exponentially, and as this speed progresses, we will reach the maturity to move to the next level. While the added value of these activities is still high, it will increase exponentially when we move to the next level.

In Quality Management, we contribute to the quality process in the products/services we took to go live with 45 testing libraries and 680 scenarios with our quality and testing service process compatible with agile software development.

During the pandemic process, we, as the Group Directorate, carry out all our activities completely and by increasing the performance level. The fact that we have competent staff, our well-positioned organizational structure, our technology-oriented agile approach, and our team's ability to act in a customer-focused and collaborative manner with all stakeholders play an important role in achieving this.

Our test data management activity, which we took the first step in 2018 and developed over time, has become the keystone point with the features it has in some important projects as well as meeting its basic function in 2020. Similarly, performance tests have become an important instrument in terms of quality assurance and customer satisfaction in our projects.

Since 2017, the quality process in projects has been implemented with transparent and repeatable steps with our test scenario library and reporting tools used in our company, which is compatible with agile software development principles in Quality Management. In 2020, we enabled our projects to produce more error-free solutions with libraries in both our functional tests and the user acceptance test process.

With the change we made in our Business Technologies testing service approach last year, it turned into a flexible structure that can operate the entire testing process in projects and add control points to them. This approach is shown as a reference to other teams as an exemplary way of doing business in 2020.

As a team that guides and is responsible for the quality phenomenon that can be realized with the joint efforts of all our stakeholders, we have plans to use the principles we have set to establish the quality standard and ensure its sustainability in an easier and more effective way to adapt to constantly changing internal and external factors. In addition, we work uninterruptedly for goals with high material and moral gains such as customer/employee satisfaction and cost savings, while acquiring the knowledge that will capture the automation technology changing at the speed of light at the current cycle.

Supply Management and Communication

As of March 2020, Business Technologies Supply Management and Communication functions started to operate under our Group.

Our communication activities include;

- Making the announcements of the activities that our Business Technologies management team attends as speakers, both within Business Technologies and on social media platforms,
- Conducting the award application processes and announcing our award-winning projects on social media and within the Company,
- Organizing Business Technologies Communication meetings quarterly in order to increase our communications and interactions within Business Technologies,
- Publishing our Bi'Moola magazine, which includes out-of-business conversation topics and is prepared for Business Technologies employees,
- Launching our projects taken to go live,
- Organizing communications and competitions on Business Technology approaches.

Supply Management function includes;

- Organizing meetings with supplier candidates with the participation of relevant parties in Business Technologies,
- Evaluating supplier candidates, completing service procurement contracts and following up their renewals,
- Collecting supplier feedback,
- Providing feedback to suppliers on behalf of Business Technologies,
- Managing communication with suppliers,
- Announcing the event invitations from suppliers and supplier candidates to Business Technologies teams.

Indemnity Unit

As of the end of 2020, AvivaSA paid a total of TL 63.7 million indemnities in life and personal accident branches.

While providing insurance coverage to our customers, the most important indicator of our commitment to stand by them when they incurred damages is the indemnity payments. During the pandemic period that left its mark on 2020, our main focus was to maintain this mission, to provide uninterrupted service without compromising customer satisfaction, and to make our customers feel that we stand by them in such a challenging period.

For this purpose, we aimed to conclude the demands of our indemnity customers and their relatives, whose concerns have increased due to the effect of the pandemic process, document preparation and sending processes have become difficult, had economic difficulties, and also exposed to the risk of Covid-19, in the fastest way by offering easy and effortless processes to them. We have provided uninterrupted service to our customers by rapidly taking into effect the legislative arrangements for the pandemic period and also by ensuring our remote working conditions immediately.

On the other hand, during this process, we continued to hear the voices of our customers for whom we have finalized their indemnity claims, conduct satisfaction surveys every month, receive their feedback and measure and monitor their results.

In this context, our results for 2020 were as follows:

- As of the end of the year, we paid a total of TL 63.7 million indemnities in life and personal accident branches.
- For the indemnity claims we concluded in 2020, our indemnity payment rate was 88%.
- We established effective communication processes for beneficiaries in order to meet their indemnity claims as soon as possible. As the Indemnity Unit, we continued to follow up indemnity claims from end to end and to provide information at every stage of the process. We moved the communications made through documents to the digital environment and made them more frequent.
- In 2020, our average NPS score was 43 in monthly customer satisfaction surveys we conducted with our customers whose claims were concluded.

- We paid the indemnity claims within an average of 3.3 days after the completion of the necessary documents by our indemnity customers.
- We have processed death indemnity claims of approximately TL 11.2 million arising from Covid-19.
- In this challenging period, we continued to provide coverage without taking any additional premiums for the insurances of our customers, who were entitled to postpone their loan payments. In this context, we made ex-gratia indemnity payments.
- When the event of default occurred in the loan payments used from Akbank, we made efforts to automatically investigate whether the indemnity conditions have occurred within the scope of the loan-linked insurances and to ensure that the loan payment, if any, is easily covered by us. In this context, we initiated death indemnity procedures by making death inquiries through the Identity Sharing System (KPS) every month, without waiting for the right holders to make a notice of indemnity. In addition, we informed our policyholders who have unemployment coverage via SMS.
- After the Izmir earthquake that took place on October 30, 2020, which deeply saddened all of us, we quickly and proactively made observations about our insured, accessed their relatives and carried out their indemnity procedures in order to heal the wounds a little and reduce the suffering of those who remained.

Board of Directors and Activities of the Committee

Board of Directors

Structure and Formation of Board of Directors

The Company shall be managed by the Board of Directors which consists of 11 (eleven) members.

General Director is the natural member of the Company's Board of Directors in accordance with Individual Retirement Law and shall manage the daily works of the Company. Chairman and Vice Chairman of the Board of Directors shall be assigned by the Board of Directors.

Members of the Board of Directors shall be elected for a term of office of 3 (three) years at most. A member whose term of office has expired may be reelected. In case of a vacant membership in the Board of Directors, the Board of Directors shall assign a member temporarily for this vacant member position as to be submitted for the approval of the next General Assembly to be held and to serve until that meeting. Member whose assignment is approved by the General Assembly shall complete the term of Office of the member he has substituted. In case of losing independence or resignation of an independent member or becoming incapable to carry out his/her duty, procedures determined in the Capital Market Board regulations shall be followed

A quorum for a Board of Directors meeting shall be provided by the presence of 8 (eight) members and the decisions of Board of Directors shall be taken with affirmative votes of at least 8 (eight) members.

The Company's Board of Directors meeting shall be held in accordance with the Turkish Commercial Code and Company's Articles of Association. Meetings of the Board of Directors shall be held at the head office of the Company or any place in Turkey or abroad that may be agreed by the Board of Directors.

In the activity report period, a change in the structure of the Board of Directors has been made pursuant to applicable legislation, upon a decision taken by the Board of Directors. In respect of this decision, the statement made to Public Information Platform by our Company, is provided in the following.

- With the Board of Directors' resolution dated January 24, 2020, the resignations of Hakan Timur ve Fuat Öksüz from the Board of Directors were accepted. It was decided to appoint Gökhan Eyigün and Neslihan Döngel Özlem to be presented for the approval at the first General Assembly.
- In accordance with the decision of the Board of Directors dated 23.03.2020, it was decided to accept the resignation of our board member Hayri Çulhacı, and to appoint Bülent Oğuz to the vacant position upon resignation, to be submitted to the approval of the first General Assembly.
- With the decision of our Board of Directors dated 19.06.2020, it was decided to accept the resignation of Sir Adrian Alastair Montague from the board membership and deputy chairmanship and to appoint the board member Patrick Dixneuf to serve as the deputy chairman.
- With the decision of the Board of Directors dated 26.10.2020, it was decided to appoint JOSE IGNACIO IZQUIERDO SAUGAR in accordance with Article 363 of the TCC as the board member to the vacant position upon the resignation of Adrian Alastair Sir Adrian Montague from the board, to be submitted to the approval of the first General Assembly, to distribute the duties again due to the appointment and Haluk Dinçer to be elected as the Chairman of the Board and JOSE IGNACIO IZQUIERDO SAUGAR as Deputy Chairman of the Board.

Lütfiye Yeşim Uçtum and Anthony Feliks Reczek who meet independence criteria in the frame of our Company's CMB legislation and who made an independence statement, perform their duty as Independent Board Of Directors Members.

As per the Corporate Governance Communiqué nr. II-17.1, it was applied to the Capital Markets Board due to the fact that Anthony Feliks Reczek's independence criterion will expire on 16.10.2020, and with the Board's letter dated 01.10.2020, he has been exempted from the criteria until 16.10.2021.

Board of Directors and Activities of the Committee

The below chart shows AvivaSA Emeklilik ve Hayat A.Ş. Board of Directors as of 31st December 2020.

Name	Position	Date of Assignment
Haluk Dinçer	Chairman	2011
Jose Ignacio Izquierdo Saugar	Vice Chairman	2020
Mustafa Fırat Kuruca	General Manager and Board Member	2016
Bülent Oğuz	Board Member	2020
Adam Jacek Uszpolewics	Board Member	2014
Patrick Dixneuf	Board Member	2019
Gökhan Eyigün	Board Member	2020
Lee Patrick Callaghan	Board Member	2018
Neslihan Döngel Özlem	Board Member	2020
Anthony Feliks Reczek	Board Member (Independent)	2014
Lütfiye Yeşim Uçtum	Board Member (Independent)	2018

Payments made to the senior executives cannot be disclosed on an individual basis as a violation of rights may occur under the Personal Data Protection Law.

In 2020, the Company; did not lend money to any Member of the Board of Directors, extend loans, extend the term of loans and credits, nor improved their conditions; did not extend a loan under the name of personal loan through a third party or provide any guarantees in favor of such persons.

Activity Principles of Board of Directors

Pursuant to our Articles of Association; the Company's Board of Directors meeting shall be held in accordance with the Turkish Commercial Code and Company's Articles of Association. Board of Directors meetings shall be held at the head office of the Company or any place in Turkey or abroad that may be agreed by the Board of Directors.

Board of Directors meetings shall be held in English. Official minutes and decisions of the Board of Directors meetings shall be drafted and maintained in Turkish. Translations of minutes and decisions into English shall be kept in a separate minute's book of the Company. In case of submitting a draft resolution

to each of the members of the Board of Directors and written consent of each of these members for this resolution, the Board of Directors may make decisions without gathering. Board of Directors meetings are held every 3 (three) months under normal conditions.

Board of Directors shall overtake entire responsibility of the Company and shall have full control and authority over the Company, and pursuant to this Articles of Association and/or legislation, shall be fully authorized to make all kinds of resolutions on subjects save those which are clearly specified to be under the authority of the General Assembly and determine policies on any subject related to the daily works of the Company.

Each shareholder hereby agrees to exercise the rights he/she has in the capacity of a shareholder to the extent permitted by law, in accordance with the provisions of this Articles of Association and in a way to ensure not to make any transaction on any subject ("Secluded Subject") listed below and particularly left to the Board of Directors without getting the prior permission of the Board of Directors and to ensure that none of the Company managers and employees shall do such kinds of transactions without such prior consent.

The Reserved Matters stated in Article 9 of the Company's Articles of Association Can be accessed at the below link:

<https://www.avivasa.com.tr/kurumsal/esas-sozlesme>

Pursuant to the relevant article of the Commercial Code, as it may see appropriate, the Board of Directors may assign a director or directors whose terms of Office may exceed its term of Office for the portion of the works related to the execution stage of the Company's works.

General Director, vice general directors and, even though they are employed under other titles, other managers at the level of vice general director or with a higher level of signature authority due to the nature of their duties, must have the qualifications required by the Individual Retirement Law, Capital Market Law and Insurance Law as well as the relevant legislation. Information and certificates required in the legislation for such people shall be sent to the Treasury Undersecretariat prior to assignment.

General Director shall be responsible to have the daily works of the Company executed within the frame of rules set forth by the Board of Directors. The Agenda of the Board of Directors is drafted by our General Director and is finalized in accordance with

the suggestions of the Chairman and Members of the Board of Directors. Delegation of authority to executive bodies in order to carry out the Company activities shall be realized within the scope of signatory circular application.

Board of Directors is entitled to carry out any ordinary or extraordinary transaction and disposals in person on behalf of the Company to realize the Company's objectives and subject of operation and it may also assign commercial representative and commercial agent or remove them as necessary. Board of Directors may open branches, agencies, representations, offices and correspondents to realize the objectives and subject of activity of the Company and may acquire and construct real estate on behalf of the Company, acquire miscellaneous securities or acquire, transfer or assign the acquired real estate and securities, negotiable instruments and other rights in the subject of property or may bind these with a real right or have otherwise disposal on them in accordance with the regulations of the Capital Market Board or may receive or give all kinds of real and personal guarantee. Also, without limitation to the foregoing, it is entitled to make any decision on all works and transactions that have to be done save the ones left to the power of the Turkish Commercial Code or to the power of the General Assembly in accordance with this Articles of Association.

Within the limits included in the Capital Market legislation, Turkish Commercial Code and legislation the Board of Directors is authorized to incur secured or unsecured debts, give debts, settlement, appeal, and waiver, accept or even acquaintance.

Members of the Board of Directors spare enough time for the Company's works.

The Board of Directors has taken the necessary measures to prevent disclosure of information that is not disclosed to the public and/or information of trade secret quality. Board of Directors shall take a separate decision for acceptance of the annual activity report. Board of Directors members shall not bow to the pressures that may bring forward any conclusion against the shareholders.

Board of Directors shall act to carry out its responsibilities apart from the obligatory functions such as:

- Approval of Company's annual budget and work schedules,
- Drafting Company's annual activity reports and finalizing them to be submitted to the general assembly,
- Ensuring the holding of general assembly meetings in accordance with the legislation and Company's Articles of Association,
- Fulfilling the requirements of the General Assembly resolutions,
- Approving the managers' career plans and rewarding,
- Determining the policies for the Company's shareholders, beneficiaries and public relations,
- Determining the Company's information policy,

- Determining the ethical codes for the Company and employees thereof,
- Determining the working principles of committees; ensuring that they work effectively and productively,
- Taking necessary precautions to ensure that the Company's organizational structure meets current conditions

by also taking into consideration the Company functions and committees' opinions and suggestions.

Creation of internal systems, operating and developing the same in an effective, sufficient and appropriate way, securing the information obtained from accounting and financial reporting system, and determining the owners and responsibilities in the Company are ultimately under the liability of the Board of Directors.

The Board of Directors effectively evaluated the 2020 committee activities in line with the opinions of the members of the Board of Directors responsible for internal systems.

Members of the Board of Directors shall select a Chairman, and Vice Chairman from among them who will act in proxy in the absence of the chairman. The Company's General Director and vice chairman in his/her absence are the natural Member of the Board of Directors. Meeting days and agenda shall be arranged by the chairman or Vice Chairman. Board of Directors shall convene upon call of the chairman or Vice Chairman as the Company works may require. The day of the meeting shall be determined by the decision of the Board of Directors. If the chairman fails to call the Board of Directors to convene upon the written request of any member, members shall also be entitled to make the call ex officio.

Unless one of the Members plea negotiation, the Board of Directors may make its decisions without gathering together by sending any written proposal made by a member on a certain issue to all members and members' giving written approval for such written proposal in accordance with the meeting quorum stated in article 9 of this Articles of Association. A Secretariat has been formed to inform our Board of Directors Members and to establish contact with them.

The duties of the Secretariat that have been formed to inform our Members of Board of Directors and to establish contact with them are defined and it ensured that the Secretariat would work more efficiently.

Our Board of Directors has held 4 meetings in the year 2020 and participation in these meetings exceeded the meeting and decision quorum. It has signed 67 resolutions. In 2017, there is not any Member who voted against the decisions of the Board of Directors.

Board of Directors and Activities of the Committee

Number, Structure and Independence of Committees Set up in the Board of Directors

Following committees were set up by the decision of the Board of Directors dated 05.04.2016 and numbered 2016/24 in accordance with the Corporate Governance Communique of the Capital Market Board.

Committees	Members
Audit Committee	<ul style="list-style-type: none"> • Anthony Feliks Reczek (Independent Member of Board of Directors) - Chairman • Lütfiye Yeşim Uçtum (Independent Board Member)
Corporate Governance Committee (also fulfills the duties of Nomination Committee and Remuneration Committee)	<ul style="list-style-type: none"> • Lütfiye Yeşim Uçtum (Independent Board Member) - Chairman • Gökhan Eyigün (Board Member) • Lee Patrick Callaghan (Board Member) • Erkan Şahinler (Assistant General Manager Responsible for Finance)
Early Detection of Risk Committee	<ul style="list-style-type: none"> • Anthony Feliks Reczek (Independent Member of Board of Directors) - Chairman • Lütfiye Yeşim Uçtum (Independent Board Member) • Adam Jacek Uszpolewicz (Board Member)

Meetings and main subject titles held in the year 2020 by Committees formed in the Board of Directors are shared in the following table. The working principles of the Board of Directors committees are available at <https://www.avivasa.com.tr/kurumsal-yonetim>.

Committee name	Meeting dates	Meeting subject titles
Corporate Governance Committee	<ul style="list-style-type: none"> •20/01/2020 •23.07.2020 	Investor relations department's activities, agenda issues about candidate nomination and remuneration and compliance with the Ethics Guide
Early Detection of Risk Committee	<ul style="list-style-type: none"> •20/01/2020 •30/03/2020 •23/07/2020 •20/10/2020 •26/11/2020 •22/12/2020 	Discussion on company risks and changing legislation issues
Audit Committee	<ul style="list-style-type: none"> •20/01/2020 •30/03/2020 •23/07/2020 •20.10.2020 	Review of internal audit reports, determination of the accuracy of company's financial tables and reports and advice concerning assignment of the independent audit organization, determination of on-time and duly execution of all announcements required to be open to the general public

Qualifications of the Members of Board of Directors

Our Board of Directors exercises its authorities prudentially and within the frame of good will as equipped with all kinds of information to accomplish the task fully.

Under the legal regulations, general directors of insurance companies must have at least 4 years of university education, have at least ten years of experience in one of insurance, economics, business administration, accounting, law, finance, mathematics, statistics, actuarial or engineering fields, and more than half of the Members of Board of Directors must have at least four years of university education and have three years of experience in any of the foregoing areas.

Our Members of the Board of Directors have the below qualifications.

- They have knowledge and talent in the banking and insurance area,
- They are skilled to read and analyze financial statements and reports,
- They have basic knowledge about the legal regulations and general market conditions which our Company is subject to,
- They have the will and possibility to attend the Board of Directors meetings regularly throughout their terms of office.

To our newly assigned Members of Board of Directors, an orientation program which includes the following at a minimum shall be submitted;

- Meeting with our managers and visiting Company Units,
- Curriculum Vitae and performance assessments of our managers,
- Strategic targets, up-to-date status and problems of our Company,
- Market share, financial structure and performance indications of our Company.

Even though our Members of Board of Directors are not subject to certain rules for assuming other duties out of our Company, they have not any duty other than their natural duties in the companies they represent and also their natural duties in the enterprises belonging to the companies they represent.

Independence Declarations

I do declare that: I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of AvivaSA Emeklilik ve Hayat A.Ş. (Company), within the scope of the criteria stipulated in the legislation, the Articles of Association and the Capital Markets Board's Corporate Governance Communiqué (II-17,1), and within this scope:

- a) Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and; (i) the Company; (ii) the partnerships (subsidiaries) where the Company has the control as per *TFRS 10; (iii) the partnerships where the Company has significant influence as per **TMS28; (iv) the shareholders who control the management of the Company or who have significant influence at the Company (TMS 28) and, (v) juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,
- d) In accordance with the relevant legislation, I am not working/will not be working fulltime in public institutions and organizations (except working as an academician at the university) after being elected as a member,
- e) I am a resident in Turkey according to the Income Tax Law (n.193) dated 31/12/1960,
- f) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me make decisions freely by taking the rights of the stakeholders into consideration,
- g) I will spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- h) I have not been a member of the Board of Directors of the Company for more than six years within the last decade,
- i) I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- j) I have not been registered and announced on behalf of the juridical person elected as a Member of the Board of Directors.

I submit this Independence Statement for the information of the Board of Directors, General Assembly, our shareholders and all stakeholders.

Lütfiye Yeşim Uçtum

I acknowledge and declare that I am a candidate to serve as an "independent member" in AVİVASA EMEKLİLİK VE HAYAT A.Ş. (Company) Board of Directors within the framework of the criteria specified in the relevant legislation, the Company's Articles of Association and the Corporate Governance Principles attached to the Corporate Governance Communiqué (II-17.1) published by the Capital Markets Board, and within this scope;

a) Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and; (i) the Company; (ii) the partnerships (subsidiaries) where the Company has the control; (iii) the partnerships where the Company has significant influence; (iv) the shareholders who control the management of the Company or who have significant influence at the Company and, (v) juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,

b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,

c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,

d) In accordance with the relevant legislation, I am not working/will not be working fulltime in public institutions and organizations (except working as an academician at the university) after being elected as a member,

f) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,

g) I will spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,

h) I have been a member of the board of the company for more than six years in the last ten years, however, with the letter of the Capital Markets Board dated 01.10.2020, I have been granted an exemption from the condition specified in the clause (g) of Article 4.3.6 of the Corporate Governance Principles in accordance with the 5th paragraph of the 6th article of the Communiqué,

i) I have not been registered and announced on behalf of the legal person elected as a member of the Board of Directors,

j) I have not served/will not serve as an independent member of the board of directors in more than three of the companies under the management control of the Company or the shareholders who control the management of the Company, and in more than five of the companies listed on the stock exchange

In the light of the information I have, I submit to the information of the General Assembly, the Board of Directors, the shareholders of the Company and all other stakeholders that my statements above are correct.

15.02.2021

Anthony Feliks Reczek

Corporate Governance Compliance Statement

Our Company went public on 13th November 2014 and the company shares started being dealt with in the Borsa Istanbul. In the capacity of a public company, operating with full compliance to Corporate Governance Principles is aimed.

Processes are being executed within the frame of procedures and principles regarding corporate governance principles and related party transactions which will be implemented by associateships determined in II-17.1 Corporate Governance Communique published in the Official Gazette dated 3.1.2014 and numbered 28871.

From among the obligatory/nonobligatory arrangements within the frame of the Corporate Governance Principles, due diligence has been shown. The Company has adopted the four principles of corporate governance based on Transparency, Equality, Responsibility and Accountability as a principle.

The Company has been communicating the necessary information to all its investors and analysts in a reliable, consistent and regular way. It has been organizing investor meetings, participating in investor meetings, and trying to reach more investors through press releases and media meetings in order to ensure communication with the same continuously and transparently.

Compulsory essentials such as disclosing the curriculum vitae of Member of Board of Directors candidates, publicizing independent member candidates, determining and publicizing remuneration policy, disclosing the information related to relevant party transactions to the public, and setting up and structuring committees have been followed and implementation of principles has been realized.

Corporate governance principles, application of which are held compulsory by the Capital Market Board, as well as procedures and principles related to the contents of corporate governance compliance reports, publishing the same, and to the independent memberships of Board of Directors shall be obeyed.

Capital Market Board's regulations related to corporate governance shall be obeyed in transactions which are considered important in terms of the application of Corporate Governance and company's transactions with a related party that are of important quality as well as surety, lien and mortgage transactions for third parties.

Transactions made and decisions taken without following the compulsory principles shall be void and deemed against the articles of association. Developments and applications in the legislation shall be taken into consideration to carry on the studies in the forthcoming period.

Investor Relations Activities

Activities of Investor Relations Department of the Company in the Period

AvivaSA Emeklilik ve Hayat A.Ş. has embraced close communications and transparency with its management team and the Company's shareholders. AvivaSA's investor relations activities aim to increase the market value of the Company and the added value for current shareholders, thereby attracting the attention of potential investors.

The Investor Relations Department undertakes activities to advance the Company's corporate reputation to benefit investors and increase their stock value. To this end, AvivaSA's efforts include better communicating the Company's performance on suitable platforms in a more coherent, transparent, open and correct manner and managing expectations well. While adhering to trade secret and confidentiality provisions, the Company also keeps current and potential shareholders informed in a way that does not result in an unequal distribution of information. In addition, the Department responds to investor questions and queries in an open and transparent manner.

In line with the above-outlined objectives, the Company undertook and conducted a number of activities between November 13, 2014, the date when the Company's shares began to trade on Borsa Istanbul and December 31, 2020, as stated below.

- 2 Analyst Information Presentations
- 31 Investor Meetings
- 6 Roadshows
- 24 Financial Results Web Conferences
- 591 One-on-One Investor/Analyst Meetings

The following activities were conducted in 2020 within the framework of the abovementioned goals:

- 1 Investor Meeting
- 4 Financial Results Web Conferences
- 41 One-on-One Investor/Analyst Meetings

Developments Regarding Progress of the Share Prices of the Company in the Period

Our market value has reached TL 3.3 billion as of 31st December 2020, which was TL 1.7 billion at the time of public offering on 13th November 2014.

In Initial Public Offering (IPO) - December 31, 2020 period, while the share price gained 131%, the overall market (BIST100) return was 84% in the same period. In the period from the IPO to the end of 2020, the company paid an additional 17.8% dividend.

In 2020, the share price gained 37% value while the overall market (BIST100) return was 29% in the same period. The dividend yield paid in 2020 was 4%.

The performance of the Company and the market are outlined on a year-by-year basis below.

	XU100 price index	AVISA price index	XU100 return index (including dividends)	AVISA return index (including dividends)
2015	16.3%	26.6%	14.1%	29.7%
2016	8.9%	16.3%	11.6%	17.9%
2017	47.6%	-4.9%	52.1%	-3.9%
2018	20.9%	33.9%	18.1%	32.4%
2019	25.4%	91.9%	29.7%	102.5%
2020	29.1%	36.9%	30.9%	42.3%

Investor Relations Activities

Developments Regarding Dividend Payments During the Period

At the General Assembly meeting of our company dated 11.03.2020, it was decided to distribute 76.5% of the period profit as a net profit share. In the special circumstances disclosure of our company dated 11.03.2020, it was announced to the public that the proposal of our Board of Directors to distribute the total gross dividend of TL 160,000,000.00 and to make the TL 100,000,000.00 portion of the payments in cash on March 25, 2020, and the TL 60,000,000.00 portion on September 28, 2020, in two installments was approved and resolved at the General Assembly meeting on the same date.

The first installment of the dividend on March 25, 2020, was paid on time.

In the Provisional Article 13 added to the Turkish Commercial Code No. 6102 on 16.04.2020, it was ruled that capital companies may decide to distribute only up to 25% of the net profit for the year 2019 until 30.09.2020, that the previous year's profits and free reserves cannot be distributed, and if the decision was taken as of the effective date of the regulations, but if partial payment was made, it was stipulated that the part exceeding 25% would be postponed until 30.09.2020. This postponement was extended for 3 months until 30.12.2020 with the President's Decree No. 2948 dated 18.09.2020.

The second installment dividend payment planned to be made on September 28, 2020, could not be made on the stipulated date due to the aforementioned Provisional Article 13 and the "Communiqué on Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Turkish Commercial Code No. 6102." After the regulation expires on January 1, 2021, the relevant second installment dividend was paid on January 06, 2021.

About Liquidity Provision Service Received in this Period

In order to increase the liquidity of our Company's shares in Borsa Istanbul, it was decided to sign a contract with Ak Yatırım Menkul Değerler AŞ to obtain Liquidity Provision Service with the decision of the Board of Directors dated March 28, 2019, and numbered 2019/32. The aim is to increase the depth, liquidity and transaction volume of our Company's shares traded on the Borsa Istanbul in this process.

The contract with Ak Yatırım Menkul Değerler A.Ş. (Liquidity Provider) was signed later on and the application to Borsa Istanbul was received positively. This was announced to the public with the KAP statement made on April 5, 2019.

Within the framework of the said agreement, transactions are carried out in accordance with the legislation through the liquidity provider customer account opened on behalf of our Company by the Liquidity Provider. The Liquidity Provider announces the information regarding the transactions carried out in this context in KAP in accordance with the format specified in the legislation.

Within the scope of the service, TL 87.5 million purchases and TL 87.2 million sales were carried out in 2020.

Corporate Governance Principles Compliance Information Form and Compliance Report

The relevant form and report can be accessed from the Public Disclosure Platform from the links below:

KYURF: <https://www.kap.org.tr/tr/Bildirim/909726>

UYRF: <https://www.kap.org.tr/tr/Bildirim/909727>

Information Policy

1. Purpose

AvivaSA Emeklilik ve Hayat A.Ş. ("Company") management is in transparent and close communication with the shareholders.

The Company's management has adopted as a principle to share equally the results by implementing strategic plans in the scope of Capital Market Legislation terms in full, fair, accurate, timely and in an understandable way, to the public, shareholders, investors and the capital markets specialists (with capital market participants).

Regarding Public Disclosure; the Company complies with the Capital Markets Legislation; Turkish Commercial Code legislation and Borsa İstanbul A.Ş. (BİST) regulations; and pays utmost attention to practice the principles stipulated in the CMB Corporate Governance Principles.

Information policy covers all company employees and supervisors; establishes the Company's written and oral communication with capital market participants.

Company's Information Policy prepared as per the Capital Markets Board 17th "Communique on Disclosure of Material Matters" (series: II 15.1); is available for all stakeholders on the Company website www.avivasa.com.tr/en/ registered in the Trade Registry.

2. Powers/Functions and Responsibility

Information policy was approved within the framework of the SPK Corporate Governance Principles and approved by the Board of Directors. The Board of Directors is authorized and responsible for informing the public and monitoring, supervision and development of the informational policy.

Executive Vice President of Finance and Investor Relations Department are assigned to monitor and observe all issues on public information.

3. Public Disclosure Methods and Tools

Notifications are made through means such as; exception descriptions, financial statements and reports, annual reports, Web pages, presentations, investor meetings and teleconferences, briefing papers, press releases, Trade Registry Gazette. Apart from Capital Markets Legislation and Turkish Commercial Code (TCC) basic public information methods and tools used by the company are listed below;

- Special situation statements submitted through Public Disclosure Platform (KAP),
- Periodic financial statements and footnotes, independent auditors' report, statements and annual reports sent to Public Disclosure Platform (KAP),

- Statements and announcements made through Trade Registry Gazette (circular, urges the General Assembly, etc.),
- Press releases through written and visual media,
- Statements made via data distribution organizations such as Reuters, Forex, etc.,
- Information calls or meetings with capital market participants face to face or through teleconferencing,
- Information through Corporate Internet site www.avivasa.com.tr/en/,
- Statements via communication methods and tools such as phone, mobile phone (wap and similar technologies), electronic mail, fax, etc.

4. Publicly Announcing the Financial Statements

The company's financial statements and footnotes are consolidated on the basis of Turkey accounting standards/Turkey financial reporting standards (IAS/IFRS). Annual and semiannual financial statements are disclosed after independent control.

Before making financial statements and footnotes public, they are approved by the Board of Directors in consultation with the Audit Committee in the scope of Capital Market Legislation. After accuracy statement signing, financial statement and footnotes and independent auditors' report and attachments are made public after the approval of Board of Directors in accordance with the SPK and BİST regulations by submitting to KAP over Corporate Web Page. Historical financial statements and footnotes are available on Company's website.

5. Publicly Announcing the Annual Report

The annual report is prepared in accordance with Capital Market Legislation and SPK Corporate Governance Principles. The Board of Directors approves and makes them public with the financial statements. They are announced on Company's website (www.AvivaSA.com).

In addition, the summary annual report is prepared quarterly and announced on the website of the KAP and Company with financial statements. The annual activity report prepared is also printed to be given to authorities.

6. Public Disclosure of Material Matters and Authorized Persons

The Company's private status statements are prepared by Executive Vice President, Finance and Investor Relations Department, electronically signed and disclosed to KAP.

In order to help persons and companies to benefit from private status statements decide, they are prepared timely, accurately, adequately and free from misleading expressions.

If any Company employee determines that a previously undisclosed important and privileged information was inadvertently disclosed, he informs the Investor Relations Department immediately of the situation. In this case, the Executive Vice President of Finance and Investor Relations Department prepare a special situation statement in line with the provisions of the Capital Market Legislation and send to KAP.

Disclosure of material matters is published by the Company on the website (www.avivasa.com.tr/en/) in Turkish and English, on the next working day at the latest after the announcement is made. These announcements will be available on the website for five years.

7. Persons Authorized to Make Public Announcements

In addition to the above-mentioned statements, written or oral information requests submitted by Capital Market Participants or by any organization/person are evaluated by the Executive Vice President of Finance and Investor Relations Department. In the assessment based on the content of the request, it is considered if the request is a trade secret and whether they can influence investment decisions and value of capital market instruments in the scope of Capital Markets Board Series II - 15.1 numbered "Special situation communication." Written or oral information requests are evaluated and replied by the Executive Vice President of Finance and Investor Relations Department.

Press releases to written and visual media and data delivery channels such as Reuters, Forex, etc. can only be made by the Chairman of the Board of Directors, General Manager, Deputy General Manager for Finance, people authorized by the General Manager.

Apart from this, if not specifically assigned, employees of the company cannot answer questions from the capital market participants. Received information requests are sent to by Executive Vice President of Finance and Investor Relations Department.

8. Persons Who Have Administrative Responsibilities and List of Persons Who Have Access to Internal Information

People with executive responsibilities are the people who has direct or indirect access to internal information and make administrative decisions affecting the future development and commercial targets. Therefore, people who do not have the authority to decide on administrative issues are not evaluated in the scope of people with administrative responsibilities and access to internal information.

Persons who have administrative responsibilities and regular access to internal information – besides the Members of the Board of Directors – are the members of the Executive Committee.

The list of people who have access to internal information – to be submitted to CMB and/or BIST as per the 7th Article of the Capital Markets Board "Communique on Material Matters" (II - 15.1) – are kept in printed format by the Assistant General Manager of Finance and the Investor Relations Department. Everyone on the list are informed about complying with confidentiality codes and protection of internal information in their duties. This list is available in the company and submitted to the Central Registry Agency. In case of changes in these individuals, the statement is updated.

9. Communication with Capital Markets Participants

The Company does not make guidance concerning expectations in respect of interim and annual activity results. Instead, it prefers to transfer to capital market participants, critical issues affecting activity results, strategical approaches and important issues to better understand the industry and activity environment. Unless otherwise stated in the information policy, the communication with capital market participants can be held by those who are authorized to make a public announcement.

10. False News in the Market

The Company, as a principle, does not make any opinion concerning market rumors and speculations. The news and rumors about the Company, taking place in media organs and web sites, are followed by the marketing department and informed to Financial Deputy General Manager and Investor Relations Department. Financial Deputy General Manager and Investor Relations Department, assess whether this news and information have an effect on capital instruments.

The Assistant General Manager of Finance and the Investor Relations Department decide whether to make a material matter announcement or not within the framework of the 9th Article of the Capital Markets Board Communique on Material Matters (II - 15.1).

On the other hand, within the framework of the provisions of the Capital Markets Legislation, if a verification request comes from CMB and/or BIS Tor the management agrees that it is necessary and more suitable to give an answer; an announcement is made concerning market rumors and speculations.

Information Policy

11. General Assembly Meetings

The Company ensures the holding of General Assembly meetings in accordance with the regulations and Company's Articles of Association. The Company, ensures all questions asked by shareholders in the General Assembly meeting and not included in the scope of a trade secret to be replied directly in the General Assembly meeting. All questions that are not answered during the General Assembly meeting and not included in the scope of a trade secret to be replied pursuant to this information policy and applicable regulations.

12. Postponing Public Disclosure of Internal Information

Those who take place in the list of accessors to company internal information, are informed about their liabilities concerning keeping confidential, not using to make interest for themselves and third parties or disclosing to third parties in an unauthorized way, the publicly undisclosed internal information that they may have during the performance of their duties and carrying out business and operations on behalf of the Company.

The Company may defer the information of internal information within the frame of Article 6 of Series II-15.1 "Communique on Material Matters" of Capital Market Board, to ensure that legitimate interest are not harmed and investors are not misguided; in these circumstances, the Company informs related persons about the deferment and takes measures to maintain confidentiality. Such postponement will be made upon the written approval of the Board of Directors or those authorized in general by the Board of Directors: General Manager, Assistant General Manager in charge of Finance or persons authorized by the General Manager.

Once the reasons for the deferment of public disclosure of internal information are disappeared, public disclosure is made in accordance with the legislation. In the disclosed to be made, the deferment decision is stated.

13. Meetings With Investors and Analysts

Deputy General Directorate of Finance is responsible for carrying out the relations with both current and potential shareholders in the Company in an organized way, responding the investor questions in the most efficient way and carrying out works aimed at increasing the company value.

Deputy General Directorate of Finance uses various instruments such as roadshow, teleconference, e-mail, fax, analyst presentations, and information/announcement for direct information to increase the recognition and preferability of the Company, to feature advantageous sides in comparison with equivalent organizations and to increase the preferability of the Company for the organizations that invest in developing markets. All meeting requests from shareholders are responded affirmatively; the opportunity to meet in the highest possible level is provided.

The Company accepts the analyst reports as a property of the firm that prepares the analyst report and the Company does not issue them in the Website (www.AvivaSA.com). The Company does not review, confirm, approve, look after and issue analyst reports and revenue models. On the other hand, in the case of specific and limited situations and upon request, in order to prevent the misinformation of the public, the analyst reports can be reviewed unless only historical information open to the general public are used and it is limited by a specific subject.

14. Public Disclosure of Future Assessments

In accordance with the information policy, The Company may provide information on its prudential expectations to the public from time to time. Prudential assessments can be disclosed upon the resolution of the Board of Directors or the written approval of the person authorized by the Board of Directors. In a year, at most four disclosures can be made. It may be disclosed in KAP in the format of a special situation declaration or presentation. If there is a material change, the limit may be exceeded. Related persons are informed about the fact that the prudential assessments shared with the public are made according to certain assumptions and they may differ from actual results. If there are changes in the prudential assessments or it is noticed that the assessment will not materialize; public information is promptly made with the same instruments.

15. Quiet Period

In order to prevent unauthorized information related to asymmetrical information distribution, Company refrains from discussing financial results and other related issues with capital market participants, in certain periods of the calendar year. This period is called the "silent period." For the Company, the silent period starts with the day following the end of six-month and annual accounting period, with interim periods of three months and ends with the business day following the public information of financial table and footnotes. During the silent period, Company;

- In one-to-one or group meetings to be held with capital market participants,
- Except for publicly disclosed information, the financial situation of the Company will not be mentioned,
- Unless necessary and ensuring that the provisions of Capital Market Legislation are kept confidential, opinion will not be provided concerning its activities and financial situation,
- Except for publicly disclosed information about financial results, the questions addressed in a one-to-one way or by little groups will not be answered; explanations will not be made to this kind of group. In case of such a situation, the information will take place on the website www.avivasa.com.tr/en/

Besides, during the silent period, any transaction made in the capital market tools by the people having internal information or the spouses, children of those people, or people having the same address with them shall be prohibited.

16. Market Abuse

Company Board of Directors, in the frame of applicable provisions of Series VI 104.1 Statement of Capital Market Board, takes and applies necessary measures to prevent Market Abusing Actions by those who take place in the internal information list, such as the use of undisclosed and confidential and/or commercial secret information in respect of the Company in a way to gain profit for themselves or others, providing false and misleading information or disseminating the news about the Company.

17. Company's website (www.AvivaSA.com)

In the public information, the Company's website in the address of www.AvivaSA.com is actively used as advised in the CMB Corporate Governance Principles. The information in the Company's website does not replace the notification and material information required to be made pursuant to the provisions of Capital Market Legislation. For all public information made by the Company, access via Company's Website is provided. The website is accordingly configured and departmentalized. All measures are taken concerning the security of the website. The website is organized in Turkish, in the content and form contemplated by CMB Corporate Governance Principles. SSD, Financial Reports, Activity Reports and certain information are provided in English. The announcement concerning specifically held general assembly meetings, information document in respect of agenda topics, other information, document and reports related to agenda topics and information about general assembly participation methods are provided on the website, in an attention-grabbing way. The endeavors to develop the Website are continuously maintained.

Important titles that can be monitored on the website are summarized in the following:

- Detailed information regarding corporate identity
- Vision and main strategies
- Information about Members of Board of Directors and executive committee
- Company's organization and shareholders' structure
- Capital Market Board's Particular Situation Explanations
- Articles of Association of the Company
- Trade registry information
- Financial Information
- Press releases
- Explanations about General Assembly date, agenda, and agenda subjects
- Minutes and attendance sheet of General Assembly meeting
- Power of Attorney example
- Corporate Governance applications and compliance report
- Profit distribution policy, chronology and capital increases
- Information Policy
- Remuneration Policy
- Frequently Asked Questions chapter

You may access the Information Policy at <https://www.avivasa.com.tr/hakkimizda/bilgilendirme-politikamiz/amac-ve-kapsam>

Stakeholders Policy

Stakeholders

Our stakeholders are determined as our shareholders, employees, customers, suppliers, creditors, the public authorities, sectoral and non-governmental organizations and potential saving owners who might be considering investing in our Company.

Informing Stakeholders and Participation to Management

Stakeholders are informed about the developments related to the Company by the public disclosures made in the public disclosure platform in accordance with the relevant legislation. In addition, information is shared with the public via press conferences and statements made through media channels. Furthermore, by the provision of detailed information in General Assembly meetings and the Company's website; as well as drafting comprehensive activity reports and organization of press conferences, it is ensured that not only the shareholders but all of the stakeholders are informed.

"Information Policy" drafted within the scope of the Circular on Corporate Governance Principles of Insurance, Reinsurance and Pension Companies issued by Undersecretariat of Treasury, which predicates transparency as per public disclosure principles of the Regulation on Principles regarding Establishment and Activities of Pension Investment Funds came into force upon approval of the Company's Board of Directors. This policy serves the purpose of informing the stakeholders in a timely, accurate and complete manner, and under equal circumstances.

In addition, Company's employees are informed through meetings, seminars, trainings and e-mails, on their area of expertise and general matters of relevance to them.

Through etik@sabanci.com found in the Intranet of the Company, the employees have the ability to report transactions violating the legislation or ethical principles of the Company, to the Audit Department Directorate to be referred to the Audit Committee and Directorate of Ethics.

The Company endeavors to inform its shareholders, employees, customers, suppliers and creditors in writing with respect to matters concerning them with clear and plain language. Where required, AvivaSA ensures that arrangements are duly formalized in writing. In case it is noticed that the rights of the stakeholders under the relevant legislation and agreements are violated; it is ensured that the rights are re-established in an urgent and efficient manner. In case the rights of the stakeholders are not regulated under any legislation, the rights of the stakeholders are protected in accordance with rules of good faith.

Human Resources Policy

The Company performs activities with the mission to be a strategic partner that supports the change and constant development, guides the whole organization and creates a fair and transparent work place. All of our employees are individual value and talent. Human resources policy has a structure that employs each employee as an individual talent, provides horizontal or vertical career opportunities not only to superiorly successful employees but to all successful employees and supports the development of any employee having the potential to develop.

The recruitment decision is made as a result of the evaluation of applicants' qualifications related to such position, their technical and professional knowledge levels and also their compliance with the competence stipulated in the job definition. As a principle, religion, race, gender, age, marital status, nationality, sexual preferences are not factors that affect recruitment decisions.

Within the scope of our employee representative practice, a safe work place is provided for our employees as a consequence of the actions taken on occupational health and safety. Feedbacks are taken periodically from survey representatives chosen from among our employees in each AvivaSA department and employees in the representative groups. Necessary developments are made as a result of focus group studies established for the evaluation of the survey results and improvement.

Communication with Customers and Suppliers

Being a strong, respectable and reliable company in our sector, as AvivaSA, our first objective is to give qualified service and please our customers. With this principle, in order to make a difference in the life insurance and individual pension sector and by maximizing our quality standards, services are provided to our customers in the best way through our quality policy based on our customers' satisfaction and our regulations on the process of complaint management. The quality policy of AvivaSA undertakes to provide qualified products and services and the continuance thereof, with its proficient and experienced staff, strong technological and financial infrastructure, its understanding of development and improvement and its experienced and widespread agency network.

AvivaSA cares about the continuance of service quality and standards in every stage of life insurance and individual pension services. The requests of the customers are satisfied promptly and the customers are informed regarding any delay.

The information of the customers and suppliers qualifying as a trade secret is kept confidential. Regarding trade secrets, utmost attention is paid to the confidentiality of the information about customers and suppliers. The Company takes necessary measures: I) to establish good relationships, "far from an unfair advantage," between the Company and its customers and suppliers, and II) to comply with the terms of the agreements signed between the parties.

Corporate Social Responsibility

AvivaSA supports the idea that all institutions have a public environment and a responsibility to act as a citizen in this sense. Accordingly, AvivaSA puts corporate social responsibility as a focal point in all of its business approaches by the establishment of sustainable and ethical procedures in line with the Company's vision and targets.

AvivaSA, by conducting its activities for the purpose of sparing individuals from uncertainty with its individual pension and life insurance products, shapes its corporate social responsibility strategy on matters relating to the future and assurance of people in compliance with the Company's purpose and brand value.

In this sense, creating awareness about saving is a social responsibility for AvivaSA and it focuses on projects for raising the financial literacy ratio in Turkey.

AvivaSA is aware of the fact that the activities conducted with this vision and strategy affect its employees, customers, providers, shareholders and investors. AvivaSA, adopts a principle on functioning in full harmony with its stakeholders, in honest and transparent cooperation and by having regard for human rights and the environment

With this approach besides creating an economic value for its country, AvivaSA contributes to the social welfare for particularly its stakeholders as well as the future generations with its main area of activity. As part of its commitment to community engagement, AvivaSA supports and encourages employees in their participation on a voluntary basis in corporate responsibility projects.

Corporate Social Responsibility Projects

With its social responsibility projects, AvivaSA aims to deliver the supports it gets from the public to the public itself.

Adopting the institution of saving as the main source of individual retirement and life insurance is embraced by AvivaSA as a trademark strategy and it is the focal point of culture upon which the Company conducts business. In this context, AvivaSA conducts several researches for creating public awareness about savings; prepares and issues reports. AvivaSA shares the researches and reports relating to the retirement expectations and saving attitudes of customers on a global scale prepared with the support of its partner Aviva. Consequently, public awareness is raised and Turkey's line of vision is included on the public agenda by circulating these reports to local universities and public institutions.

You may access the Stakeholders Policy at <https://www.avivasa.com.tr/web/92-1151-1-1/avivasa-tr/yatirimci-iliskileri/kurumsal-yonetim/menfaat-sahipleri-politikasi>.

Internal Audit Activities

AvivaSA Emeklilik ve Hayat's internal audit system was structured in accordance with the Communiqué on the Internal Systems of Insurance, Reassurance and Pension Companies issued in the Official Gazette dated June 21, 2008, and numbered 26913. Pursuant to the Board of Directors resolution dated October 31, 2007, and numbered 2007/31, and in accordance with applicable laws, rules, regulations and practices, an Audit Committee was set up to help protect the interests of the Company's stakeholders. As stipulated by the Board of Directors resolution dated October 17, 2014, and numbered 2014/62, the aforementioned Committee was restructured and replaced by the current Audit Committee to ensure compliance with Capital Markets Board Corporate Governance Principles. The Audit Committee consists of two members, namely Anthony Feliks Reczek and Yeşim Uçtum, both Independent Members of the Board of Directors. According to the organizational chart, the Internal Audit Department reports directly to the Board of Directors and operates independently. AvivaSA's audit methodology is risk-based and in compliance with International Internal Audit Standards; furthermore, it is connected with COSO (Committee of Sponsoring Organizations of the Treadway Commission) and ERM (Enterprise Risk Management), and in compliance with their provisions. The Company aims to manage the internal control system so as to keep all risk factors that might jeopardize strategic and operational targets within defined maximum limits. The Risk Management and Internal Audit Departments are responsible for ensuring operational productivity and efficiency, issuing financial and managerial results in a timely, accurate and reliable manner, overseeing compliance with applicable laws and regulations, protecting shareholder investments and Company assets, and managing risks effectively and efficiently. The scope of internal audit activities includes analysis and assessment of the efficiency and capability of internal control, risk management and administrative processes in order to yield reliable, independent and impartial opinions on these processes, and to present proposals for improvement and development.

Within the scope of the internal audit plan for 2020, 14 audits were completed in the fields of process audits, mandatory regulatory audits, information technologies and cyber security, and the relevant reports were shared with the executive committee, the Audit Committee and the Board of Directors.

The findings of the audits and actions agreed upon together with AvivaSA's executive committee were presented to the Board of Directors at the meetings, and the Board of Directors approved these findings and actions. The Internal Audit team consists of 1 Chairman, 2 Managers, 1 audit data analyst and 3 Senior Auditors, who have the qualifications defined in the Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies. The internal audit personnel was provided with the necessary training courses that contribute to their professional development and enhance their knowledge. The Internal Audit Department staff members have no responsibility, authority or influence on the audited operations of the Company, and their full independence is ensured.

Information on Risk Management and Internal Control Activities

Risk Management

Risk management is the Company's main means of avoiding undesirable outcomes in the pursuit of its targets. It ensures that the business decisions are taken in a risk-based approach and the resources are used efficiently, so that the expectations of the entire Company and its business partners, including customers and shareholders, are met at the highest level. For this purpose, a risk management system in which risk appetites are clearly defined and adhered to is implemented throughout the Company.

Within the scope of risk management, the necessary analyzes, actuarial calculations, scenarios and stress tests are performed by the relevant functions and reported to the Board of Directors, and they guide and determine the decisions of the executive committee.

All employees of the company play a role in the risk management process. In order to ensure that the risk management framework is included in the daily management and decision-making processes of the Company, the roles and duties that clearly reveal the risk management responsibilities of the employees have been identified. In these processes, the Board of Directors and executive committee have effective and demonstrable sponsorship and support.

In this approach, dubbed "the triple defense line," the division of authority and responsibility is as follows:

DEFENSE LINE	ECHELON RESPONSIBLE	AUTHORITIES AND DUTIES
1 st Line of Defense	Company Management	Identifying, assessing, managing and reporting risks in an effective and risk-oriented manner, and ensuring compliance with company policies. Establishing and maintaining an effective internal control system
2 nd Line of Defense	Risk Management and Internal Control Directorate	Identifying and assessing risks, effectively managing and reporting risks, and ensuring compliance with company policies within the limits determined as per the risk appetite. Establishing and executing an effective internal control system. Supporting the Company management in identifying, assessing, managing and reporting risks, overseeing compliance with Company policies and identifying and correcting any noncompliance; in short, assisting in the functioning of AvivaSA's Risk Management Model. Providing an acceptable assurance that the Company assets are protected, its activities are carried out effectively, efficiently and in compliance with laws and other relevant legislation, in-house policies and rules of the Company, insurance business customs, the accounting and financial reporting systems are functioning reliably their integrity, and timely irretrievability of the information.
3 rd Line of Defense	Internal Audit	Assuring the Board of Directors about the effectiveness of the Company's risk management and internal control mechanism from an impartial and independent viewpoint

The Risk Management Department's functions are to identify, measure and monitor the risks to which the Company is exposed, to ensure that actions are taken to keep the risks within the limits determined as per the risk appetite and report such actions.

The risks faced by the Company are identified and assessed by the upper management under the AvivaSA risk management framework. In this assessment, the probability of these risks and their possible effects are taken into consideration.

Risk Management Framework

The Company's risk management framework includes the strategies, policy models, processes, and reporting procedures required to identify, measure, manage, monitor and report the risks to which the Company is or may be exposed.

It is the responsibility of the Board of Directors to identify the risk management principles and standards to be applied throughout the company, to update the risk policies depending on the changes in the operating conditions, and to establish and operate effective risk management systems and processes. The Board is also ultimately responsible for monitoring the risk level of the Company, controlling the situation against these limits by establishing risk limits, and putting the necessary measures into practice.

The tools required to determine, measure, manage, monitor and report the risk vary by the risk type. For this reason, within the risk management framework, there are seven policies for each type of risk AvivaSA faces, including the Risk Management Framework Policy; life insurance and private pension, credit, market, liquidity, attitude and operational risk policies.

Information on Risk Management and Internal Control Activities

AvivaSA is also exposed to business risk in relation to its operations in the life insurance and private pension sector. Likewise, the Company also faces financial risks related to its operations, such as loan, market, and liquidity risks. Operational risks, on the other hand, are related to the management of all risks, as they occur as a result of errors in humans, processes and technology. Strategic planning risks are not considered a separate category. Because risks are frequently associated with strategic planning and the changes in the competitive environment, it is assumed that these types of risks arise from operational or other types of risks.

AvivaSA is aware of the importance of consistent and controlled business processes in the risk management process. Therefore, each policy is supported with business standards intended for providing the top effectiveness in the relevant business processes. The great part of the business standards are the responsibility of the first line of defense. There is one person in charge of each standard at the Company and compliance with standards is reviewed at least once a year.

Information on Risk Management Policies by Risk Type

Risk Management Framework Policy: The said policy is fundamentally important for supporting and improving the Company's corporate management structure. The basic objectives of this policy are determining the basic principles and standards of the risk management systems and processes, implementing such systems and processes, and complying with the determined risk limits.

The Company's risk management framework policy defined the risk management roles and responsibilities of the Board of Directors and the Early Detection of Risk Committee under the Board of Directors, Investment Committee under the Board of Directors, the CEO, and the committees (Assets-Liabilities Committee and Operational Risk and Reputation Committee). The said policy also explains the role of each level in the triple line of defense model and the functioning of the delegation of authority in AvivaSA. Policies are approved by the Board of Directors, and changes to be made must also be approved by the Board of Directors. The policies are approved by the Board of Directors and the approval of the Board of Directors is required for any changes to be made.

The activities covered by the Risk Management Framework Policy are carried out within the framework defined by the insurance and private pension legislation and the other relevant legislation to which the Company is subject.

Life Insurance and Pension Branch Risk Policy: Life Insurance and pension branch risk refer to the risk that may arise from failure to apply the insurance technique correctly and effectively during the coverage process for the insurance branch. In the private pension branch, on the other hand, it includes the risk of loss that may arise as a result of the cash flows obtained in the long term not meeting the costs.

In managing the risk in the insurance business, the principle is to establish a risk portfolio based on the risk appetite of the Company. For this purpose, the portfolio of insured customers is effectively monitored. Whether the Company stays within the determined risk limits or not is regularly monitored.

Credit Risk Policy: The credit risk means the negative financial impacts that may be caused by the fluctuations in credit quality, such as third party default, rating changes, and movements in the credit spreads.

Our Company's total credit risk is arising from insurance activities such as: the investment activities in banks and finance corporations, purchasing made for its operations, reinsurance companies, receivables from insured customers and agencies.

Credit risk is managed with the limit framework defined for the companies and organizations involved in the transactions made. The credit limit framework is supported with an escalation framework to report larger and/or riskier transactions to the upper management.

The Assets-Liabilities Committee is responsible for creating, monitoring and reporting the policies, risk appetite and limits related to the credit risk.

Liquidity Risk Policy: The liquidity risk means the risk arising from failure to meet the Company's liabilities at maturity and cost-effectively. The purpose of this policy is to create a Company-wide framework for the management of the liquidity risk. The target of the liquidity risk management is to optimize AvivaSA's long-term risk-based rate of return while keeping the liquidity risk within the risk appetite parameters. Before taking any strategic decisions like launching new products, investments in new types of assets, the impact of such issues on the Company's liquidity risk profile.

The risk appetite limits are determined with the Liquidity Coverage Ratio (LCR) defined in the Risk Management Framework Policy. Any change to be made in the LCR limits is approved by the Board of Directors upon the suggestion of the AvivaSA Assets-Liabilities Committee.

Identifying risks in the sector where our Company carries out activities requires constantly monitoring the sectoral environment, and making investments according to trends and fluctuations. This means evaluating the current liquidity profile of the assets and liabilities only by taking past experience into account will be insufficient. In analyzing the liquidity risks faced, social, political, legal, legislative, geographical and environmental changes besides the financial market conditions are also taken into consideration; meanwhile, this analysis is supported with a process of determining new risks.

Our investment strategy is established by taking into consideration the investable assets and the band range (lower and upper limits) in the asset management process, the Company's liquidity conditions, and particularly the potential liquidity profile of the liabilities. Management of liquidity risk includes an approved limit structure and a series of triggering regulations to ensure that the management is informed of potential problems. The Assets-Liabilities Committee is responsible for creating, monitoring and reporting the policies, risk appetite and limits related to the liquidity risk.

Market Risk Policy: The market risk arises from the structure and attributes of both the asset investments made to obtain the returns required to fulfill the liabilities to the insureds and the liabilities in relation to the insured behaviors. The objective of market risk management is to keep the Company's market risk within the risk appetite parameters, thus maximizing AvivaSA's long-term risk-adjusted rate of return.

As part of investment management activities, the asset investment policy, liquidity and credit risk management framework and relevant control processes were established. The Assets-Liabilities Committee is responsible for creating, monitoring and reporting the policies, risk appetite and limits related to the market risk. Market risk components our Company faces, like the interest risk and currency risk, are periodically measured and reported via stress and scenario tests.

Attitude Risk Policy: Attitude Risk is the risk which may occur in case AvivaSA cannot provide its customers with the best services; risks that may threaten the integrity of financial markets as a consequence of unfair competition or similar inappropriate commercial attitude.

Considering AvivaSA's aim to become a customer-oriented company, the Board of Directors places special emphasis on the management of attitude risk in all operations. Although attitude risk is a subcategory of operational risk, the Board of Directors established the Attitude Risk Policy to consolidate all elements of the risk management framework related to attitude risk.

Operational Risk Policy: Operational risk is the loss that may arise due to inadequate business processes, human or system errors or external factors. It is essential to evaluate the probability of the operational risks and the level of impact they will create, and take the necessary measures accordingly. In the first line of defense, it is aimed to manage operational risk by effective follow-up and monitoring of the processes. For this purpose, the Operational Risk Control Management (ORCM) framework is applied within the Company. Efficiency and adequacy of controls and implementation of action plans are primarily the responsibility of the first line of defense and are monitored and reported by the Risk and Internal Control Management. AvivaSA's target is to keep the operational risk at the lowest level that is commercially reasonable. Through operational risk management, AvivaSA aims to achieve the following:

- Reducing financial loss caused by errors in operational risk management,
- Improving customer experience and maintaining customer confidence,
- Improving employee satisfaction,
- Protecting and improving AvivaSA's reputation; building positive relationships with regulatory bodies.

Risk and Internal Control Directorate

The Risk and Internal Control Director Management activities are carried out as per the "Communiqué on the Internal Systems of Insurance, Reassurance and Pension Companies."

It is aimed to provide assurance to the Board of Directors through risk management and internal control activities on:

- Ensuring compliance with legal obligations and the Company's Risk Management Policies,
- Establishment and effective operation of a control framework in order to identify all structural risks exposed and to ensure that risks are managed within specified tolerance limits,
- Designing and implementing actions to take risks within tolerance limits and reporting these risks transparently.

Compliance activities are carried out under the supervision of the Risk and Internal Control Group Management. The Risk and Internal Control Directorate heads the Legal Regulations Committee, thus monitoring and guiding the Company's legislation-related activities. The Committee composed of the representatives from the relevant functions of the Company reports to the AvivaSA Executive Council.

The Operational Risk and Reputation Committee, composed of the AvivaSA Executive Council members, monitors the operational risk events to ensure that effective actions against the circumstances beyond risk appetite and tolerance are taken on time.

The reports which include the Company's risk monitoring and internal control activities are submitted to the Board of Directors Early Detection of Risk Committee and Audit Committee regularly.

Internal Control and Risk Management Group Directorate

The internal control activities are among the basic responsibilities of the Company functions. The functions constituting the first line of defense are responsible for determining the internal control points to ensure that the Company assets related to their own processes are protected, its activities are carried out effectively, efficiently and in compliance with laws and the other relevant legislations, in-house policies and rules.

The Internal Control and Risk Management Group Management functioning under the Risk and Internal Control Directorate targets to make contributions under the following categories through its operations:

- Implementation of the risk management framework and risk management policies determined by the Board of Directors,
- Establishing a robust and reliable control framework by creating strong and effective internal control awareness,
- Defining the control framework for managing operational risks within specified tolerance limits,
- Evaluation of unfair gains and misconduct possibilities of sales and agency staff with the system established to monitor sales quality,

The primary scope of the activities of the Internal Control and Risk Management Department is the oversight of the functioning of the Company's risk management and control framework, ensuring its effectiveness and reporting to the executive committee.

Information on Risk Management and Internal Control Activities

Regular fulfillment of internal control activities and taking actions to ensure that risks are within tolerance limits are carried out by the relevant functions in the first line of defense.

In 2020, Risk Management and Internal Control activities continued regularly in line with the annual plan. Second level monitoring activities and legislative controls were carried out in line with the annual plan and/or the needs, and the results were published in the Company's Internal Control Report quarterly. Opinions have been given for the works organized to make improvements in the Company's existing business processes and/or to establish new processes. Evaluations were made on the control points in the designed work flows, and control points were included in the process flows.

The level of maturity has increased in terms of making risk management a part of the business culture in the company and evaluating the size of risk while making business decisions. Job descriptions of all units and employees within the company were updated in a way to include the authorities and responsibilities, and risk and internal control activities.

The project activities on extending the global Operational Risk and Control Management Framework (ORCM) methodology of Aviva, which is applied for the management of operational risks and controls, have been continued. Support was provided to the business units in the first line of defense in order to prepare the necessary actions to take operational risks that are out of tolerance within tolerance limits.

Risk framework documents for both AvivaSA risk appetite and financial risk management were prepared and approved by the relevant committees and the Board of Directors. Operational critical risk indicators (CRI) were identified according to the relevant financial risk policies. Performance is monitored according to the threshold values identified in the regular Asset Liability (ALCO) meetings.

Operational Risks are managed under the supervision of ORC and EDOR committees within the framework of ORCM methodology. The risk appetite framework, which includes indicator and threshold values for Operational Risk Management, has been identified.

Monitoring activities regarding sales quality continued, quarterly sales quality evaluation reports on a sales channel basis were prepared and shared with the channel management. The necessary actions were taken according to the incompatibilities and improvement suggestions determined as a result of the controls and examinations to reduce the losses that may be encountered.

As the second line of defense, the determinations made as a result of the supervision of the company's risk management and internal control activities are included in the relevant management reports (CRO report, Covid-19 dashboard, Risk framework reports, etc.), and presented in the Operational Risk Committee and the Early Detection of Risk Committee (EDOR).

With the spread of the ORCM governance structure in practice, roles and responsibilities have been adopted. With the internalization of operational risk management in the first line of defense, operational risk management business processes have been included in the decision-making mechanism. To prevent the recurrence of the loss incidents, root cause analysis was performed and actions were determined with a risk and control perspective. By developing skills within the team for the use of analytical modeling methods, sales transactions have been controlled in a risk-oriented manner.

A risk register was created, which records the application changes in business processes caused by remote working during the Covid-19 period and/or periodic legislative changes, and it was evaluated whether there are any risks exposed. An evaluation was made for the first level control activities and the control activities that could not be performed or that were affected were determined and reported.

The projected risks portfolio for the Company will be updated, taking into account the global evaluations made for projected risks in the private pension and life insurance sector. Taking into account the current technological change and transformation process, it is aimed to adapt and update the second level monitoring systems. In order to realize all these plans, it is aimed to take the necessary actions for the acquisition of new skills by creating the competence sets that employees should have.

Regular management reporting by enriching the metrics determined for operational risk management will facilitate the follow-up of managing risks within tolerance. Current critical risk indicators (CRI) will be reviewed in line with the needs and monitored by the Operational Risk Committee.

Legislation Compliance and Financial Crimes Group Directorate

The Legislation Compliance and Financial Crimes Group Directorate was separated from the risk management function in 2020 and positioned as a separate structure, and continued its activities under the organization of the internal system. Legislation Compliance and Financial Crimes Group Directorate ensures that the Company's operations are carried out by observing compliance with the regulations on insurance and pension activities as well as with national and international regulations and standards regarding financial crime risks.

The Company is represented by the Financial Crimes Management through the Compliance Officer in the MASAK committee within the body of TSB regarding the changes within the scope of MASAK legislation and draft regulations. The activities carried out within the scope of the requirements of Aviva Group Financial Crimes Standard are reported to the Operational Risk Committee.

The Legislation Compliance and Financial Crimes Group Directorate is in the second line of defense in the Company and is responsible for overseeing the compliance of the transactions carried out by the first line of defense. In addition, it is also represented in the Legislation Compliance Committee, which is formed with the participation of the managers of the Company's operations and internal system units, in order to monitor the compliance of the Company with the legislation in a complete, timely and sustainable manner.

Regarding the compliance of bancassurance activities with the legislation, the Legislation Compliance and Financial Group Management actively takes part in the Company and in the committees established between our Company and the Bank.

Information Technologies and Information Security Risks Management

Information Technologies and Information Security Risks and Business Continuity management function has been positioned as a structure that directly reports to the Risk and Internal Control Director with the organizational change carried out on October 1, 2020, and started to continue its activities within this framework.

Information technology (IT) risk is the potential for losing automation systems, networks, or other critical IT resources, which can adversely affect business processes. With technology becoming a part of business processes, effective management of information technologies and information security risks are among the Company's primary business strategies.

The main risk areas within the scope of Information Technologies are summarized below:

- IT Management and Strategy Risk
- IT Architecture Risk
- Business Continuity Risk
- Supplier Management Risk
- Service Management and Resilience Risks
- Change Management Risk
- Development and Adaptation Risk
- Malicious Service Interruptions
- Hackers and Cyber Criminals
- Malicious Internal Resources

Information Technologies and Information Security risks are handled within business risks management strategies and managed in accordance with the control framework defined in Aviva Business Standards.

Business Continuity

Business Continuity and in connection with this, Incident and Crisis Management processes are carried out in the Company in line with the following principles:

AvivaSA aims to continue its activities related to the critical products and services it offers in order to provide the highest possible value to its customers and all stakeholders, to detect risks that threaten the continuity of business processes and operations early for the continuity of its products and services that provide value to its customers and stakeholders, and to develop countermeasures. Human life and health are the top priority in business continuity efforts.

Purpose of AvivaSA in business continuity activities is to protect the reputable and reliable company image that the customers can receive service within the time required by the legislation and at the time needed by the customers by reviving its critical activities in the shortest time targeted following any interruption or emergency situation.

In order to realize the above-mentioned principles, business continuity efforts are carried out within AvivaSA in line with the following policy items:

- The efforts made to ensure Business Continuity are carried out on the basis of ISO 22301, which is an international standard, and a structure that is constantly improving is targeted by systematically addressing it as a "Business Continuity Management System."
- The appropriate scope of business continuity is determined in order to ensure the fulfillment of legal obligations arising from contracts and the relevant legislation and to meet the expectations of all stakeholders.
- According to the results of business impact analysis and risk assessment activities, Business Continuity Strategies are developed and the necessary resources for the implementation of the strategies are evaluated and allocated by the management.
- Business continuity plans are created in order to protect business processes and valuable assets and to maintain the ability to do business after business continuity events, and the up-to-datedness and effectiveness of the plans are ensured through tests and exercises.
- In order to ensure that business continuity activities are in line with business goals and become an integral part of the corporate culture, training and awareness activities are carried out for all employees.
- Business continuity targets and performance criteria are determined in line with this policy and the purpose of the organization, and opportunities for improvement are evaluated by measuring their compliance at regular intervals.
- Audit and control activities, management reviews and corrective actions required for the continuous improvement of the business continuity management structure, and the necessary actions to identify risks and opportunities are provided by the management and the teams that the management assigns the responsibility for business continuity.

The main activities carried out within the framework of these principles are summarized below:

- Identifying the processes with up-to-date organizational information,
- Completing the business impact analyzes of the processes,
- Establishing the correct relationship between the processes and the company's activities,
- Determining the RTO and MBCO values of the processes,
- Identifying and recording recovery strategies and processes evaluated in high and medium criticality,
- Recording supplier and third party analyzes as part of the 22301 standards,
- Creating input for the processes of reviewing and testing the Disaster Center configuration managed by Information Technologies, based on the business impact analysis results,
- Transferring information to participating teams in order to keep business continuity awareness at the highest level during all these activities.

Notifications about Special Audits and Statutory Audits in 2020

REGULATORY COMPLIANCE AND SUPERVISION EFFORTS

Legislation Compliance and Control

In 2020, regulations regarding the products and services offered to customers were closely monitored, and especially during the pandemic period throughout the world, requests of the customers were carried out easily and quickly, mainly through secure electronic communication tools as permitted by the legislation. In line with the recommendation given by the public authority for the postponement of bank loans, time extensions were granted in loan-linked insurances without demanding any premiums. In the same period, policies that had to be canceled due to failure of payment as a result of financial difficulty remained in effect for at least two months.

During this period, the Company's opinion on draft legislative changes and adaptation of the current process to this process more easily was shared with the Insurance Association of Turkey (TSB) on behalf of the relevant public authorities and the sector. The Company was represented in the committees within the body of TSB and actively contributed to legislative development efforts to increase the efficiency of the system.

The projects carried out to fully comply with the legislative amendments and regulations made in the Private Pension System was one of the main areas of focus in 2020. As of January 2021, legislative projects regarding the returns of deductions that will enter into our lives were carried out meticulously.

In 2020, rigorous efforts were carried out for control and process compliance regarding insurance, private pension, automatic enrollment and state subsidies procedures and transactions. Also in this period, a remote state subsidy audit was carried out for the first time by the Insurance and Private Pension Regulation and Supervision Agency (SEDDK).

The processes were reviewed within the scope of the regulation on the information in insurance contracts published on February 14, 2020. In this context, projects were carried out in the bancassurance channel within the scope of the relevant regulation.

- **Within the scope of the Regulation on the Amendment to the Regulation on Commercial Communication and Commercial Electronic Messages dated 04.01.2020**, the permissions that service providers must obtain before the commercial electronic messages to be sent to the recipients will be stored in a secure environment, the recipients will be able to make approval and rejection notifications, as well as exercise the right to complain. It will be able to fulfill its public inspection duty quickly and completely.

- **The Law on Amendment to Certain Laws dated 26.03.2020** was published and the law includes updates regarding the payment of foreign currency contributions to private pension contracts and pension mutual funds established in foreign currency.
- **The Decision on Determining the State Subsidy Rate for the Foreign Currency Contribution Payments to the Private Pension System dated 24.04.2020** was published, and the 10% rate to be used in the state subsidy calculation for the contributions paid in foreign currency was included in the relevant decision.
- **The Decision on Appointments to the Insurance and Private Pension Regulation and Supervision Board Chairmanships, Deputy Chairmanships and Memberships dated 24.05.2020** was published, and the persons who were appointed as a result of the relevant appointments were specified in the said decision.
- **The Decision of the Insurance and Private Pension Regulation and Supervision Agency dated 02.10.2020** was published, and it includes the decision to postpone the period of being automatically re-included in the pension plan to 2022 for one time, for the employees who were previously included in the pension plan by their employers but exercised their right to withdraw or leave.
- **The Regulation on Pension Monitoring Center Working Principles dated 09.10.2020** was published and includes the updates made in the Working Principles of the Pension Monitoring Center.
- **The Organizational Regulation of Insurance and Private Pension Regulation and Supervision Agency (SEDDK) dated 16.10.2020** was published and includes information on the organizational structure, duties and responsibilities of the SEDDK.

Notifications about Statutory Audits in 2020

In 2020, PPS State Subsidy Procedures and Transactions Audit was carried out at the Company, and support was provided to Akbank T.A.Ş. Bank Intermediation Transactions Audit within the scope of Bancassurance audit.

Personal Data Protection

AvivaSA prioritizes the issues of Protection of Personal Data, privacy and confidentiality of personal data, while determining the priority of internal and external customers ("customers"), constantly reviewing and improving insurance processes, and improving digital channels with innovative products and services.

While providing the best experience and satisfaction to its customers, it attaches great importance to their fundamental rights and freedoms. It continues its efforts to ensure that all personal and private personal data related to real persons in relation with AvivaSA, including people who benefit from products and services, are processed and protected, and technical and administrative measures are taken in accordance with Law No. 6698 on Protection of Personal Data. In line with this purpose, while taking administrative and technical measures and implementing controls are adopted as the primary goal, the Personal Data Committee was established in 2017 within the Company, and the relevant committee convenes monthly with the representation of the executive committee.

The responsibility of the Personal Data Committee is carried out by the Legislation Adaptation and Surveillance Department, KVK Compliance Unit.

With the transfer of businesses and transactions to the digital environment, ensuring the security of the personal data of the customers becomes more and more important every day. In our company, ensuring data privacy and possible cyber threats are considered with high importance within the scope of technical measures and necessary measures are taken.

Our company attaches utmost importance to the Protection of Personal Data, and within this scope, efforts are made to be included in the central security operation system in order to monitor 24/7 cyber security.

At the beginning of the activities for the protection of personal data, the personal data received by the Company for various purposes and channels are identified and appropriate controls are established. Procedures, which are one of the cornerstones of the governance system established for the protection of personal data, have been established in the light of the determined policy in order to increase the dynamism of business processes and also taking into account the customer focus. The established policy and procedure are updated periodically and are easily accessible to all internal customers. Our company's employees are provided with annual and continuous training on personal and special personal data within the scope of the relevant law.

Subsidiaries

As per the Board of Directors' Resolution dated December 13, 2018, the Company established a wholly-owned subsidiary - AvivaSA Sigorta Aracılığı A.Ş. - with paid-in capital of TL 2,000,000. Registered on December 20, 2018, AvivaSA Sigorta Aracılığı A.Ş. will function as an insurance and private pension broker to meet all insurance needs of customers, including health and non-life insurance.

Legal Explanations

There are no lawsuits against the Company that could significantly affect its financial position and business activities.

However, summary information on the existing lawsuits against our Company is presented in the tables below.

Lawsuits under Insurance Law

Number of files opened before 2020 and still in progress	449
Number of files opened in 2020	111
Number of files finalized in 2020	146
Number of files finalized in favor in 2020	70
Number of files finalized against in 2020	76

The total amount paid for 107 files in 2020 is TL 2,745,944.28.

Lawsuits under Private Pension Law

Number of files opened before 2020 and still in progress	24
Number of files opened in 2020	11
Number of files finalized in 2020	15
Number of files finalized in favor in 2020	11
Number of files finalized against in 2020	4

The total amount paid for 4 files in 2020 is TL 2,534.63.

Lawsuits under Employment Law

Number of files opened before 2020 and still in progress	51
Number of files opened in 2020	8
Number of files finalized in 2020	14
Number of files finalized in favor in 2020	2
Number of files finalized against in 2020	12

The total amount paid for 19 files in 2020 is TL 474,786.28.

Administrative fines amounting to TL 19,603.25 in total were imposed by the Ministry of Treasury and Finance on 06.01.2020, 08.01.2020 and 05.02.2020. Relevant fines were paid on time.

The Ordinary General Assembly Meeting of our Company dated 11.03.2020 was held at Sabancı Center. The related meeting minutes were published on the Public Disclosure Platform on 11.03.2020. Ordinary meeting agenda and minutes are available in the "Corporate Governance Principles Compliance Report" section of this Annual Report.

The legislative amendments published in 2020 and which could significantly affect our Company's activities are as follows:

- Regulation on Information in Insurance Contracts published in the Official Gazette No.31039 dated February 14, 2020,
- Regulation Amending the Regulation on the Principles Regarding the Establishment and Activities of Pension Mutual Funds published in the Official Gazette No. 31058 dated March 4, 2020,
- The Law No. 7244 on Reducing the Economic and Social Effects of the New Coronavirus (Covid-19) Pandemic and the Law on Amending Some Laws, published in the Official Gazette No. 31102 dated April 17, 2020,
- The Decision on Determining the State Subsidy Rate for Foreign Currency Contribution Payments to the Private Pension System published in the Official Gazette No. 31108 dated April 24, 2020 (Decision No: 2477),
- Regulation on the Amendment of the Regulation on the Activities to be Evaluated within the Scope of Insurance, Insurance Contracts Signed in Favor of the Consumer and Insurance Contracts Concluded Distant, published in the Official Gazette No. 31122 dated May 9, 2020,
- Decision on Appointments to Insurance and Private Pension Regulation and Supervision Agency Chairmanships, Deputy Chairmanships and Memberships published in the Official Gazette No. 31136 dated May 24, 2020 (Decision No: 2020/245),
- Presidential Circular No. 2020/8 on Normalization and Measures to be Taken in Public Institutions and Organizations within the Scope of Covid-19, published in the Official Gazette No. 31139 dated May 29, 2020,
- Regulation on Insurance and Private Pension Activities within the Framework of Enrollment Principles published in the Official Gazette No. 31339 dated December 19, 2020,
- Regulation on Making Amendments to the Regulation on Participation Insurance Working Procedures and Principles published in the Official Gazette No. 31339 dated December 19, 2020."

Ordinary General Assembly Meeting Minutes

AVİVASA EMEKLİLİK VE HAYAT A.Ş

ORDINARY GENERAL ASSEMBLY FOR 2019 DATED 11.03.2020 MEETING MINUTES

The Ordinary General Assembly Meeting of AvivaSA Emeklilik ve Hayat A.Ş with respect to 20197 was held on 11th March 2020, Wednesday at 16:00 p.m. in the address of SABANCI CENTER, 4.LEVENT 34330 BESIKTAS ISTANBUL under the supervision of Nevin Oktay, the Ministry Representative who was assigned in accordance with the writing of Governorship of Istanbul Provincial Directorate of Commerce dated 10.03.2020 and numbered 53075027.

Invitation to the meeting was made within the time allowed as to include the agenda and day of the meeting in accordance with the law and the Articles of Association by announcing in issue 10015 of Turkish Trade Registry Gazette dated 13th February 2020, the internet address of the company www.avivasa.com.tr/en Public Information Platform and the Electronic General Assembly system of the Central Registry Authority.

The meeting was held and commenced upon seeing the presence of quorate from the List of Attendants in accordance with both the law and also the articles of association where out of 18,000,000,000 shares, each with a nominal value of 1 Kuruş that corresponds to the Company's total capital of TL 180,000,000.00 shares, a total of 159,015,599,107 shares, consisting of 15,901,559,810.70 shares which correspond to the capital of TL 159,015,598,107 were represented in proxy and total of 100 shares which corresponds to TL 1 were represented in person in the meeting led by Haluk Dinçer, the President of Board of Directors and in the presence of Adnan Akan, representative of the Auditor of the Company, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

According to the fifth and sixth subsections of Article 1527 of the Turkish Code of Commerce, it was determined that the Company has fulfilled the electronic general assembly preparations in compliance with the legal regulations. Being Selin Özkırım who has the Expertise of Central Registry Agency Electronical General Assembly System Certificate assigned to use the electronic general assembly system by Haluk Dinçer, Chairman of the Board; the meeting is simultaneously opened physically and electronically and the agenda is discussed.

As a result of the discussions, held according to the agenda, the following decisions were adopted.

1. According to article 27 Of the Articles of Association, Mr. Haluk Dinçer, Chairman of the Board assumed the Chairmanship of the Meeting. Chairmanship of the Meeting was formed by giving the Vote Collection Duty to Şerafettin Karakış, representative of Hacı Ömer Sabancı Holding A.Ş. and to Erkan Şahinler, representative of the Aviva International Holdings Limited and by giving the Meeting Clerkship Duty to Tuğrul Gemici by the Chairman of the Meeting.

In the meeting, TL 15,015,584.671 shares were represented electronically by the representative who pays.

Agenda items are discussed in the order declared since no demand has been made for changing the discussion order of the agenda items.

2. The Annual Report of the Board of Directors for 2019 was not read due to the fact that the motion given to the Chairmanship was accepted by the majority of the participants with affirmative votes of TL 158,977,521,107 against TL 38,078 negative votes, as it was submitted for the review of the partners on the Company's website and on the Public Disclosure Platform. Board of Directors Activity Report was negotiated. None of the shareholders spoke.
3. The independent auditor's report for 2019 was not read due to the fact that the motion given to the Chairmanship was accepted by the majority of the participants with affirmative votes of TL 158,977,521,107 against TL 38,078 negative votes, as it was submitted for review of the partners on the Company's website and on the Public Disclosure Platform, and the "Opinion" part of the independent auditor's report was read.

Ordinary General Assembly Meeting Minutes

4. The financial statements for 2019 was not read but just discussed due to the fact that the motion was accepted by the majority of the participants with affirmative votes of TL 158,977,521,107 against TL 38,078 negative votes, as the financial statements were submitted for the review of the partners on the Company's website and on the Public Disclosure Platform. As a result of the voting after the completion of the negotiation, the financial statements for 2019 were decided to be accepted and approved by the majority of votes with TL 158,977,521,107 affirmative votes against 38,078 TL negative votes.
5. As a result of the voting, it was decided by a majority of affirmative votes of TL 158,977,521,107 against TL 38,078 negative votes of those who participated in the acquittance of the members of the Board for their activities in 2019.
6. It was decided by a majority of affirmative votes of TL 159,015,598,107 against TL1 negative votes of the participants to distribute the total gross dividend amount of TL 160,000,000.00 in accordance with the "Profit Distribution Table" published on the Public Disclosure Platform after reserving general legal reserves amounting to TL 25,245,658.45 and extraordinary reserves amounting to TL 23,891,596.55 from the after-tax profit of TL 209,137,255 generated as a result of the activities of our Company carried out in 2019, and to make the payments in cash in two installments, TL 100,000,000.00 on March 25, 2020, and TL 60,000,000.00 on September 28, 2020.
7. Within the scope of the motion submitted to the Meeting Chairmanship, it was decided by a majority vote, with positive votes of TL 7,496,374.671 against negative votes of TL 151,519,224.436, to pay Board Members a gross monthly salary of TL 13,000 during their term of service in accordance with the Company's Remuneration Policy.
8. Regarding the members elected to serve as a member of the board of directors that became vacant during the activity year, it was decided by a majority of affirmative votes of TL 151,519,224.436 against TL7,496,374.671 negative votes of the participants to appoint Adrian Alastair Sir Adrian Montague as the board member instead of Maurice Ewen Tulloch who has resigned from the membership, to appoint Patrick Dixneuf instead of Elizabeth Mary Jane Ashford, and to appoint Gökhan Eyigün and Neslihan Döngel Özlem with national ID no, respectively, instead of Hakan Timur and Fuat Öksüz, in accordance with Article 363 of the TCC.
9. Taking the advice of the Committee in charge of Audit and the Board of Directors; audit of the financial statements of the Company in the accounting period 2020 in accordance with Turkish Commercial Code numbered 6102, Capital Market Law No. 6362 and insurance legislation and with the principles set out in accordance with the company's auditing within the scope of the provisions of this law, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was elected as Auditor with negative votes of TL 133,239 and positive votes of TL 158,882,360.107. Upon the question "How much will be paid to the auditor in return for his service for 2020? I want you to disclose how the fee payable for the service subject to our consent may be company secret or company interest. In my opinion, you are conducting an illegal and unfair meeting that is far from transparency." by Mr. Gürsoy Hafizoğlu, Sabancı Holding A.Ş representative Mr. Şerafettin Karakış took the floor and stated that it could not be explained due to KVKK and commercial sensitivities.
10. Shareholders were informed that a total of TL 8,741,604 have been donated to various institutions in 2019.
11. Within the scope of the motion submitted to the Presidency of the Court, it is decided unanimously with positive votes of TL 11,846,026.671 against negative votes of TL 147,169,572.436 that the Company's donation limit in 2020 shall be TL 1,000,000.00 (one million Turkish liras) and/or 5% of the commercial profit.
12. It was decided with positive votes of TL 154,665,946,107 against negative votes of TL 4,349,653 that the chairman and members of the board of directors should be able to carry out the transactions written in articles 395 and 396 of the Turkish Commercial Code.
13. Wishes and requests.

After all agenda topics were covered, the Meeting Chairman stated that the quorum was maintained throughout the meeting and the meeting was closed.

The meeting minutes consisting of 3 pages were drawn up and signed after the meeting.

Istanbul, 11.03.2020 at: 16:36

Ministry Representative
Mahmut GÜNDOĞDU

Chairman
Haluk Dinçer

Vote Collector
Şerafettin KARAKIŞ

Vote Collector
Erkan Şahinler

Clerk
Tuğrul Gemici

Summary of Board of Directors' Annual Activity Report Presented to the General Assembly

Esteemed Shareholders,

In 2020, AvivaSA Emeklilik ve Hayat A.Ş. continued operations as one of the leading companies of the private pension and life insurance sector and achieved strong financial results. The Ordinary General Assembly Meeting was held on March 11, 2020. Detailed information about the decisions taken in this meeting is available in the Corporate Governance Principles Compliance Report section of the 2020 Annual Report. As a publicly traded company, necessary activities were carried out to make sure that our Company practices comply with all applicable laws and regulations. In 2020 cash dividends of TL 160 million were distributed with regard to the profit for the 2019 period. From 2020 onwards, AvivaSA will continue to distinguish itself thanks to extensive international expertise and local know-how accumulated since the Company's establishment, strong capital structure, the power it derives from well-established roots as well as an unparalleled multichannel distribution structure. A natural-born leader, AvivaSA will add value to its said features with its innovative services and products; and it will continue to be an important institution for its customers, partners and employees.

- At the end of the fiscal year 2020, the Company's paid-in capital stood at TL 180,000,000 while shareholders' equity amounted to TL 679,448,042.
- The Company has sufficient shareholders' equity to meet possible losses that may arise from current liabilities or potential risks.
- As of year-end 2020, our Company's asset size reached TL 34,161,653,919.

- Our Company's current assets amounted to TL 3,342,634,788 with short-term liabilities totaling TL 682,963,749 and insurance technical provisions standing at TL 2,442,219,423. Meanwhile, the private pension fund volume reached TL 30,455,901,992.
- Our Company's investment income (net) stood at TL 117,918,161 while income/profit and expense/loss in extraordinary items was TL 6,350,195.
- As a result of its operations in 2020, our Company capped the year with a total net profit of TL 290,854,780.
- According to PMC (Pension Monitoring Center) data released on December 31, 2020, our Company held an 18.6% market share in total private pension fund volume, ranking first in the sector among the private companies. Meanwhile, the number of PPS participants totaled 697,826.
- Our Company generated TL 1331.9 million in life and personal accident insurance premiums and ranked 5. in the sector with a market share of 8.8%.

We would like to thank our esteemed shareholders for attending our General Assembly meeting, which was held to review and approve the 2020 operations of our Company.

Yours sincerely,

Board of Directors

Assessment of the Financial Situation, Profitability and Claims Payment Solvency

Financial Position

Thanks to its multiple distribution channels, strong shareholding structure, solid shareholders' equity, and expert staff, AvivaSA has uniquely positioned itself in the ever-growing market to become one of the leading companies without compromising profitability.

Calculated according to the principles set by the Undersecretariat of Treasury, The Company's capital adequacy ratio as of 31.12.2020 was at 196%, the clearest indication of robust capital management. Required minimum capital reserves stood at TL 369.2 million and shareholders' equity at TL 722.5 million (including equalization reserve).

AvivaSA ended the year 2020 as one of the most profitable companies among our shareholders, Sabancı Group and Aviva Plc, with a 49% return on capital. In 2020, a gross profit of TL 378.9 million and a net profit of TL 290.9 million were realized. In 2020, a dividend of TL 160.0 million was distributed to the shareholders, as the entire distributable profit of 2019.

The year 2020 saw competition intensify in the private pension and life insurance segments of the insurance industry. In the face of such intense competition, AvivaSA followed the right strategies to grow profitably, outperforming its 2020 targets.

In 2020, AvivaSA continued its robust growth in the Private Pension System market. The size of our Company's Private Pension System funds increased by 32% to reach TL 29,414 million while the number of participants dropped 8% to 698 thousand people. AvivaSA is the leader of its sector among private companies with an 18.6% market share in terms of Private Pension System fund volume (according to Pension Monitoring Center data from December 31, 2020).

At the end of 2020, AvivaSA produced a total of TL 1,332 million in life insurance and personal accident insurance premiums, and brought its market share among pension and/or life insurance companies in terms of direct premium production up to 8.8% (December 2019 - TL 988 million - 8.2%).

In the life and accident insurance branches, AvivaSA paid a total of TL 200.7 million in indemnity for surrender, maturity, death and disability in the year 2020.

The growth continued with the investments in distribution channels as well. Sales channels closed the end of 2020 as 933 people. AvivaSA is an industry leader among the private companies in terms of its PPS fund volume. The Company plans to preserve its robust shareholders' equity level in the future. It will continue to invest in infrastructure, sales and Head Office staff to achieve sustainable growth and profitability in 2020.

Progress in Assets and Liabilities

The Company's total asset volume for 2020 grew by 33% over the prior year to TL 34,162 million.

The largest figure among all asset items is liabilities from pension activities. This item corresponds to the total fund volume invested by PPS participants in the Company's pension funds, and has grown by 32% over the prior year to TL 30,455 million.

Another important part of the asset size of our company is Financial Assets with a share of 6.5% and the Financial Investments item, the risk of which belongs to the Insured. This balance sheet item with a size of TL 2.2 billion represents the amount of financial assets in which the Financier and Insured funds managed by our Company are invested.

Another asset category is foreign currency assets (TL 2,009 million), which accounts for 5.9% of the total. These assets are held in parallel with the Company's foreign currency liabilities and function as a hedge against foreign currency risk.

As for the liabilities side of the balance sheet of AvivaSA Emeklilik ve Hayat A.Ş., 89% of the total corresponds to liabilities from pension activities and 7.1% to technical provisions.

On the other hand, the mathematical provision for life, which corresponds to our liabilities towards policy holders, fell to TL 2,263 million.

Indemnity Payment Capacity

The total gross indemnity paid by AvivaSA in 2020 stands at TL 200.7 million. Indemnity payments correspond to surrender, maturity, and death indemnity coverage associated with life insurance policies, cumulative products, and combined products that serve both functions.

In 2020, the Company's death and disability indemnity payments -with the exception of surrender and maturity payments- stood at TL 73.7 million. Taking into consideration the Company's current liquidity and the maturity structure of its investments, it has a strong indemnity payment capacity.

Assessment of the Financial Situation, Profitability and Claims Payment Solvency

Remuneration of Board Members and Executive Committee

(Article 9 of the Regulation)

The following items must be included in the remuneration of Board members and senior managers:

- The salaries, premiums, bonuses and other benefits offered to the Company's executive committee totaled TL 11.7 million in 2020; this figure was TL 11.2 million in 2019.
- In 2020, the Company paid TL 0.9 million to senior managers to cover business expenses such as travel, accommodation, communication and representation fees; this figure was TL 1.3 million in 2019.
- The total indemnity of the life insurance policies held by the Company's executive committee amounted to USD 2 million in 2020 and USD 2 million in 2019.

Operations of the Company and Important Developments Related to Operations

Information on the donations and aid made by the Company during the year and other expenses related to social responsibility projects:

In 2020, the Company spent TL 12.1 million in donations and aid as well as for social responsibility projects.

Information on administrative or legal penalties imposed on the Company and/or its Board members due to actions contrary to law:

There are no significant fines that will affect the financial structure of our company due to the practices contrary to the provisions of the legislation in 2020. In 2020, a total fine of TL 85 thousand and delay interest was paid to legal authorities.

Financial Indicators (TL million)	2016	2017	2018	2019	2020	2016-2020
						4 years CAGR
Total Premium and Contribution	1,787	2,144	1,519	2,440	3,559	19%
Total Technical Profit/Loss	29	69	152	132	255	72%
Total Assets	12,935	16,757	19,286	25,696	34,162	27%
Paid-in (Nominal) Capital	118	118	180	180	180	11%
Shareholders' Equity	185	264	370	514	679	38%
Net Financial Income	44	62	96	141	124	30%
Period Loss	-	-	-	-	-	
Profit Before Tax	73	130	249	273	379	51%
Net Profit After Tax	63	102	191	209	291	46%
Key Ratios (%)						
Technical Profit/Premium and Contribution	1.6	3.2	10.0	5.4	7.2	
Profit Before Tax/Total Assets	0.6	0.8	1.3	1.1	1.1	
Profit After Tax/Equity	34.1	38.5	51.6	40.7	42.8	
Premiums and Contributions/Total Assets	13.8	12.8	7.9	9.5	10.4	
Shareholders' Equity/Total Assets	1.4	1.6	1.9	2.0	2.0	

	2016-2020 4 years										
	2016	Change	2017	Change	2018	Change	2019	Change	2020	Change	CAGR
Total Premiums and Contributions	1,786,627,247	-21.2%	2,143,651,252	20.0%	1,518,675,304	-29.2%	2,439,938,199	60.7%	3,559,365,444	45.9%	18.8%
Private Pension Contribution (Net)	1,469,205,182	-27.5%	1,672,199,325	13.8%	953,304,781	-43.0%	1,452,183,986	52.3%	2,227,493,150	53.4%	11.0%
Life/Non-Life Premiums	317,422,065	32.3%	471,451,927	48.5%	565,370,523	19.9%	987,754,213	74.7%	1,331,872,294	34.8%	43.1%
Life	265,358,643	36.6%	402,691,622	51.8%	489,972,130	21.7%	905,321,486	84.8%	1,266,367,504	39.9%	47.8%
Non-Life	52,063,422	13.9%	68,760,304	32.1%	75,398,393	9.7%	82,432,727	9.3%	65,504,790	-20.5%	5.9%
Life Mathematical Equivalent	484,556,045	8.4%	592,387,336	22.3%	891,638,944	50.5%	1,453,363,736	63.0%	2,262,853,561	55.7%	47.0%
Negotiation and Maturity	-72,104,316	-10.9%	-57,798,787	-19.8%	-68,705,574	18.9%	-86,524,517	25.9%	-133,304,997	54.1%	16.6%
Death Disability	-39,578,867	23.1%	-41,130,189	3.9%	-45,275,960	10.1%	-44,124,017	-2.5%	-63,939,782	44.9%	12.7%
Negotiation	-62,020,640	-14.2%	-53,984,881	-13.0%	-64,929,368	20.3%	-82,693,775	27.4%	-116,186,332	40.5%	17.0%
Maturity	-10,083,676	16.4%	-3,813,906	-62.2%	-3,776,206	-1.0%	-3,830,741	1.4%	-17,118,665	346.9%	14.1%
Total Indemnity	-111,683,183	-1.2%	-98,928,975	-11.4%	-113,981,534	15.2%	-130,648,534	14.6%	-197,244,778	51.0%	15.3%
Pension Fund Size	11,786,277,822	28.0%	15,319,314,977	30.0%	17,440,885,677	13.8%	23,120,140,926	32.6%	30,455,130,719	31.7%	26.8%
Equity	185,327,522	19.6%	264,046,194	42.5%	370,311,657	40.2%	514,257,706	38.9%	679,448,042	32.1%	38.4%
Total Assets	12,935,272,388	26.6%	16,757,000,867	29.5%	19,286,079,356	15.1%	25,696,171,768	33.2%	34,161,653,917	32.9%	27.5%
Life Technical Profit/Loss	46,570,114	110.7%	57,349,920	23.1%	92,206,983	60.8%	76,897,773	-16.6%	328,890,784	327.7%	63.0%
Non-Life Technical Profit/Loss	-3,299,272	-151.9%	-479,234	-85.5%	906,306	-289.1%	10,483,959	1056.8%	32,765,234	212.5%	
Private Pension Technical Profit/Loss	-13,901,988	-13.2%	11,871,981	-185.4%	59,219,758	398.8%	44,484,058	-24.9%	-107,014,722	-340.6%	66.6%
Technical Section Balance	29,368,855	136.0%	68,742,667	134.1%	152,333,047	121.6%	131,865,790	-13.4%	254,641,296	93.1%	71.6%
Investment Income (Net)	42,047,710	1689.5%	52,387,193	24.6%	89,326,077	70.5%	125,506,309	40.5%	117,918,162	-6.0%	29.4%
Other Income and Expenses (Net)	1,839,195	-92.0%	9,158,198	397.9%	7,094,934	-22.5%	15,595,378	119.8%	6,350,190	-59.3%	36.3%
Operating Expenses	-358,483,794	8.7%	-443,185,795	23.6%	-489,811,295	10.5%	-635,982,323	29.8%	-770,221,576	21.1%	21.1%
Profit/Loss Before Tax	73,255,760	93.2%	130,288,057	77.9%	248,754,058	90.9%	272,967,477	9.7%	378,909,648	38.8%	50.8%
Net Profit/Loss After Tax	63,220,412	254.6%	101,689,753	60.8%	191,229,847	88.1%	209,137,255	9.4%	290,854,778	39.1%	46.5%
Capital Adequacy	199,750,590	20.1%	283,165,793	41.8%	395,778,369	39.8%	547,413,456	38.3%	722,469,731	32.0%	37.9%
ROE	37.16%		45.26%		60.29%		47.29%		48.73%		
	2016	Change	2017	Change	2018	Change	2019	Change	2020	Change	CAGR
PPS Fund Size	876,075	6.2%	884,344	0.9%	834,701	-5.6%	761,497	-8.8%	697,826	-8.4%	-5.5%
Net Financial Income	43,886,905	72.2%	61,545,390	40.2%	96,421,011	56.7%	141,101,687	46.3%	124,268,352	-11.9%	29.7%

Dividend Distribution Policy

AVIVASA EMEKLİLİK VE HAYAT A.Ş. DIVIDEND DISTRIBUTION POLICY

In the event that the Board of Directors of AvivaSA Emeklilik ve Hayat A.Ş. The Dividend Distribution Policy of AvivaSA Emeklilik ve Hayat A.Ş. has been determined in accordance with the relevant provisions of the Turkish Commercial Code, Capital Markets Law and other applicable legislation. As per the dividend policy article in the Articles of Association, the Company pays dividends by taking into consideration its medium- and long-term strategies, investment and financial plans, the state of the national economy and the sector, and the balance between shareholder expectations and the Company's needs.

The amount of distributable profit is determined by the General Assembly; however, the general principle is to pay 50% of distributable profit to shareholders in the form of cash and/or bonus shares.

AvivaSA Emeklilik ve Hayat A.Ş. does not pay advance dividends.

The Company adopts the principle of paying dividends equally to each share, regardless of their date of issue and acquisition, within legal time limits. Dividends shall be paid to shareholders following the approval of the General Assembly and on the date set by the General Assembly.

The General Assembly may decide to transfer a portion or all of the net profit to the reserve account. To the General Assembly of In the event that the Board of Directors of AvivaSA Emeklilik ve Hayat A.Ş. proposes to the General Assembly not to distribute any profit, then shareholders are informed at the General Assembly Meeting about the reasons for not distributing profit and how distributable profit will be used. This information is also disclosed to the public via the annual report and the Company's website.

The dividend distribution policy is presented at the General Assembly Meeting for approval by shareholders. The Board of Directors reviews the policy every year by taking into consideration any adverse conditions in the national or global economy as well as the current status of projects and funds. Any changes made to the dividend policy are presented to the shareholders for approval at the first General Assembly meeting after the changes are made, and are also disclosed to the public via the Company's website.

Dividend Proposal 2020

PROPOSAL

February 8, 2021

DIVIDEND PROPOSAL OF AVIVASA EMEKLİLİK ve HAYAT A.Ş. 2020 FISCAL YEAR - BOARD OF DIRECTORS DIVIDEND DISTRIBUTION OFFER

Esteemed Shareholders,

It was resolved to present the following proposal to the General Assembly at the 2020 Ordinary General Assembly meeting: a general statutory reserve fund amounting to TL 15,100,000 as well as an extraordinary reserve fund amounting to TL 115,754,780 should be set aside from our Company's after-tax financial year net profit amounting to TL 290,854,780 as a consequence of transactions in 2020; a total sum of gross TL 160,000,000.00 should be distributed to our shareholders as a dividend in line with the attached "Dividend Distribution Table;" and to make the dividend payments in cash and in two installments, TL 80,000,000.00 on March 29, 2021, and TL 80,000,000.00 on September 28, 2021. The "2020 Dividend Distribution Table" and "Dividend Share Table" are presented here for your information.

2020 Dividend Distribution Table

DIVIDEND DISTRIBUTION TABLE

AvivaSA Emeklilik ve Hayat A.Ş. Estimated Dividend Distribution Table for 2020 (TL)		
1. Paid-in/Issued Capital		180,000,000.00
2. General Legal Reserves (according to legal records)		80,039,901.00
Information on privileges in dividend distribution, if stipulated in the Articles of Association.		
	As Per Capital Markets Board	As Per Statutory Records
3. Period Profit	378,909,650.00	378,909,650.00
4. Taxes (-)	(88,054,870.00)	(88,054,870.00)
5. Net Period Profit (=)	290,854,780.00	290,854,780.00
6. Retained Losses (-)	-	-
7. General Reserve Funds (-)	-	-
8. NET DISTRIBUTABLE PERIOD INCOME (=)	290,854,780.00	290,854,780.00
9. Donations Made during the Year (+)	12,086,551.00	
10. Net Distributable Profit for the Period Including Donations	302,941,331.00	
11. First Dividend to Shareholders		
- Cash	9,000,000.00	
- Bonus Shares	-	
- Total	9,000,000.00	
12. Dividends Paid to Privileged Shareholders	-	
13. Other Dividends Paid to:		
- Board Members,	-	
- Employees	-	
- Individuals other than shareholders	-	
14. Dividends Paid on Redeemable Shares	-	
15. Second Dividend to Shareholders	151,000,000.00	
16. General Legal Reserves	15,100,000.00	
17. Statutory Reserves	-	
18. Specific Reserves	-	
19. EXTRAORDINARY RESERVES	115,754,780.00	115,754,780.00
20. Other Distributable Resources	-	-

INFORMATION ABOUT DISTRIBUTED PROFIT SHARE RATIO

DIVIDEND SHARE TABLE

	TOTAL DISTRIBUTED SHARES		TOTAL DISTRIBUTED SHARES/NET DISTRIBUTABLE PERIOD PROFIT	PROFIT SHARE CORRESPONDING TO SHARES WITH A NOMINAL VALUE OF TL 1	
	CASH (TL)	SHARES (TL)	RATE (%)	AMOUNT (TL)	RATE (%)
Gross	160,000,000.00	-	55.0102701	0.88889	88.8889
Net	136,000,000.00	-	46.7587296	0.75556	75.5556

(1) Net calculations are based on the assumption that a 15% income tax withholding shall be applied.

Annual Report Compliance Statement



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

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

1. Opinion

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

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

2. Basis for Opinion

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

3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 8 February 2021 on the full set standalone and consolidated financial statements for the year ended at 31 December 2020.

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

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Financial Structures of Insurance, Reinsurance and Pension Companies" ("Regulation") published on the 7 August 2007 dated Official Journal No. 26606 are as follows:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
BJK Plaza, Sıleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul-Turkey
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015
AvivaSA: Şirkete Özel (Internal)



- c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
 - the Company's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

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

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

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

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

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

ORIGINALLY ISSUED IN TURKISH

Adnan Akan, SMMM
Partner

Istanbul, 15 February 2021

AvivaSA: Şirkete Özel (Internal)

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

**FINANCIAL STATEMENTS (UNCONSOLIDATED)
AS OF 31 DECEMBER 2020 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR’S REPORT
(ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR’S REPORT

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

A. Audit of the Non-Consolidated Financial Statements

1. Opinion

We have audited the accompanying non-consolidated financial statements of AvivaSA Emeklilik ve Hayat A.Ş. (the “Company”) which comprise the non-consolidated balance sheet as at 31 December 2020 and the non-consolidated income statement, non-consolidated statement of changes in shareholders’ equity and non-consolidated statement of cash flows for the year then ended and the notes to the non-consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its non-consolidated cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation “Regulation on Insurance Accounting and Financial Reporting Principles”.

2. Basis for Opinion

Our audit was conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

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AvivaSA: Şirkete Özel (Internal)



3. Key Audit Matters

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

Key audit matter	How our audit addressed the matter
<p>Measurement of carrying value of intangible assets</p> <p>As explained in Notes 2, 3 and 8, as of 31 December 2020 capitalized costs amounting to TL 93.7 million were attributable to projects which were accounted for under intangible assets and consisted of mainly costs that were incurred for the modernization of core insurance information technology systems. Such costs include both internal personnel costs and externally provided services/licenses.</p> <p>This issue has been selected as a key audit subject, since the determination of the carried values of these intangible assets requires advanced technical evaluation in terms of financial reporting.</p>	<p>Design and operational effectiveness of the key controls for the processes of internal development and external purchase of intangible assets were tested. As of 31 December 2020, externally provided services in the amount of 66.7 million TL and internal developed assets in the amount of 27 million TL are tracked on project basis and the mathematical accuracy of these project based intangible assets was controlled. In consultation with the Company management, the method and assumptions used were evaluated, it was evaluated whether the said costs are capitalizable and whether the carried values require impairment as of the date of the balance sheet by using the sampling method on a project basis.</p> <p>Completeness and accuracy of internally developed intangible assets were tested through the test of the internal development process. In addition to that, we have obtained the detailed listing of all internally developed projects including capitalized personnel expenses and validated the timesheets and respective salary costs of employees for the projects sampled.</p> <p>Non-consolidated financial statement disclosures relating to these intangible assets were controlled.</p>



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="245 562 754 667">Estimations and assumptions used in calculation of mathematical reserves arising from insurance contracts</p> <p data-bbox="245 712 823 1077">As explained in Notes 2 and 17, as of 31 December 2020, the Company's total net mathematical reserves amounted to TRY 2,262 million and this amount constitutes an important part of the total liabilities of the Company. The measurement of mathematical reserves requires significant estimates and assumptions, as it includes results for future uncertain events, including benefits guaranteed to the insured.</p> <p data-bbox="245 1122 828 1301">The mathematical reserves are considered as the subject of a key audit matter by us, due to their importance for the non-consolidated financial statements and the important assumptions related to their recognition.</p>	<p data-bbox="868 600 1437 1003">Key controls on the calculation methods for mathematical equivalents calculated by the Company as of December 31, 2020 have been tested. Mathematical provisions were recalculated by expert actuaries in our audit team using the sampling method over tariffs and other related calculation data. Compliance of the explanatory information regarding the said provisions with the accounting and reporting regulations in force pursuant to the insurance legislation has been examined.</p>

4. Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

The Company management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with the Regulation on Insurance Accounting and Financial Reporting Principles and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AvivaSA: Şirkete Özel (Internal)



5. Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AvivaSA: Şirkete Özel (Internal)



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

We have informed those charged with senior management that we comply with ethical provisions regarding independence. In addition, we have communicated all relations and other matters that may be considered to have an impact on independence and, if any, relevant measures to those responsible for senior management.

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. The Auditor's Report on the Early Detection of Risk System and Committee prepared in accordance with the fourth paragraph of Article 398 of the TCC was submitted to the Board of Directors of the Company on 8 February 2021.

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

Adnan Akan, SMMM
Partner

İstanbul, 8 February 2021

AvivaSA: [Şirkete Özel \(Internal\)](#)

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

THE NON CONSOLIDATED FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

We assure you that our non consolidated financial report and the related disclosures and notes prepared as of 31 December 2020 in accordance with the requirements set out by Republic of Turkey Prime Ministry Undersecretariat of the Treasury are in compliance with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Private Pension Companies" and our Company's accounting records.

Istanbul, 08 February 2021



M. Fırat Kuruca
Member of the Board of
Directors, General Manager



Erkin Şahiner
Assistant General Manager
Finance



Zeliha Eksen Altınok
Group Manager
Accounting & Finance



Nevin Mermer
Actuary

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

ASSETS			
	Notes	Audited Limitedly Current Period 31 December 2020	Audited Previous Period 31 December 2019
I- Current Assets			
A- Cash and Cash Equivalents	2.12, 14	986,330,032	398,428,419
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	2.12, 14	658,028,179	189,980,574
4- Cheques Given and Payment Orders (-)	2.12, 14	(168,867)	(41,388)
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months		-	-
6- Other Cash and Cash Equivalents	2.12, 14	328,470,720	208,489,233
B- Financial Assets and Investments with Risks on Policyholders	4.11	2,229,963,493	1,766,777,490
1- Financial Assets Available for Sale	4, 11.4	112,389,182	193,245,501
2- Financial Assets Held to Maturity	4.11.4	-	129,000,000
3- Financial Assets Held for Trading	4, 11.4	241,385,756	378,045,758
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policyholders	4, 11.4	1,876,188,555	1,066,486,231
7- Equity Shares		-	-
8- Impairment of Financial Assets (-)		-	-
C- Receivables from Main Operations	12	61,732,577	51,296,729
1- Receivables from Insurance Operations	12.1	34,193,263	36,509,061
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited with Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation	12.1	27,539,314	14,787,668
9- Doubtful Receivables from Main Operations		-	-
10- Provisions for Doubtful Receivables from Main Operations (-)		-	-
D- Due from Related Parties	12.1, 45	4,486,337	7,236,037
1- Due from Shareholders	12.2	547,351	23,568
2- Due from Affiliates		-	-
3- Due from Subsidiaries	12.2	2,896,980	4,092,542
4- Due from Entities Under Common Control		-	-
5- Due from Personnel		17,746	5,906
6- Due from Other Related Parties	45	1,024,260	3,114,021
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables	12.1	507,082	507,760
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		75,294	53,893
4- Other Receivables		186,285	208,364
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		245,503	245,503
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	2.20	56,953,295	37,723,002
1- Deferred Commission Expenses	2.20	23,152,652	33,622,434
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses		33,800,643	4,100,568
G- Other Current Assets	47.1	2,661,972	825,114
1- Stock to be used in following months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances		1,136,520	635,488
5- Advances Given to Personnel		1,525,452	189,626
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Asset		3,342,634,788	2,262,794,551

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

ASSETS			
	Notes	Audited Limitedly Current Period 31 December 2020	Audited Previous Period 31 December 2019
II- Non-Current Assets			
A- Receivables from Main Operations	12.1	30,660,641,567	23,297,773,177
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited with Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders	12.1	204,739,575	177,037,400
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations	12.1	30,455,901,992	23,120,735,777
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Entities Under Common Control		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables	12.1	13,414	16,250
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	12.1	13,414	16,250
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets	45.2	2,868,012	2,868,012
1- Long-term Investments		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries	45.2.9	2,000,000	2,000,000
5- Capital Commitments to Subsidiaries (-)		-	-
6- Entities Under Common Control		-	-
7- Capital Commitments to Entities Under Common Control (-)		-	-
8- Financial Assets and Investments with Risks on Policyholders		-	-
9- Other Financial Assets	45.2	868,012	868,012
10- Impairment of Financial Assets (-)		-	-
E- Tangible Assets	6.3.4	51,008,205	56,291,314
1- Investment Properties		-	-
2- Impairment on Investment Properties (-)		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipment	6.3.4	14,362,246	11,612,740
5- Furnitures and Fixtures	6.3.4	21,499,483	19,858,740
6- Vehicles	6.3.4	1,721,735	1,721,735
7- Other Tangible Assets (Including Leasehold Improvements)	6.3.4	29,565,864	28,618,396
8- Leased Tangible Fixed Assets	6	41,601,675	38,131,237
9- Accumulated Depreciation (-)	6	(57,742,798)	(43,651,534)
10- Advances Paid for Tangible Fixed Assets (Including Construction in Progresses)		-	-
F- Intangible Assets	8	93,797,549	58,535,130
1- Rights		-	-
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets	8	157,401,429	101,306,352
6- Accumulated Amortizations (-)	8	(78,358,177)	(57,516,287)
7- Advances Regarding Intangible Assets	8	14,754,297	14,745,065
G- Prepaid Expenses and Income Accruals		1,301,501	694,749
1- Deferred Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		1,301,501	694,749
H- Other Non-current Assets	21, 35	9,388,883	17,198,584
1- Cash Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stock to be used in following months		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21, 35	9,388,883	17,198,584
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		30,819,019,131	23,433,377,216
Total Assets (I+II)		34,161,653,919	25,696,171,767

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

LIABILITIES			
	Notes	Audited Limitedly Current Period 31 December 2020	Audited Previous Period 31 December 2019
III- Short Term Liabilities			
A- Borrowings	20	4,730,021	5,849,587
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	10,989,892	12,375,582
3- Deferred Finance Lease Costs (-)	20	(6,259,871)	(6,525,995)
4- Current Portion of Long-Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Instruments Issued		-	-
7- In Excess of Par of Financial Instruments (-)		-	-
8- Other Financial Borrowings (Liabilities)		-	-
B- Payables from Main Operations	4, 19	349,975,348	286,782,074
1- Payables from Insurance Operations	4, 19	38,458,018	50,990,388
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables from Pension Operations	4.19	311,358,997	235,633,352
5- Payables from Other Operations	4.19	158,333	158,334
6- Discount on Other Payables from Main Operations, Notes Payable (-)		-	-
C- Due to Related Parties	12.2, 19	71,981,599	6,175,630
1- Due to Shareholders	12.2, 19	60,422,578	264,235
2- Due to Affiliates		-	-
3- Due to Subsidiaries	12.2	207,921	367,984
4- Due to Entities Under Common Control		-	-
5- Due to Personnel	19	325,596	406,278
6- Due to Other Related Parties	19, 45	11,025,504	5,137,133
D- Other Payables	47.1	22,113,883	12,668,054
1- Guarantees and Deposits Received		4,845	3,921
2- Medical Treatment Payables to Social Security Institution		-	-
3- Other Payables		22,109,038	12,664,133
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		155,669,156	174,911,277
1- Unearned Premiums Reserve - Net	17.15	61,679,985	89,354,850
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17.15	21,324,985	23,236,330
4- Outstanding Claims Reserve - Net	17.15	72,664,186	62,320,097
5- Provision for Bonus and Discounts – Net		-	-
6- Provision for Investment Risk Life Insurance Policyholders' Policies - Net		-	-
7- Other Technical Reserves – Net		-	-
F- Taxes and Other Liabilities and Provisions	35	34,187,402	25,558,332
1- Taxes and Dues Payable		19,483,812	12,642,227
2- Social Security Premiums Payable		3,467,766	2,961,289
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Provision on Period Profit	35	88,290,002	68,001,414
6- Advance Taxes and Other Liabilities on Period Profit (-)	35	(77,054,178)	(58,046,598)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks	23.2	36,658,769	22,559,966
1- Provision for Employee Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23.2	36,658,769	22,559,966
H- Deferred Income and Expense Accruals	2.20, 19	2,464,801	3,456,790
1- Deferred Income	2.20, 19	1,681,106	2,722,115
2- Expense Accruals	19	781,640	732,620
3- Other Deferred Income and Expense Accruals	19	2,055	2,055
I- Other Short-Term Liabilities	23.2	5,182,770	4,775,942
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short-Term Liabilities	23.2	5,182,770	4,775,942
III- Short Term Liabilities		682,963,749	542,737,652

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

LIABILITIES			
	Notes	Audited Limitedly Current Period 31 December 2020	Audited Previous Period 31 December 2019
IV - Long Term Liabilities			
A- Borrowings	20	25,268,451	27,452,029
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	38,200,152	44,600,014
3- Deferred Finance Lease Costs (-)	20	(12,931,701)	(17,147,985)
4- Bonds Issued		-	-
5- Other Financial Instruments Issued		-	-
6- In Excess of Par of Financial Instruments (-)		-	-
7- Other Borrowings (Financial Liabilities)		-	-
B- Payables from Main Operations	17.5, 17.6	30,455,130,719	23,120,140,926
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables from Pension Operations	17.5, 17.6	30,455,130,719	23,120,140,926
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations (-)		-	-
C- Due to Related Parties			
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Entities Under Common Control		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables			
1- Guarantees and Deposits Received		-	-
2- Medical Treatment Payables to Social Security Institution		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves	17.15	2,286,550,267	1,465,283,147
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17.15	2,241,528,576	1,430,127,406
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts – Net		-	-
6- Provision for Investment Risk Life Insurance Policyholders Policies - Net		-	-
7- Other Technical Reserves – Net	2.20.17.15	45,021,691	35,155,741
F- Other Liabilities and Provisions		11,252,376	10,328,481
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		11,252,376	10,328,481
G- Provisions for Other Risks	22	21,040,315	15,971,826
1- Provision for Employee Termination Benefits	22	21,040,315	15,971,826
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals			
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long-Term Liabilities			
1- Deferred Tax Liability		-	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		32,799,242,128	24,639,176,409

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

SHAREHOLDERS' EQUITY			
V- Shareholders' Equity	Notes	Audited Limitedly Current Period 31 December 2020	Audited Previous Period 31 December 2019
A- Paid in Capital	2.13	180,000,000	180,000,000
1- (Nominal) Capital	2.13	180,000,000	180,000,000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5-Capital to be registered		-	-
B- Capital Reserves	15.2	837,095	837,095
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Gain on Sale of Assets to be Transferred to Capital		-	-
4- Translation Reserves		-	-
5- Other Capital Reserves	15.2	837,095	837,095
C- Profit Reserves		207,756,167	124,283,356
1- Legal Reserves	15.2	80,039,901	54,794,243
2- Statutory Reserves	15.2	11,494	11,494
3- Extraordinary Reserves	15.2	104,813,938	80,922,342
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	15.2	36,602,809	(294,093)
6- Other Profit Reserves	15.2	(13,711,975)	(11,150,630)
D- Retained Earning		-	-
1- Retained Earnings		-	-
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit for the Period		290,854,780	209,137,255
1- Net Profit for the Period		290,854,780	209,137,255
2- Net Loss for the Period		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
Total Shareholders' Equity		679,448,042	514,257,706
Total Liabilities and Shareholders' Equity (III+IV+V)		34,161,653,919	25,696,171,767

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

DETAILED INCOME STATEMENT (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated).

	Notes	Current period Independent Limited Audited 1 January – 31 December 2020	Previous period Independent Limited Audited 1 January – 31 December 2019
I- TECHNICAL DIVISION			
A- Non-Life Technical Income		71,119,127	73,722,857
1- Earned Premiums (Net of Reinsurer Share)		71,119,127	73,722,857
1.1 - Premiums (Net of Reinsurer Share)	24	63,313,368	76,908,757
1.1.1 - Gross Premiums (+)	24	65,504,790	82,432,727
1.1.2 - Ceded Premiums to Reinsurers (-)	24	(2,191,422)	(5,523,970)
1.1.3 - Premiums Transferred to SSI (-)		-	-
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	47.4	7,805,759	(3,185,900)
1.2.1 - Unearned Premiums Reserve (-)	47.4	10,484,297	(4,733,282)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	47.4	(2,678,538)	1,547,382
1.3 - Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
1.3.1 - Unexpired Risks Reserve (-)		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income Transferred from Non-Technical Division		-	-
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1 - Gross Other Technical Income (+)		-	-
3.2 - Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		-	-
B- Non-Life Technical Expenses (-)		(58,236,305)	(63,238,899)
1- Total Claims (Net of Reinsurer Share) (+/-)		(2,545,256)	(4,277,098)
1.1 - Claims Paid (Net of Reinsurer Share)		(4,035,198)	(5,459,353)
1.1.1 - Gross Claims Paid (-)		(4,695,182)	(6,250,736)
1.1.2 - Reinsurance Share of Claims Paid (+)		659,984	791,383
1.2 - Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	1,489,942	1,182,255
1.2.1 - Outstanding Claims Reserve (-)		1,558,449	1,320,960
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		(68,507)	(138,705)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(627,745)	(753,490)
4- Operating Expenses (-)	31	(55,052,340)	(58,203,165)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1 - Mathematical Reserves (-)		-	-
5.2 - Reinsurer Share of Mathematical Reserves (+)		-	-
6- Other Technical Expenses (-)		(10,964)	(5,146)
6.1 - Other Gross Technical Expenses (-)		(10,964)	(5,146)
6.2 - Reinsurer Share of Other Gross Technical Expenses (+)		-	-
C- Non-Life Technical Profit/(Loss) (A-B)		12,882,822	10,483,958
D- Life Technical Income		2,241,731,505	1,138,770,182
1- Earned Premiums (Net of Reinsurer Share)		1,269,978,607	911,724,288
1.1 - Premiums (Net of Reinsurer Share)	24	1,250,109,501	883,280,033
1.1.1 - Gross Premiums (+)	24	1,266,367,504	905,321,486
1.1.2 - Ceded Premiums to Reinsurers (-)	24	(16,258,003)	(22,041,453)
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	47.4	19,869,106	28,444,255
1.2.1 - Unearned Premiums Reserve (-)	47.4	20,461,949	28,011,419
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	47.4	(592,843)	432,836
1.3 - Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
1.3.1 - Unexpired Risks Reserve (-)		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Life Branch Investment Income		933,532,876	203,077,972
3- Accrued (Unrealized) Income from Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		38,220,022	23,977,342
4.1 - Other Gross Technical Income (+/-)		38,220,022	23,977,342
4.2 - Ceded Other Technical Income (+/-)		-	-
5- Accrued Subrogation Income (+)		-	(9,420)

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

DETAILED INCOME STATEMENT (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated).

	Notes	Current period Independent Limited Audited 1 January – 31 December 2020	Previous period Independent Limited Audited 1 January – 31 December 2019
I- TECHNICAL DIVISION			
E- Life Technical Expense		(2,001,740,548)	(1,061,872,407)
1- Total Claims (Net of Reinsurer Share)		(208,547,313)	(119,562,062)
1.1 - Claims Paid (Net of Reinsurer Share)		(196,713,282)	(121,865,369)
1.1.1 - Gross Claims Paid (-)		(199,007,174)	(124,388,378)
1.1.2 - Reinsurance Share of Claims Paid (+)		2,293,892	2,523,009
1.2 - Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	(11,834,031)	2,303,307
1.2.1 - Outstanding Claims Reserve (-)		(10,794,583)	1,149,301
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		(1,039,448)	1,154,006
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	(800,455,737)	(544,770,652)
3.1 - Life Mathematical Reserves		(799,968,765)	(545,706,775)
3.1.1 - Actuarial Mathematics provision (+/-)		(799,899,056)	(545,873,580)
3.1.2 - Dividend Equivalent (Provision for Policyholders Investment Risk.)		(69,709)	166,805
3.2 - Reinsurance Share of Life Mathematical Reserves		(486,972)	936,123
3.2.1 - Provision of Reinsurance Actuarial Mathematics (+)		(486,972)	936,123
3.2.2 - Reinsurer's Share of Profit Share (Provision for Policyholders Investment Risk.) (+)		-	-
4- Changes in Technical Reserves for Investments with Risks on Policyholders (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(9,238,205)	(8,935,538)
5- Operating Expenses (-)	31	(334,260,620)	(300,997,717)
6- Investment Expenses (-)	36	(649,051,587)	(87,190,680)
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non-Technical Divisions (-)		(187,086)	(415,758)
F- Life Technical Profit/(Loss) (D-E)		239,990,957	76,897,775
G- Private Pension Technical Income	25	455,394,483	383,946,285
1- Fund Management Fee	25	353,125,399	269,507,649
2- Management Fee	25	76,814,107	77,653,505
3- Entrance Fee Income	25	24,761,198	35,045,975
4- Management Fee in Case of Temporary Suspension	25	497,876	1,607,467
5- Income from Individual Service Charges		-	-
6- Increase in Market Value of Capital Commitment Advances	25	195,903	131,689
7- Other Technical Income		-	-
H- Private Pension Technical Expenses		(453,626,968)	(339,462,227)
1- Fund Management Expenses (-)		(50,558,644)	(41,823,019)
2- Decrease in Market Value of Capital Commitment Advances (-)		(18,400)	(630)
3- Operating Expenses (-)		(380,908,616)	(276,781,440)
4- Other Technical Expenses (-)		(19,649,831)	(17,575,019)
5- Penalty Payments (-)		(2,491,477)	(3,282,119)
I- Private Pension Technical Profit/(Loss) (G-H)		1,767,515	44,484,058

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

DETAILED INCOME STATEMENT (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated).

	Notes	Current period Independent Limited Audited 1 January – 31 December 2020	Previous period Independent Limited Audited 1 January – 31 December 2019
II-NON-TECHNICAL DIVISION			
C- Non-Life Technical Profit/(Loss) (A-B)		12,882,822	10,483,958
F- Life Technical Profit/(Loss) (D-E)		239,990,957	76,897,775
I- Private Pension Technical Profit/(Loss) (G-H)		1,767,515	44,484,058
J- Total Technical Profit/(Loss) (C+F+I)		254,641,294	131,865,791
K- Investment Income		238,602,995	165,815,583
1- Income from Financial Investment	26	152,217,681	109,615,164
2- Income from Sales of Financial Investments	26	16,865,010	13,420,785
3- Revaluation of Financial Investments	27	33,147,902	(9,111,749)
4- Foreign Exchange Gains	36	16,882,131	1,127,650
5- Dividend Income from Affiliates	26	64,230	89,623
6- Income from Subsidiaries and Entities Under Common Control		-	6,439
7- Income Received from Land and Building		-	-
8- Income on Derivative Instruments	26	19,238,955	50,251,913
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Division	26	187,086	415,758
L- Investment Expenses (-)		(120,684,834)	(40,309,274)
1- Investment Management Expenses (Including Interest) (-)		(7,761,351)	(7,671,489)
2- Valuation Allowance of Investments (-)		-	-
3- Losses on Sales of Investments (-)		(55,556,177)	(22,848)
4- Investment Income Transferred to Non-Life Technical Division (-)		-	-
5- Losses on Derivative Instruments (-)	13	(7,385,511)	(674,500)
6- Foreign Exchange Losses (-)		(8,517,059)	-
7- Depreciation Charges (-)	6.1	(36,981,565)	(28,605,263)
8- Other Investment Expenses (-)		(4,483,171)	(3,335,174)
M- Income and Expenses from Other and Extraordinary Operations (+/-)		6,350,195	15,595,377
1- Provisions (+/-)		(3,197,530)	1,310,515
2- Discounts (+/-)		-	-
3- Specialty Insurances (+/-)		-	-
4- Inflation Adjustment (+/-)		-	-
5- Deferred Tax Asset (+/-)	35, 47.4	3,091,338	3,380,713
6- Deferred Tax Liability Accounts (+/-)		-	-
7- Other Income and Revenues	47.2	72,999,396	64,485,987
8- Other Expenses and Losses (-)	47.2	(70,836,271)	(50,859,233)
9- Prior Period Income	47.3	5,077,868	357,246
10- Prior Period Losses (-)	47.3	(784,606)	(3,079,851)
N- Net Profit/(Loss)		290,854,780	209,137,255
1- Profit/(Loss) Before Tax		378,909,650	272,967,477
2- Corporate Tax Charge and Other Fiscal Liabilities (-)	35	(88,054,870)	(63,830,222)
3- Net Profit (Loss)		290,854,780	209,137,255
4- Inflation Adjustment Account (+/-)		-	-

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

STATEMENT OF CASH FLOWS (UNCONSOLIDATED) FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Current period Independent Limited Audited 1 January - 31 December 2020	Previous period Independent Limited Audited 1 January - 31 December 2019
A- Cash flows from the operating activities		-	-
1- Cash inflows from the insurance operations		1,408,019,182	1,013,683,676
2- Cash inflows from the reinsurance operations		-	-
3- Cash inflows from the pension operations		5,834,736,500	5,169,040,346
4- Cash outflows due to the insurance operations (-)		(435,757,861)	(332,196,997)
5- Cash outflows due to the reinsurance operations (-)		-	-
6- Cash outflows due to the pension operations (-)		(5,546,976,374)	(4,926,149,069)
7- Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		1,260,021,447	924,377,956
8- Interest payments (-)		-	-
9- Income tax payments (-)		(83,086,182)	(61,695,259)
10- Other cash inflows		32,219	141,804,837
11- Other cash outflows (-)		(636,791,345)	(400,453,093)
12- Net cash generated from/(used in) operating activities		540,176,139	604,034,441
B- Cash flows from the investing activities		-	-
1- Sale of tangible assets		296,150	2,299,889
2- Purchase of tangible assets (-)	6.3.1	(68,049,423)	(34,194,689)
3- Acquisition of financial assets (-)	11.4	(6,021,228,660)	(5,311,422,946)
4- Sale of financial assets	11.4	5,938,418,611	4,544,143,760
5- Interest received		121,357,180	190,301,936
6- Dividends received		64,230	89,623
7- Other cash inflows		-	-
8- Other cash outflows (-)		-	-
9- Net cash generated from/(used in) the investing activities		(29,141,912)	(608,782,427)
C- Cash flows from the financing activities		-	-
1- Issue of equity shares		-	-
2- Cash inflows from borrowings		-	-
3- Payments of financial leases (-)	20	(14,244,792)	(12,022,985)
4- Dividends paid (-)		(91,702,408)	(91,157,185)
5- Other cash inflows		-	-
6- Other cash outflows (-)		-	-
7- Cash generated from/(used in) the financing activities		(105,947,200)	(103,180,170)
D- Effects of exchange rate differences on cash and cash equivalents		10,029,912	3,910,474
E- Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		415,116,939	(104,017,682)
F- Cash and cash equivalents at the beginning of the period	2.12	280,275,065	384,292,747
G- Cash and cash equivalents at the end of period (E+F)	2.12	695,392,004	280,275,065

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN EQUITY UNCONSOLIDATED AS OF 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

Independent Limited Audited											
1 January -31 December 2020											
	Capital	Treasury Shares	Investment Revaluation Reserve	Inflation Adjustment to Shareholders' Equity	Exchange Differences Arising on Translation of Foreign Operations	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) For the Period	Previous Periods' Profits/(Losses) (-)	Total
I- Balance at (01/01/2020)	180,000,000	-	(294,093)	-	-	54,794,243	11,494	70,608,807	209,137,255	-	514,257,706
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal Resources	-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expenses) recognized directly in equity	-	-	-	-	-	-	-	(2,561,346)	-	-	(2,561,346)
D- Valuation gains on assets	-	-	36,896,902	-	-	-	-	-	-	-	36,896,902
E- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit or (loss) for the period	-	-	-	-	-	-	-	-	290,854,780	-	290,854,780
I- Payment of dividends	-	-	-	-	-	-	-	-	(160,000,000)	-	(160,000,000)
J- Transfers	-	-	-	-	-	25,245,658	-	23,891,597	(49,137,255)	-	-
II- Balance at (31/12/2020) (III+A+B+C+D+E+F+G+H+I+J)	180,000,000	-	36,602,809	-	-	80,039,901	11,494	91,939,058	290,854,780	-	679,448,042
Independent Limited Audited											
1 January -31 December 2019											
	Capital	Treasury Shares	Investment Revaluation Reserve	Inflation Adjustment to Shareholders' Equity	Exchange Differences Arising on Translation of Foreign Operations	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) For the Period	Previous Periods' Profits/(Losses) (-)	Total
I- Balance at (01/01/2019)	180,000,000	-	(39,141,204)	-	-	36,132,751	11,494	2,078,770	191,229,844	-	370,311,665
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal Resources	-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expenses) recognized directly in equity	-	-	-	-	-	-	-	(4,038,315)	-	-	(4,038,315)
D- Valuation gains on assets	-	-	38,847,111	-	-	-	-	-	-	-	38,847,111
E- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit or (loss) for the period	-	-	-	-	-	-	-	-	209,137,255	-	209,137,255
I- Payment of dividends	-	-	-	-	-	-	-	-	(100,000,000)	-	(100,000,000)
J- Transfers	-	-	-	-	-	18,661,492	-	72,569,352	(91,229,844)	-	-
IV- Balance at (31/12/2019) (III+A+B+C+D+E+F+G+H+I+J)	180,000,000	-	(294,093)	-	-	54,794,243	11,494	70,608,807	209,137,255	-	514,257,706

Detailed explanations on shareholders' equity are disclosed in Note 15.

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

STATEMENT OF PROFIT APPROPRIATION AS OF 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

	Current period (**)	Previous period (*)
Notes	31 December 2020	31 December 2019
I. Distribution of profit for the period		
1.1. Profit/(Loss) for the period	378,909,650	272,967,477
1.2. Taxes and legal obligations	(88,054,870)	(63,830,222)
1.2.1. Current period corporate tax	(88,054,870)	(63,830,222)
1.2.2. Income tax deduction	-	-
1.2.3. Other taxes and legal obligations (Deferred tax)	-	-
A. Net profit/(Loss) for the period (1.1 - 1.2)	290,854,780	209,137,255
1.3. Previous periods' losses (-)	-	-
1.4. First legal reserve	-	10,145,658.45
1.5. Legal funds that must be left in the company and disposed of (-)	-	-
B. Net distributable profit for the period [(A - (1.3 + 1.4 + 1.5)]	-	198,991,596.55
1.6. First dividend to shareholders (-)	-	9,000,000
1.6.1. To stockholders	-	9,000,000
1.6.2. To preferred stockholders	-	-
1.6.3. Participating share stockholders	-	-
1.6.4. To holders of profit-sharing bonds	-	-
1.6.5. To holders of profit and loss sharing certificates	-	-
1.7. Dividend to employee(-)	-	-
1.8. Dividend to founders (-)	-	-
1.9. Dividend to the board of directors (-)	-	-
1.10. Second dividend to shareholders (-)	-	151,000,000
1.10.1. To stockholders	-	151,000,000
1.10.2. To preferred stockholders	-	-
1.10.3. Participating share stockholders	-	-
1.10.4. To holders of profit-sharing bonds	-	-
1.10.5. To holders of profit and loss sharing certificates	-	-
1.11. Second legal reserve (-)	-	15,100,000
1.12. Statutory reserves (-)	-	-
1.13. Extraordinary reserves	-	23,891,596.55
1.14. Other reserves	-	-
1.15. Special funds	-	-
II. Distribution from reserves	-	-
2.1. Reserves distributed	-	-
2.2. Second legal reserves (-)	-	-
2.3. Share to partners (-)	-	-
2.3.1. To stock holders	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. Participation redeemed shareholders	-	-
2.3.4. To profit-participating bond holders	-	-
2.3.5. For holders of profit and loss sharing certificates	-	-
2.4. Share to employee (-)	-	-
2.5. Share to the board of directors (-)	-	-
III. Earnings per share	-	0,0111
3.1. To stock holders	-	0,0111
3.2. Stockholders (%)	-	1,1055
3.3. To owners of preferred stocks	-	-
3.4. To owners of preferred stocks (%)	-	-
IV. Dividend per share	-	0,0089
4.1. To stock holders	-	0,0089
4.2. Stockholders (%)	-	0,8889
4.3. To owners of preferred stocks	-	-
4.4. To owners of preferred stocks (%)	-	-

(*) Profit Distribution table for December 31, 2019 was presented as approved at the General Assembly held on March 11, 2020.

(**) The profit distribution proposal for 2020 has not been filled since the General Assembly meeting has not been held as of the date the financial statements were prepared.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED)

AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

1. GENERAL INFORMATION

1.1 Parents and the ultimate owners:

The main shareholders of AvivaSA Emeklilik ve Hayat Anonim Şirketi ('Company'), each with its 40 % share in the partnership, are Aviva Europe SE and Hacı Ömer Sabancı Holding. Aviva Plc. and Hacı Ömer Sabancı Holding Anonim Şirketi are the ultimate controllers of the Company. The Company operates as a joint venture. As of 30 December 2020, 19.91 % of the Company's share have been listed on the Borsa İstanbul ('BIST').

1.2 The Company's address and legal structure, address of its registered country and registered Office:

The Company is located at Saray Mahallesi Dr. Adnan Büyükdeniz Cad. No:12 34768 Umraniye - İstanbul.

Other contact information of the Company are as follows:

Phone : (216) 633 33 33
Fax : (216) 634 35 69
Web : www.avivasa.com.tr
E-mail address : avivasa@avivasa.hs03.kep.tr

AvivaSA Emeklilik ve Hayat Anonim Şirketi was established on 31 October 2007 by the merger of Ak Emeklilik Anonim Şirketi ('Ak Emeklilik') with Aviva Hayat ve Emeklilik Anonim Şirketi (Aviva Emeklilik).

19.67% of the Company's share started being traded on Borsa İstanbul A.Ş. on 13 November 2014. After price stabilization activities, the Company's main shareholders' share in the partnership were to 41.28% each.

Hacı Ömer Sabancı Holding A.Ş. sold its shares with the nominal value of TRY458,956 in BIST on 5 August 2015 and after this sale its share in AvivaSA Emeklilik ve Hayat A.Ş. decreased to 40%.

Aviva International Holdings Ltd. sold its share with the nominal value of TRY458,956 in BIST on 5 August 2015 and after this sale, its share in AvivaSA Emeklilik ve Hayat A.Ş. decreased to 40%.

1.3 Main operations of the Company:

AvivaSA Emeklilik ve Hayat Anonim Şirketi is a pension Company which is engaged in three categories as pension, life insurance and personal accident operations.

Ak Emeklilik received an operating license from Prime Ministry Undersecretariat of Treasury to operate in the pension branch on 7 July 2003. Private pension funds were registered by Capital Markets Board ('CMB') on 26 September 2003. As of 27 October 2003, also started to offer pension products.

Aviva Emeklilik received an operating license from Prime Ministry Undersecretariat of Treasury to operate in the pension branch on 26 August 2003. Private pension funds were recorded by Capital Markets Board (CMB) on 27 October 2003. Company's private pension plans have been approved on 12 December 2003 and pension products started to be offered on 15 December 2003. As of the 31 December 2020, the Company has founded 35 pension investment funds in total (31 December 2019: 35). The Company's pension investment funds are managed by Ak Portföy.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

1. GENERAL INFORMATION (Continued)

1.3 Main operations of the Company (Continued):

As of the balance sheet date, the Company has founded 35 pension investment funds in total (As at 31 December 2019: 35 pension investment funds in total). Pension Funds founded by the Company are as follows:

Name of the fund	Establishment Date	Initial value per certificate (TRY)
Avivasa Emeklilik ve Hayat A.Ş. Karma Emeklilik Yatırım Fonu	21.10.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Agresif Değişken Emeklilik Yatırım Fonu	21.10.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Dış Borçlanma Araçları Emeklilik Yatırım Fonu	21.10.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Orta Vadeli Borçlanma Araçları Emeklilik Yatırım Fonu	21.10.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. İkinci Para Piyasası Emeklilik Yatırım Fonu	21.10.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. İkinci Değişken Emeklilik Yatırım Fonu	21.10.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu	08.11.2005	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Temettü Ödeyen Şirketler Hisse Senedi Emeklilik Yatırım Fonu	28.12.2006	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Birinci Para Piyasası Emeklilik Yatırım Fonu	20.08.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu	20.08.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Dinamik Değişken Emeklilik Yatırım Fonu	20.08.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Birinci Değişken Emeklilik Yatırım Fonu	20.08.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	20.08.2003	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Borçlanma Araçları Grup Emeklilik Yatırım Fonu	05.01.2005	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Muhafazakar Değişken Emeklilik Yatırım Fonu	05.01.2005	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Hisse Senedi Grup Emeklilik Yatırım Fonu	05.01.2005	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Karma Grup Emeklilik Yatırım Fonu	17.08.2010	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu	20.12.2011	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu	02.05.2013	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu	02.05.2013	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu	20.06.2013	0,010000
Avivasa Emeklilik ve Hayat A.Ş. B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu	10.05.2013	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu	25.10.2013	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Başlangıç Emeklilik Yatırım Fonu	12.01.2017	0,010000
Avivasa Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	12.01.2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	26.05.2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	25.12.2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	25.12.2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu	25.12.2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu	25.12.2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Değişken Emeklilik Yatırım Fonu	25.12.2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu	25.12.2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	26.05.2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Standart Emeklilik Yatırım Fonu	02.01.2018	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	02.01.2018	0,010000

With the Board of Directors decision dated 07.05.2020, a decision has been made regarding the establishment of the AvivaSA Emeklilik ve Hayat A.Ş. Dengeli Fon Sepeti Emeklilik Yatırım Fon, AvivaSA Emeklilik ve Hayat A.Ş. Dinamik Fonu Sepeti Emeklilik Yatırım Fon and AvivaSA Emeklilik ve Hayat A.Ş. Temkinli Fon Sepeti Emeklilik Yatırım Fon, and the establishment works continue. The public offering of the funds will begin on February 5, 2021.

With the Board of Directors decision dated 27 October 2020 AvivaSA Emeklilik ve Hayat A.Ş. Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu, with the permission decision of the CMB dated December 7, 2020 and numbered E-122933903-325,0103-1244, AvivaSA Emeklilik ve Hayat A.Ş. Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu has been changed to AvivaSA Emeklilik ve Hayat A.Ş. Orta Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu and the change in fund type will take effect as of February 5, 2021.

With the Board of Directors Decision dated 27 October 2020, AvivaSA Emeklilik ve Hayat A.Ş. B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu, with the permission decision of the CMB dated December 7, 2020 and numbered E-122933903-325,0103-1244, AvivaSA Emeklilik ve Hayat A.Ş. B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu has been changed to AvivaSA Emeklilik ve Hayat A.Ş. Yeni Teknolojiler Yabancı Değişken Emeklilik Yatırım Fonu and the change in fund type will take effect on February 5, 2021.

With the Board of Directors decision dated 27 October 2020, AvivaSA Emeklilik ve Hayat A.Ş. Temettü Ödeyen Şirketler Hisse Senedi Emeklilik Yatırım Fonu With the permission decision of CMB dated December 11, 2020 and numbered E-122933903-325,0103-12696, AvivaSA Emeklilik ve Hayat A.Ş. Temettü Ödeyen Şirketler Hisse

Senedi Emeklilik Yatırım Fonu has been changed to AvivaSA Emeklilik ve Hayat A.Ş. BİST Temettü 25 Endeksi Emeklilik Yatırım Fonu and the change in fund type will enter into force as of February 5, 2021.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED)

AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

1. GENERAL INFORMATION (Continued)

1.4 Details of the Company's operations and nature of field of activities: Disclosed in note 1.3.

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

	31 December 2020	31 December 2019
Key management personnel	168	169
Employee	732	845
Total	900	1,014

1.6 Remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount: 1 January - 31 December 2020: TRY11,670,933 (1 January - 31 December 2019: TRY11,152,205).

1.7 Distribution keys used in the distribution of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses, outsourced benefits and services and other operating expenses): Procedures and principles related to keys used in the financial statements of the companies are determined in accordance with the 4 January 2008 dated and 2008/1 numbered 'Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan' issued by the Turkish Treasury. In accordance with the above-mentioned Communiqué, known and exactly distinguishable operating expenses are directly recorded under life, non-life or individual pension segments. Other non-distinguishable expenses, which are not exactly distinguished, are distributed between insurance segments and individual pension segment in accordance with the number of policies and contracts at the end of last 3 years and arithmetic average of contribution premium and earned premium within the last 3 years in accordance with the 9 August 2010 dated and 2010/9 numbered 'Amendments Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan' issued by the Turkish Treasury. The amendment is effective from 1 January 2011. The portion of insurance segments calculated as described above is distributed between life and non-life branches in accordance with the average of 3 ratios calculated by dividing 'number of the policies produced within the last three years', 'gross premiums written within the last three years', and 'number of the claims reported within the last three years' to the 'total number of the policies', 'total gross written premiums', and the 'total number of the claims reported', respectively.

1.8 Stand-alone or consolidated financial statements: The accompanying financial statements include unconsolidated financial information of the Company and the consolidated financial statements of the Company and its subsidiary are prepared separately as detailed in Note 2.2 consolidation.

1.9 Name and other information of the reporting company and subsequent changes to the prior balance sheet date: The Company name and other identification information are given in 1.1, 1.2 and 1.3 notes. There is no change in the aforementioned information subsequent to the prior balance sheet date.

1.10 Subsequent events: Financial statements prepared as of 31 December 2020 of the company was approved by the Board of Directors as of 8 February 2021.

At the Board of Directors meeting of the Company dated 3 February 2021, within the framework of the provisions of the Registered Capital System Communiqué numbered II-18.1 of the Capital Markets Board, due to the expiration of the registered capital ceiling at the end of 2020, a new For a five-year period, the registered capital ceiling amount is extended to be 500,000,000 TL and the registered capital ceiling amount is determined as TL 500,000,000, within the framework of the Turkish Commercial Code No. 6102 and the Capital Market Law No. The Capital Markets Board for the purpose of obtaining the necessary permissions and approvals for the amendment text, TC It has been decided to apply to the Ministry of Treasury and Finance and the Ministry of Trade.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED)

AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

1. GENERAL INFORMATION (Continued)

1.10 Subsequent events (Continued):

As explained in footnote 15, the company made the second installment dividend payments in the financial statements dated December 31, 2020, on January 6 and January 8, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

In accordance with Article 136 (5) in Section VIII of the Capital Markets Law, insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, The Company prepares its financial statements in Turkish Lira (TRY) according to the Insurance Chart of Accounts within the scope of ‘Communiqué on Insurance Chart of Accounts and Prospectus’ (Communiqué on Chart of Accounts) of the Undersecretariat of Treasury published in the Official Gazette no 25686 dated 30 December 2004 and entered into force on 1 January 2005.

As based on the announcement of Undersecretariat of Treasury no 2008/20 dated 2 May 2008, the Company prepares its financial statements in compliance with the principles of the Undersecretariat of Treasury related to the insurance and reinsurance companies, and the accounting principles and standards set forth in the applicable regulations in compliance with the Insurance Law no 5684 (Insurance Law) published in the Official Gazette no 26552 dated 14 June 2007 and Individual Retirement Savings and Investment System Law (Individual Retirement Law) no 4632 dated 28 March 2001 and the relevant regulations.

In this context, ‘Communiqué on Technical Reserves for Insurance, Reinsurance and Private Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves’ (‘Communiqué on Technical Reserves’) is published in the 7 August 2007 dated Official Gazette, numbered 26606 and became effective on 1 January 2008. Subsequent to the publication of the Communiqué on Technical Reserves, some other circulars and sector announcements which contain explanations and regulations related to the application of the Communiqué on Technical Reserves are published. Accounting policies applied for the insurance contracts based on these communiqué, circulars and other sector announcements are summarized on its own caption in the following sections.

The Company presents its financial statements in compliance with the ‘Communiqué on the Presentation of the Financial Statements’ published in the Official Gazette no 26851 dated 1 January 2008 by Undersecretariat of Treasury, arranged within the scope of the Insurance Law of and ‘Regulation on Financial Reporting of the Insurance and Reinsurance Companies and Individual Retirement Companies’ (Regulation on Financial Reporting) published in the Official Gazette no 26582 dated 14 July 2007 and entered into force on 1 January 2008. For the matters not legislated by the aforementioned regulations, Turkish Financial Reporting Standards published by the POA are taken into account.

2.1.2 Other accounting policies appropriate for the understanding of the financial statements:

In preparing the financial statements, except for the regulations referred to in 2.1.1, Turkey Financial Reporting Standards which was enacted by KGK, with additional related thereto and reviews ("TFRS") has been taken into account.

2.1.3 Functional and presentation currency:

The accompanying financial statements are presented in Turkish Lira (TRY), which is the Company’s functional currency.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.4 Rounding level of the amounts presented in the financial statements:

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

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

As detailed in Note 2.1.2, non-monetary assets and liabilities and equity items included in the balance sheet as of 31 December 2020 and 31 December 2019, indexing of entries until 31 December 2004, after the date of entry is calculated by moving the nominal values. The financial statements have been prepared on the historical cost basis, except for the mentioned inflation adjustments and current financial assets carried at fair value.

2.1.6 Accounting policies, changes in accounting estimates and errors:

The Company prepares its financial statements on the basis of the accounting policies stated in Note 2.1.1.

a. *Amendments and interpretations to existing standards and existing standards as of 31 December 2020:*

The Company evaluated the effects of the standards and changes mentioned below on the financial statements and concluded that the changes made do not have a material effect on the financial statements.

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, “Presentation of financial statements”, and IAS 8, “Accounting policies, changes in accounting estimates and errors”, and consequential amendments to other IFRSs:
 - i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting,
 - ii) Clarify the explanation of the definition of material and
 - iii) Incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments on TFRS 9, TAS 39 and TFRS 7 - Reform of Benchmark interest rate;** Effective from annual reporting periods beginning on or after 1 January 2020. These amendments provides certain facilitative applications about benchmark interest rates reform. These applications are about hedge accounting and effect of IBOR reform usually is not meant to end hedge accounting. In accordance, any kind of hedge accounting ineffectiveness should continue to recording income statement. Considering hedge accounting being common of contracts based on IBOR, these facilitative applications will affect all companies in sector.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.6 Accounting policies, changes in accounting estimates and errors (Continued):

a. *Amendments and interpretations to existing standards and existing standards as of 31 December 2020 (Continued)*

- **Amendments to TFRS 16, “Leases - COVID-19 Lease concessions”;** It is valid for annual reporting periods starting on 1 June 2020 or after this date. Due to the COVID-19 outbreak, some privileges were provided to tenants in rent payments. These concessions can take a variety of forms, including suspension or postponement of lease payments. On May 28, 2020, with the amendment to the IFRS 16, “Leases” standard, the IASB introduced an optional facilitating application for tenants to not evaluate whether the privileges granted due to COVID-19 in lease payments are a change in the lease. Tenants may choose to account for such lease concessions in accordance with the provisions that apply in the absence of a change to the lease. This ease of implementation often causes the lease concession to be accounted for as variable lease payment in periods when an event or condition occurs that triggers a reduction in lease payments.

b. *Amendments and interpretations published as of 31 December 2020 but not yet been implemented:*

The Company has evaluated the changes in the standards that are published but not yet effective, and started to work on the TFRS 17 standard and its effects. Apart from the TFRS 17 standard, the Company believes that the changes made do not have a material impact on the financial statements.

- **IFRS 17, “Insurance contracts”;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendment of TAS 1, “Presentation of Financial Statements” Standard on Classification of Liabilities;** Valid for annual reporting periods starting on January 1, 2022 or after this date. TAS 1, comprehensive changes to the ‘presentation of financial statements’ standard explain that liabilities are classified as current or non-current depending on the existing rights at the end of the reporting period. The classification is not affected by events after the reporting date or the expectations of the business (for example, receiving a concession or breach of contract). The amendment also clarifies what TAS 1 means of ‘paying’ an obligation.
- **Narrow amendments in TFRS 3, TAS 16, TAS 17 and some annual improvements in TFRS 1, TFRS 9, TAS 41 and TFRS 16;** It is valid for the annual reporting periods starting on 1 January 2022 or after this date.
 - **Amendments to TFRS 3, “Business Combinations”;** This amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16, “Tangible fixed assets”;** prohibits a company from deducting the income from the sale of manufactured products from the amount of the tangible fixed asset until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss.
 - **Amendments to TAS 37, “Provisions, Contingent Liabilities and Contingent Assets”;** this amendment specifies what costs a company includes when deciding whether a contract is to be lost.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.6 Accounting policies, changes in accounting estimates and errors (Continued):

b. Amendments and interpretations published as of 31 December 2020 but not yet been implemented (Continued):

Annual improvements make minor changes to the explanatory examples of TFRS 1, “First application of International Financial Reporting Standards” TFRS 9, “Financial Instruments”, TAS 41, “Agricultural Activities” and TFRS 16.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- Amendments to IFRS 17 and IFRS 4, ‘Insurance contracts’, deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

General Description of Covid-19;

AvivaSA has prioritized the health of its employees regarding the Coronavirus (Covid-19) disease. In addition, it has taken the necessary precautions for the safety of both its customers and the society. The company shares all decisions taken and reviewed instantly by evaluating the developments with its employees and customers in its most transparent form.

The Company conducts its business process models with remote work from the date of 16 March 2020. For the processes that need to be in the office due to mandatory duties, the relevant units work alternately under strict health and safety measures with maintaining social distance. The face-to-face customer meetings held by the sales teams were interrupted. For the requests and transactions of the customers regarding the contracts and policies; AvivaSA Mobile application continues to provide services through AvivaSA Individual and Corporate internet branches, social media accounts and Customer Support Center.

In line with the normalization processes, sales teams started face-to-face customer meetings without visiting the sales offices in a controlled manner on a voluntary basis, in line with the measures and directions taken by the company as of 15 June 2020. However, since the pandemic conditions have become negative again, our entire sales organization continues its services by using remote working methods without making face-to-face customer visits as of 13 November 2020. In addition, the Company has completed the infrastructure preparations for distance selling, to be put into operation in July 2020 to support new business generation.

The company acts cautiously regarding the return plan of the Headquarters teams to the office and takes all precautions. As of July 13, the company has created a 6-week work plan to work in the office gradually but has given the flexibility to continue with the remote working model, without requiring employees to go to the office.

Covid-19 Legal Regulation,

With the Law “Reducing the Effects of 7244 New Coronavirus (Covid-19) Epidemic on Economic and Social Life” and amending certain laws published in the Official Gazette on 17 April 2020,

According to the amendment made in the Turkish Commercial Law, only twenty-five percent of the net profit of 2019 can be distributed until 30/9/2020. If the General Assembly has decided to distribute dividends for the accounting period of 2019, but the shareholders have not yet been paid or partial payments have been made, the payments for the exceeding part of twenty-five percent of the net profit for 2019 will be postponed until the end of the specified period.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

General Description of Covid-19 (Continued);

With the President Decision No. 2948 published in the Official Gazette on September 18, 2020, it was stated that the period specified as September 30, 2020 was postponed for three months.

In the General Assembly meeting dated 11 March 2020, after the taxation, the net profit is TRY209,137,255.00 for the year, which is disturbed as TRY25,245,658.45 for general legal reserves and TRY23,891,596.55 for extraordinary reserves that are the distribution of the total gross TRY160,000,000 dividend within the framework of the "Profit Distribution Table" published on the Public Disclosure Platform and 100,000,000 of the payments on 25 March 2020 and TRY60,000,000 of the payments on 28 September 2020. The first installment dividend payments were made on March 25 and 27 March 2020. The second installment dividend payment planned to be made on 28 September 2020 could not be made on the stipulated date due to the aforementioned Provisional Article 13 and the "Communiqué on the Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Turkish Commercial Code No. 6102".

Due to the expiry of the effective date of the said regulations, the second installment dividend payments were made on January 6 and January 8, 2021 and the second installment dividend amounts are included in the accounts payable to the partners in the Company's financial statements dated 31 December 2020.

- For the compulsory reason short-term working applications made by employers due to coronavirus; the payments will be made with the declaration of employers, without waiting for conformity determination.
- All kinds of employment or service contracts will not be terminated by the employer for three months, except in cases that do not comply with the rules of ethics and goodwill and similar reasons. In order not to exceed the three-month period, the employer can leave the worker completely or partially on unpaid leave.

The company lost the opportunity to continue its sales activities in line with the decision taken in accordance with the rules determined within the scope of the prevention of the spread of the COVID-19 epidemic, and for these reasons, the sales teams conducting and managing face-to-face sales ceased operations partially/completely on 16 March 2020.

In line with this application, the company made applications for individual short-time work allowance for April, May and June for the sales staff within the scope of the relevant law article, and the sales teams benefited from the short-time work allowance in April-May-June. In April, necessary applications for cash wage support were made for employees who could not benefit from short-time work allowance, effective from May, and employees who could not benefit from short-time work allowance in April were given annual leave for non-working periods

Presidential Decree No. 2706, dated 29/6/2020, published in the Official Gazette dated 30 June 2020

- Within the framework of the additional article 2 of the Unemployment Insurance Law dated 25/8/1999 and numbered 4447 and the principles specified in the provisional article 23, within the scope of periodic situations caused by external effects due to the new coronavirus (Covid-19), until 30/6/2020 (Including this date) the duration of the short work allowance for businesses that have applied for short work; Without the need for a new application and eligibility determination, for the same workers who previously benefited from short work and provided that they do not exceed the same conditions, short work practice from 1/7/2020 on the date of publication of this Decree for the workplaces whose short work practice ended before the publication date of this Decision. In terms of ongoing workplaces, it has been extended by one month, starting from the short work end date.

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(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

General Description of Covid-19 (Continued);

The company made the necessary applications for sales staff in line with the relevant decision numbered 2706 published in the official gazette on 30 June 2020, has benefited from the short-time working allowance until 31 July 2020.

- *In the Official Gazette dated 31 July 2020 and numbered 31202, the withholding rate for payments made for the lease of goods and rights was reduced from 20% to 10% to be applied to payments to be made between 31/07/2020 - 31/12/2020, and for some services Presidential Decisions regarding the reduction of the VAT rate to 8 percent and 1 percent have been published.*

- With the Decree No. 2813, the withholding rate on payments made for the lease of goods and rights has been reduced from 20 percent to 10 percent to be applied to payments to be made between 31/07/2020 - 31/12/2020,
- With the provisional article 6, which was added to the Decision No. 2007/13033 with the Decree No. 2812, valid as of 31/07/2020, the VAT rate for workplace leasing services was reduced from 18% to 8% until 31/12/2020.

According to the Presidential decision published in the Official Gazette on 23 December 2020, the "December 31, 2020" date in the provisional article 6 of the decision regarding the determination of Value Added Tax rates to be applied to goods and services has been changed to 31 May 2021.

The annex of the Presidential Decree No. 3319, published in the Official Gazette dated December 23, 2020 and numbered 31343, and the Decree of the Council of Ministers no. Decisions have been changed. With the aforementioned amendment, the term of the lease payments, which were reduced in the withholding rate until 31 December 2020, within the framework of the President's Decree No. 2813, published in the Official Gazette dated 31 July 2020 and numbered 31202, was extended until May 31, 2021.

The company has calculated the leases, which are subject to IFRS 16, for the periods specified in the President's Decisions, taking into account the new withholding and VAT rates, and reflected them in its financial statements.

Important changes in the company, tariff changes, strategy changes;

With the sector announcement of the Ministry of Treasury and Finance General Directorate of Insurance, dated 25 March 2020, numbered 36908670-010.07.02-E-221551 regarding the measures taken regarding the Covid-19 outbreak, an additional period of 1 month for policy cancellations to facilitate the payment of insurance premiums has been recognized. Within the scope of this announcement, the company postponed the cancellation process, which should be made at the end of April, May and June, until the end of July for the policies that cannot pay the following maturity.

In line with the new normalization process decisions made by the Presidency on 10 June 2020, the company has started to inform customers about the non-collection of policies as of July 1.

The company made advance incentive commission payments in order to keep the potential negative effects of the COVID-19 epidemic, which affected the whole world, on the commercial activities carried out within the scope of the agency agreement to a minimum. The portion of the advance payment of the Temporary Incentive Commission amount corresponding to the monthly productions is accepted as 'partial progress payment' and reflected in the profit and loss statement.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation

As of 31 March 2009, insurance, reinsurance and pension companies are required to issue consolidated financial statements due to Consolidation Communiqué which is Undersecretariat of Treasury published in the Official Gazette dated 31 December 2008 and numbered 2709. In this context, the consolidated financial statements are prepared and published separately from the unconsolidated financial statements in accordance with the relevant regulations of the Ministry of Finance and Treasury. On the sector announcement on the reflection of the Investments of Insurance, Reinsurance and Pension Companies on Subsidiaries, Joint Ventures and Associates on the Financial Statements of the Ministry of Treasury and Finance dated August 12, 2008 and 2008/37, In the preparation of the individual financial statements, it is stated that investments in subsidiaries, jointly controlled entities and associates are possible to be accounted for in accordance with the TAS 27, "Consolidated and Separate Financial Statements" standard or in accordance with TAS 39, "Financial Instruments: Recognition and Measurement".

In accordance with the aforementioned announcements, the Company has accounted for its subsidiary in the unconsolidated financial statements as at the reporting date by dividing the provision for impairment, if any.

2.3 Segment Reporting

Segment reporting is based on the main operations of the Company. Since Turkey is the main geographical area that the Company operates, segment reporting on a geographical basis has not been presented. The Company does not present its balance sheet on a segment basis. While presenting the segmental information for the income statement operations were divided into segments in accordance with the factors affecting the decisions of the chief decision makers. Details related to the segment reporting are disclosed in the Note 5.

2.4 Foreign currency transactions

Transactions are recorded in TRY, which represents the Company's functional currency. Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are converted into TRY at the exchange rates ruling at the reporting date with the resulting exchange differences recognized in the statement of comprehensive income as foreign exchange gains or losses. As of the balance sheet date, foreign currency denominated receivables and payables are stated with the Central Bank ('CB') foreign currency rates. If a rate of exchange is determined by the agreement in the valuation of the liabilities, then the rates of exchange written in the agreement are taken into consideration at first. Unit-based policies are valued over CB foreign exchange purchase rate while profit share policies are valued over CB effective sales rate.

Foreign currency exchange rates used by the Company as at respective dates are as follows:

31 December 2020	TRY/USD	TRY/EUR	TRY/GBP
Exchange rate	7,3405	9,0079	9,9438
Exchange effective selling rate	7,3647	9,0376	10,0107
31 December 2019	TRY/USD	TRY/EUR	TRY/GBP
Exchange rate	5,9402	6,6506	7,7765
Exchange effective selling rate	5,9598	6,6725	7,8288

2.5 Tangible assets

Tangible assets regulated according to TAS 16, "Property, Plant and Equipment".

Tangible assets are recorded at their historical costs that have been adjusted according to the inflation rates until the end of 31 December 2004. There have been no other inflationary adjustments for these tangible assets for the following years and therefore they have been recorded at their costs indexed to the inflation rates for 31 December 2004. Tangible assets that have been purchased after 1 January 2005 have been recorded at their costs excluding their exchange rate differences and finance expenses fewer impairment losses if any.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Tangible assets (Continued)

Gains/(losses) arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected the statement of income of the related period.

Maintenance and repair cost incurred in the ordinary course of the business are recorded as an expense. There are no pledges, mortgages and other encumbrances on tangible fixed assets. Depreciation for the tangible assets is calculated in accordance with straight-line and pro rata depreciation method at their historical costs. Depreciation rates and estimated useful lives are as follows:

Furniture and fixture	2 - 15 year
Machinery and equipment	4 year
Other tangible assets	4 - 5 year
Special costs	5-year, lease period

As of the each reporting date, it is assessed whether there is any indication that the assets are impaired. In case there is such an indication, then the recoverable amount of the relevant asset is estimated. When the value of the assets exceeds the recoverable amount, then the impairment expense is recognized in the income statement. Recoverable amount is the higher of the net sales price of the asset and the value in use.

The company evaluates at the beginning of a contract whether the contract is of lease nature or not. If the contract delegates the right to control the use of the asset defined for a price for a certain period of time, this contract is of lease nature or includes a lease. Based on this lease, the Company reflects a right of use and a lease liability in its financial statements at the date of the lease actually starting.

Right of use assets

The right of use is first accounted for using the cost method, and accumulated depreciation and accumulated impairment losses are deducted and measured at the cost adjusted for reassessment of the lease liability. The company applies depreciation provisions in accordance with IAS 16, "Property, Plant and Equipment" standards while depreciating its asset.

Lease liabilities

At the date when the lease actually started, the Company measures its lease liability at the present value of the lease payments not realized at that date. Lease payments are discounted using this rate if the implicit interest rate in the lease can be easily determined. If the implied interest rate cannot be determined easily, the lessee is discounted using the alternative borrowing interest rate. As of 31 December 2020, the weighted average of the alternative borrowing rates used by the Company for leases in Turkish Lira and foreign currency is 25% and 7% respectively.

Lease agreements related to equipment leases (mainly printer, laptop, mobile phone, etc.), which are determined by the Company as low value, with short-term lease agreements with a duration of 12 months and less, have been evaluated within the scope of the exemption granted by the standard and payments for these contracts are recorded as expense in the period in which they are incurred

2.6 Investment Properties

The Company does not have any investment property (31 December 2019: None).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible Assets

Intangible assets are recorded at cost in compliance with TAS 38, "Accounting for intangible assets".

Intangible fixed assets are recognized over their cost values initially and are carried over the restated cost multiplied by the adjustment coefficient convenient for the purchase year until 31 December 2004 and are carried over the purchase cost for those purchased after the year 2005. Intangible assets are recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably.

Purchased intangible assets are accounted for at cost, less accumulated amortization and accumulated impairment losses.

If there is a change in circumstances, the cost of intangible assets are revised in order to observe whether there is an impairment or not.

Intangible assets consist of software programs and development costs that are depreciated over the estimated economic useful life of the related asset according to the straight-line depreciation method. The costs associated with developing and maintaining computer software are recorded in the income statement in the period they occurred. Expenditures that are in the possession of the Company, which can be directly attributed to detectable and proprietary software products and which will provide economic benefits over cost over a period of one year are considered as intangible assets. Costs include some of the costs of employees who develop the software. Computer software development costs, which are considered to be fixed assets that are amortized over their useful lives (maximum 5 years).

2.8 Financial assets

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise: Financial assets:

- Cash,
- A contractual right to receive cash or another financial asset from another enterprise,
- A contractual right to exchange financial instruments from another enterprise under conditions that are potentially favorable or
- An equity instrument of another enterprise.

A financial asset or liability is calculated over the transaction costs which is the fair value given first (for a financial asset) and acquired (for a financial liability), and if any, by the addition of the transaction expenses. Following the initial recognition, financial assets are valued without deduction of the transaction costs to occur in case of a sale over fair value. Fair value describes the price for the purchase-sale of a financial instrument between the applicant parties in a current transaction, except for the obligatory sale and liquidation. Quoted market price, if any, is the value which best reflects the fair value of a financial instrument. Estimated fair values of the financial instruments are determined by the Company by using the available market information and appropriate valuation methods

The Company recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of the financial asset. The Company derecognizes a financial liability when liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired. All the usual financial asset purchase and sales are recognized on the date of transaction, in other words, on the date on which the Company undertakes to purchase or sell the financial asset. The mentioned purchases or sales are generally the purchases and sales that require the delivery of the financial asset within the period of time determined by the practices and arrangements in the market.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

Current financial assets

The company classifies its current financial assets as available for sale financial assets, financial assets designated at fair value through profit or loss, financial assets with risks on saving life policyholders, and receivables from main operations.

a) Available-for-sale financial assets:

Available for sale financial assets are non-derivatives that are either designated as Available for sale or are not classified as (1) loans and receivables, (2) held-to-maturity investments or (3) financial assets at fair value through profit or loss.

Financial investments of the Company:

i) Public securities:

A part of the government bonds and treasury bills at the Company's risk is classified as Available for sale financial assets. Available for sale financial assets are valued over their fair values. In determination of the fair values of the government bonds, treasury bills, asset-backed securities and private sector bonds, the best purchase order prices waiting among the current orders published on the balance sheet date by İstanbul Stock Exchange Market (Borsa İstanbul) as based on the letter of the Undersecretariat of Treasury no 12741 dated 3 March 2005, are used. The differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the amortized cost method are presented in the financial assets valuation account under equity.

The interest income received is presented under the investment income in the income statement.

ii) Foreign currency Eurobonds:

Foreign currency Eurobonds at the Company's own risk are classified as available for sale financial assets and are valued over their fair values. The Company subjects the foreign currency Eurobonds to valuation over the rates of exchange announced by Central Bank of Turkish Republic (TCMB) as of the date of the balance sheet. Eurobonds are valued by the purchase quotation of the over the counter market at 16:15 - 16:45 on the Bloomberg screen on the balance sheet dates. The differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the amortized cost method are presented in the financial assets valuation account under equity.

The interest income received is presented in the investment income in the income statement.

The Company recognizes the foreign exchange gains and losses Eurobonds under the investment income and expense accounts in the accompanying income statement.

(b) Financial investments with risks on policyholders classified as available for sale:

Financial investments with risks on policyholders consist of public securities, foreign currency Eurobonds, and time deposits.

i) Public securities:

Government bonds and treasury bills at the policyholders' own risk are classified as available for sale financial assets within the financial assets at the policyholders' own risk. Available for sale financial assets are valued over their fair values. In determination of the fair values of the government bonds, treasury bills, the best purchase order prices waiting among the current orders published on the balance sheet date by Borsa İstanbul, are used. The portion of the differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the amortized cost method, belonging to the insure, is recognized under Insurance Technical Provisions - Life Mathematical Provisions account, as indicated by the Undersecretariat of Treasury. The portion of the differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the amortized cost method, belonging to the Company is followed up in the financial assets valuation account under shareholders equity.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(b) Financial investments with risks on policyholders classified as available for sale (Continued):

ii) Foreign currency Eurobonds:

Foreign currency Eurobonds at the policyholders' own risk are classified as available for sale financial assets at the life policyholders' own risk and are valued over their fair values. Available-for-sale financial assets are recognized at their fair values, and financial assets to be held to maturity are accounted over their amortized cost values calculated using the effective interest method, after the first record, after deducting the provision for impairment. The Company subjects the foreign currency Eurobonds to valuation over the rates of exchange announced by the Central Bank of Turkey as of the date of the balance sheet.

Eurobonds are valued by the purchase quotation of the over the counter market at 16:15 - 16:45 on the Bloomberg screen on the balance sheet dates. The portion of the differences between the fair value of the mentioned foreign currency Eurobonds and the value calculated by the relevant interest rates according to the amortized cost method, belonging to the insure, is recognized under Insurance Technical Provisions - Life Mathematical Provisions account, as indicated by the Undersecretariat of Treasury in the letter no 12741 dated 3 March 2005. The portion of the differences between the fair value of the mentioned foreign currency Eurobonds and the value calculated by the relevant interest rates according to the internal efficiency method, belonging to the Company is followed up in the financial assets valuation account under shareholders equity.

The Company recognized the rate of exchange income and expense due to the foreign currency Eurobonds at the policyholders' own risk under the technical income and expense accounts in the accompanying income statement

c) Financial assets held for trading

Financial assets held for trading are the assets that are acquired in order to provide profit from the fluctuations in the prices and similar issues in the short term in the market or, apart from the reason of acquisition, these are the assets that are a part of the portfolio that is for providing profit in the short term.

i) Public securities:

A part of the government bonds and treasury bills at the Company's risk is classified as financial assets held for trading. Subsequent to initial recognition, securities held for trading are measured at fair value by taking into account the best purchase order among the current orders in the stock market with respect to the concerned securities.

All the realized and unrealized profit and losses related to the financial investments for trading purposes are included in the income statement in the relevant period.

ii) Other securities:

The private sector bonds and asset-backed securities at the Company's own risk are classified as financial assets held for trading. Subsequent to initial recognition, the private sector bonds are measured at the fair value by taking into account the best purchase order among the current orders in the stock market with respect to the concerned securities. All the realized and unrealized profit and losses related to the financial investments for trading purposes are included in the income statement in the relevant period.

Other non-current financial assets

As of the balance sheet date, other non-current financial assets of the Company are the investments classified as available for sale financial assets, but which are invested in the financial instruments in an active market for which fair value cannot be measured reliably (Note 45.2). The mentioned investments are measured at the acquisition costs adjusted according to the inflation until 31 December 2004, if any, free shares received as a result of addition of the revaluation fund onto the capital are deducted.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

Other non-current financial assets (Continued)

By the end of the period, the investment acquisition cost is compared with the net realizable value and in case the net realizable value is lower than the acquisition cost, then the value loss provision is provided.

Financial assets to be held until maturity:

Financial assets to be held until maturity, which are held with the intention of keeping to maturity and include the fixed or determinable payments with fixed or determinable payments, except for loans and receivables and reasonable value during the initial recognition. These are financial assets that are not classified as financial assets, the difference of which is reflected in the income statement and are not shown ready for sale in the records. These assets are first recorded at acquisition cost and this value is accepted as reasonable value. The fair value of the assets held to maturity is determined on the basis of the market price of similar instruments or the market prices of similar financial instruments. Financial assets held to maturity are valued at their 'discounted value'. Contribution income from assets held to maturity is reflected in the income statement.

The Company does not allocate impairment based on short-term market fluctuations, provided that there is no collection risk in securities representing the borrowing classified under financial assets held to maturity. In the event of a collection risk, the amount of the said impairment is the difference between the book value of the financial asset and the value of the cash flows still expected to be collected from the financial asset, if any, based on the original effective rate of return.

Loans and receivables

The loans and receivables created by the receivables from the main operations are the financial assets which have fixed or determinable payments and are not traded in an active market and which the Company did not classify as available for sale or held for trading. The receivables arising from insurance activities are classified under this company. These assets are presented over their carrying values.

If there is any objective evidence that the matured receivables from insurance activities cannot be collected, then provision is allocated for the receivable. In case receivables which are not possible to be collected are detected, these are completely written-off.

Loans to the Policyholders

Following the expiry of the period of three years in life policies, the insure can demand a part of the accumulated amount as a loan. The Company provides loans for the policy holders who completed their 3rd years up to the specific ratio of the accumulated amount with profit share on that date on the surrender table of the relevant tariff.

The Company does not apply loan interest to the policies and receives the reimbursement over the unit price on the collection date. The Company applies loan interest for the accumulated life policies other than these policies. The loan interest rate applied is determined at a rate over the annual profit share rate.

The surrender payments for the policies for which a loan is used are recorded as an expense and the relevant policy is closed. The technical provisions allocated to the closed policy are recognized as revenue and closed.

Pension system accounts

Receivables from pension operations

Pension business receivables consist of 'receivable from pension investment funds for fund management fees', 'entry fee receivable from participants' and 'receivables from clearing house on behalf of the participants'. 'Receivables from Pension Operations' classified within non-current assets are composed of the receivables from the custodian company and shows the receivables on fund-basis from the custodian company on behalf of the participants and it operates together with the payables to the participants account under the debts from the retirement activities where the fund-basis obligations belonging to the participants are presented under liabilities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

Pension system accounts (Continued)

Receivables from pension operations (Continued)

Individual Retirement government participation share is the amount paid to the individual retirement account of the participant by the government in compliance with the additional 1st article of the Law no 4632 .Twenty-five percent of the contribution share paid on the basis of participants on behalf of the citizens of Turkish Republic and those who are Turkish Republic citizens and lost Turkish citizenship by taking permission for ceasing to be a citizen according to the 28th article of Turkish Citizenship Law no 5901 dated 29 May 2009 and their descendants and transferred as cash to the company accounts, is paid by the government as the government share to the participant's individual retirement account in compliance with the additional 1st article of the Law no 4632, on condition not to exceed the annual total gross minimum wage determined for the relevant calendar year.

Payables from pension operations

“Payables from Pension Operations” presented under the current liabilities are composed of the participants’ temporary account, payables to the individual retirement intermediaries, payables to the custodian company, portfolio management company and pension monitoring center. The Participants Temporary Account, is the account item which enables the follow-up of the money not directed to an investment yet on behalf of the participants and the amounts to be paid to the participants or to be transferred to another company, in case the participant leaves the system or transfers his investment to another company, following the disposal of the fund shares of the participant and after deduction of the entrance fees and similar deductions, if any, arising from the mentioned disposal. This account is credited if collection is made from the participants or in case the money from the disposal of the fund shares of the participants are transferred to the Company account. The account is debited and closed after the money is directed to the fund or the person leaves, or it is transferred to another company.

“Payables from Pension Operations” classified in non-current liabilities consists of debts to participants. It shows the Company's obligations on the basis of funds on behalf of the participant (the amount that the participants have deposited for the funds and will be paid to the participant when due).

If the retirement agreement is not rejected by the company, following the completion of the blocking period, if any, it comes into force on the date of entry of the first payment made as contribution share, into the company accounts as cash. If the proposal is rejected by the company, then the payment instructions given are cancelled and if any, all the payments effected are returned to the payer within five business days without any deduction. The participant has the right to withdraw within sixty days following the signing of the proposal form or approval of the proposal. The payment instructions given are cancelled following the delivery of the notification of withdrawal to the company and all the payments effected are returned to the payer within ten business days, if any, together with the investment income, without any deduction, except the fund total expense deduction.

2.9 Impairment of Assets

Impairment of non-financial assets:

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are subject to impairment are reviewed for possible reversal of the impairment at each reporting date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of Assets

Impairment of financial assets:

The impartial indicators related to the impairment of a financial asset or financial asset company include the following:

- a) Issuer or undertaker being under a considerable financial trouble,
- b) Violation of the agreement,
- c) Due to economic or legal reasons related to the financial trouble of the debtor, the creditor grants a privilege to the debtor, which would not be granted under any other condition,
- d) High probability of the debtor for bankruptcy or any other financial restructuring,
- e) Elimination of the active market related to the mentioned financial asset due to the financial difficulties.

The Company assesses its financial assets at each balance sheet date whether there is any objective evidence that a financial asset or company of financial assets is impaired.

According to TAS 39, financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. Moreover, in case there is an impartial indication with respect to the decrease of value, accumulated impairment amount arising from the difference between the cost value and the current value, which is created under the shareholders equity, is anticipated to be removed from the shareholders equity and recognized as a loss in the income statement.

In case there is an impartial indication that there is a decrease of value loss in the loans and receivables, then the relevant loss is recognized in the income statement. Moreover, the Company reserves a provision for doubtful receivables arising from the main activities for the doubtful receivables related to its agencies and insures, which are under administrative and legal follow-up and for uncollectible amounts or the amounts which do not have the possibility of collection anymore.

Total mortgages or guarantees on assets are disclosed in Note 17.1, doubtful receivables for overdue and not overdue balances disclosed in Note 12, accruals and expenses for the period are presented in Note 47.4.

2.10 Derivative financial instruments

The Company recognizes the fair value gains on the short-term currency forward and swap transactions under the income on derivative instruments.

Derivative contracts are classified as fair value through profit and loss instruments in accordance with TAS 39, "Financial Instruments: Recognition and Measurement" (Note 13).

2.11 Offsetting of financial assets

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

2.12 Cash and cash equivalents

Cash and cash equivalent, which is a base for the preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having original maturity less than 3 months which are ready to be used by the Company or not blocked for any other purpose. Cash and cash equivalent are presented at their acquisition costs.

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(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Cash and cash equivalents (Continued)

The basis of cash flow statement, cash, and cash equivalents are as follows:

	31 December 2020	31 December 2019
Bank deposits	658,028,179	189,980,574
Cheques given and payment orders	(168,867)	(41,388)
Other cash and cash equivalents (*)	328,470,720	208,489,233
Total cash and cash equivalents	986,330,032	398,428,419
Blocked amount	(147,266,248)	(98,984,103)
Accrued interest	(1,653,717)	(1,348,651)
Term deposits with a maturity of three months	(142,018,063)	(17,820,600)
Total	695,392,004	280,275,065

(*) The other cash and cash-equivalent assets are composed of the receivables for which the approval is obtained as of the balance sheet date but not yet transferred to the current accounts since the blockage term has not expired

2.13 Share capital

As at 31 December 2020 and 31 December 2019, the share capital and ownership structure of the Company are as follows:

Name of the shareholder	31 December 2020		31 December 2019	
	Share rate (%)	Share amount (TRY)	Share rate (%)	Share amount (TRY)
Hacı Ömer Sabancı Holding A.Ş.	40.00	72,000,006.72	40.00	72,000,006.72
Aviva International Holdings Ltd.	40.00	72,000,006.72	40.00	72,000,006.72
Publicly traded	19.91	35,833,960.15	19.91	35,833,960.15
Other	0.09	166,026.41	0.09	166,026.41
Paid-in capital	100.00	180,000,000.00	100.00	180,000,000.00

As of 31 December 2020, the nominal capital of the Company is TRY180,000,000 and consists of 18,000,000,000 shares with a unit nominal value of 1 kuruş (kr) (0.01TRY). (31 December 2019: Nominal capital is TRY180,000,000 and consists of 18,000,000,000 shares with a nominal value of 1 kuruş (kr) (TRY0.01)

The Company has adopted the registered capital system in accordance with the provisions of the Capital Market Law no. 6362 and passed to this system with the permission of the Capital Markets Board dated September 1, 2014 and numbered 1756/8617. The registered capital ceiling of the Company is TRY300,000,000 as of 31 December 2020 and 31 December 2019, and is divided into 30,000,000,000 shares, each with a nominal value of 1 kuruş.

The transaction approved at the Extraordinary General Meeting on 16 October 2014 and the meeting record has been registered and published in Turkey Trade Registry Gazette dated 23 October 2014 numbered 8679.

Aviva Europe SE and Hacı Ömer Sabancı Holding A.Ş. sold nominal shares amounting TRY7,037,348 in the capital of AvivaSA Emeklilik ve Hayat A.Ş. which constitute 19.67% of the issued and outstanding share capital of the Company for TRY330,755,356 and the shares started being traded on Borsa İstanbul A.Ş. on 13 November 2014. After price stabilization activities, the Company's main shareholders' share became 41.28% each.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Share capital (Continued)

Aviva Europe SE has transferred 1,477,063,650 shares each worth TRY0.01 with a nominal value of TRY14,770,636.50 to Aviva International Holdings Limited on 15 July 2015. After this transfer, the share of Aviva Europe SE became 0%, while the share of Aviva International Holdings Ltd. has been increased to 41.28%.

Hacı Ömer Sabancı Holding A.Ş. sold its shares with the nominal value of TRY458,956 in BIST on 5 August 2015 and after this sale its share in AvivaSA Emeklilik ve Hayat A.Ş. decreased to 40%.

Aviva International Holdings Ltd. sold its share with the nominal value of TRY458,956 in BIST on 5 August 2015 and after this sale, its share in AvivaSA Emeklilik ve Hayat A.Ş. decreased to 40%.

Capital increases made during the period: None (1 January – 31 December 2019: None).

The Company's capital does not include any preferred shares (31 December 2019: None).

There are no equity shares held by the Company, its affiliates or its subsidiaries (31 December 2019: None).

There are no treasury shares acquired by the Company (31 December 2019: None).

There are no share-based payment transactions (31 December 2019: None).

Other information regarding the Company's share capital are disclosed in Note 15.

2.14 Insurance and investment contracts - classification

Insurance contract: It is defined as a contract in which the Company accepts a considerable insurance risk by agreeing to compensate the loss of the policy holder in case of realization of a predefined future uncertain event causing the policy holder to be influenced negatively (the event covered by the insurance). Insurance risk includes all the risks, except the financial risk. All the premiums collected within the frame of insurance contracts are recognized as income under written premiums account.

The contracts in which the variable is not specific to any one of the parties of the contract, which takes into account a non-financial variable, which anticipates payment as based on only the changes in a certain interest rate, financial instrument price, product price, foreign exchange rate, interest or price indexes, credit score or credit index or one or more other variables, are classified as investment contracts. Main policies produced by the company; are the life policies, the personal accident policies, and individual retirement contracts.

Main contracts produced by the Company; personal accident and life policies and individual pension contracts.

The company issues individual retirement contracts within the individual retirement system that is structured in order to provide a reliable saving for the individuals, to direct, regulate and encourage these savings.

The contributions received related to individual retirement contracts are recognized as liabilities under payables to the participants account and the same amount is presented as receivables under the receivables from custodian company account.

Reinsurance contracts

Reinsurance provides the transfer of a part or all of the responsibility undertaken by the insurance company, to the reinsurer company. This is as a guarantee or a protection measure for the insurance companies.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Insurance and investment contracts - classification (Continued)

Reinsurance contracts (Continued)

It accommodates functions such as spreading the risk, increase, support of the work acceptance capacities and flexibilities of the insurance companies, control of the catastrophic damages to be caused by the surplus of the accumulations. Reinsurers transfer their knowledge and experience, which they acquired in time as a result of working with different insurance companies and markets, to the insurance companies as technical information.

Since it is required that all the details of the transactions and processes should be included in the reinsurance contracts, it is required to clearly indicate the scope, identification, technical details of the work to be transferred to the reinsurer, work acceptance and compensation evaluation method, general and special conditions, the legal aspects of the contract, and the parties explicitly as the cedent and reinsurer.

2.15 Insurance contracts and investment contracts with discretionary participation feature (“DPF”)

The feature of voluntary participation in the insurance and investment contracts is a right that is based on the contract with respect to the additional benefits listed below as well as the guaranteed benefits:

- (i) A candidate to constitute a significant part of the total benefits as based on the contract,
- (ii) In which the amount and timing is in discretion of the issuer as based on the contract and
- (iii) It is based on the following as a requirement of the contract:
 - (1) The performance of a certain pool of contracts or a type of certain contract type,
 - (2) Realized and/or unrealized investment income of a certain asset pool held by the issuer or
 - (3) Profit or loss of the company, fund or any other entity issuing the contract.

As of the balance sheet date, the Company does not have insurance contracts and investment contracts with discretionary participation feature.

2.16 Investment contracts without DPF

As at 31 December 2020 and 31 December 2019, the Company does not have any optional participation in its products classified as investment contracts.

2.17 Debits

Financial liabilities mean the liabilities which are created as a result of the transactions that shall require giving cash or disposing any other financial assets to another entity. The financial liabilities are presented in the financial statements of the company over the costs amortized according to effective interest method. This financial liability is derecognized when it is paid.

2.18 Taxes

Corporate Tax

The corporate tax rate of 20% in accordance with the Provisional Article 10 added to the Corporate Tax Law is 22% for the corporate income of the corporations for the 2018, 2019 and 2020 taxation periods (the accounting periods starting for the related year for the institutions assigned for the special accounting period) shall apply. This rate is applied to the tax base which will be found as a result of the inclusion of expenses that are not accepted as a result of the tax laws to the commercial income of the institutions, the exception to the tax laws (such as the participation earnings exception) and other discounts (such as investment incentives). No further tax is paid if the profit is not distributed.

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Taxes (Continued)

Corporate Tax (Continued)

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

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. As of balance sheet date, the Company does not have any deductible tax losses.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 30th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Deferred taxes

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

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

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

2.19 Employee benefits

Employee termination benefits

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2020 is, TRY7,117 (31 December 2019: TRY6,380)

The Company reserved for employee severance indemnities using actuarial method in compliance with the TAS 19, "Employee Benefits". The major actuarial assumptions used in the calculation of the total liability as at 31 December 2020 and 31 December 2019 are as follows (Note 22):

	31 December 2020	31 December 2019
Expected rate of salary/Limit increase	8.50%	%8.67
Discount rate	13.50%	%13.60

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

Other employee benefits

The Company pays a compulsory social insurance premium to Social Insurance Institution. The Company has no liability as long as the premiums are paid. These premiums are recognized as personnel expenses.

This provision calculated for accrued but for the unused vacation and accounted in short-term liabilities (Note 23).

2.20 Provisions

Provisions, contingent liabilities and contingent assets

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Company discloses the contingent asset (Note 23).

Technical Provisions

The technical reserves within the technical insurance accounts in the financial statements and the reinsurer share of such reserves are recognized in compliance with the following principles and in compliance with the "Regulation on the Technical Reserves of the Insurance and Reinsurance and Retirement Companies and Assets in which such Reserves shall be invested" ('Technical Reserves Regulations') published by the Undersecretariat of Treasury in the Official Gazette no 26606 dated 7 August 2007 prepared as based on the 16th article of the Insurance Law no 5684 dated 14 June 2007 and 8th article of the Individual Retirement Savings and Investment System Law no 4632 dated 28 March 2001, with "Regulation on the Amendment of the Regulation on the Technical Reserves of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested" (Technical Reserves Amendment Regulation) published in the Official Gazette no: 27655 dated 28 July 2010 and entered into force as of 30 September 2010 and with "Sector Declaration on Regulation on the Amendment of the Regulation on the Technical Reserves of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested" no 2012/13 dated 18 July 2012 and with the other declarations and announcements made related to this issue.

Reserve for unearned premiums

In accordance with the "Communiqué Related to Changes in the Communiqué on Technical Reserves for Insurance, Reinsurance and Private Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" issued on 28 July 2010 dated 27655 numbered Official Gazette and entered into force on 30 September 2010, reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the balance sheet date for all short-term insurance policies. In the case of annual life insurance and life insurance which of the renewal date exceeds one year, reserve for unearned premiums is calculated for the portion of the remaining part which is left after deducting savings from gross premium written for the period.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

Reserve for unearned premiums (Continued)

Unearned premium reserves; The commencement date and expiry date of insurance is considered as a half day in the calculation of unearned premium reserves in accordance with the Undersecretariat of Treasury's Communiqué on Technical Reserves.

In Technical Provisions Regulation, it is stated that the part corresponding to the future period or periods, of the commissions paid to the intermediaries on condition that accrual is made as based on the production, the commissions taken due to the premiums transferred to the reinsurer, production expense shares and the amounts paid for non-proportional reinsurance contracts and the variable production expenses for the preparation and sale of the tariffs and insurance contracts and the payments for support services, shall be recognized under deferred income and deferred expenses accounts and other relevant accounts. As of 31 December 2020, the gross amount of unearned premiums reserve is TRY64,925,125 (31 December 2019: TRY95,871,371). (Note 17.15)

Deferred commission expense and income

In accordance with the Circular 2007/25 dated 28 December 2007 issued by the Undersecretariat of Treasury, it is stated that the part corresponding to the future period or periods, of the commissions paid to the intermediaries on condition based on the production, the commissions taken due to the premiums transferred to the reinsurer, shall be recognized in the balance sheet under prepaid expenses and other deferred income and expense accruals and in the income statement under netted off operating expenses.

As of 31 December 2020, deferred commission income is TRY1,681,106 (31 December 2019: TRY2,722,115) and deferred production commission expense amount is TRY23,152,652 (31 December 2019: TRY33,622,434).

Reserve for unexpired risks

In accordance with the Communiqué on Technical Reserves, in each accounting period, the companies while providing reserve for unearned premiums should perform adequacy test covering the preceding 12 months in regard with the probability of future claims and compensations of the outstanding policies will arise in excess of the reserve for unearned premiums already provided. In performing this test, it is required to multiply the reserve for unearned premiums, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (reserve for outstanding claims, net + claims paid, net - reserve for outstanding claims carried forward, net) to earned premiums (written premiums, net + reserve for unearned premiums carried forward, net - reserve for unearned premiums, net) In the calculation of earned premiums; deferred commission expenses paid to the agencies and deferred commission income received from the reinsurance firms which were netted off from reserve for unearned premiums both at the beginning of the period and at the end of the period are not taken into consideration.

In compliance with the 'Regulation on the Amendment of the Regulation on the Technical Provisions of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested' published in the Official Gazette no 28356 dated 17 July 2012, the Undersecretariat of Treasury, if the estimated claim premium ratio exceeds 95% in future periods for the estimated claim premium ratio of insurance branches, the amount calculated multiplying ratio exceeding 95% by net unearned premiums reserve is called net provision for unexpired risk reserve, and the amount calculated multiplying ratio exceeding 95% by gross unearned premiums reserve is called gross provision for unexpired risk reserve. The Undersecretariat of Treasury can change this test method as of the branches, can have qualification tests with different test methods and can request the allocation of provisions for the continuing risks within the frame of this test method.

As at 31 December 2020 and 31 December 2019, related test have not resulted any deficiency in the premiums of the Company.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

Outstanding claims reserve

In accordance with the Communiqué on Technical Reserves, outstanding claims reserve is provided for outstanding claims incurred and calculated but not actually paid in the prior or current period, or outstanding claims for which the related amount is not calculated, carried at estimated value incurred but not reported.

In compliance with the insurance legislation and technical reserves regulation of the Undersecretariat of Treasury, the Company accounts for outstanding claim reserve for the damage and compensations incurred, but not reported yet (IBNR). According to the 'Circular on Outstanding Claim Reserves' no 2014/16 IBNR is calculated by the company actuary for each branch separately. Compensations that have been filed before the accounting period but have been reported after such dates are considered to be compensations that have been incurred but not reported.

According to 26.08.2014 and 2014/1 communiqué of the Union of Insurance, Reinsurance and Pension Companies of Turkey, the Insurance Information and Surveillance Center conducts inquiries on MERNIS in February and August of every year. With this inquiry, the insured who died within the period in which the life insurance policies with death coverage are in effect are identified, and the insurance companies are notified about the compensation assessments of these persons. Following the notification due to the aforementioned communiqué, in the event that the beneficiary or first-degree relatives' return claim to the relevant insurance company, the outstanding claims reserve is set aside for the mentioned compensation. At the end of 2016, the IBNR calculation in the life branch was recalculated for the death and accidental death guarantees according to the rate of rejection and the return of the notification.

In the life branch, in the calculation of IBNR for supplementary collaterals, compensations at the end of the account period are considered to cover the last 12 months. During the calculation of IBNR, concerning these payments in the last 5 or more years; the weighted average found by the compensations that have been happened before these dates but reported later divided by the average annual collateral for the previous year. The average guarantee is calculated by dividing the sum of the end-of-period and the beginning-of-period collateral amounts by the 'average collateral' for one year (four quarters) before in the period calculations for years on collateral basis. The amount of compensation that has been incurred but not reported for the current accounting period is calculated by multiplying the weighted average calculated in the above-mentioned manner by the average annual guarantee amount as of the current year. In these calculations subtracted income, salvage and similar income items are considered to be reduced. Claim files that have been reported in the current accounting period or reported in the previous accounting periods that are not included in the current period's outstanding claims due to any reason during the current accounting period but which have been reworked in the following year are also included in the related uncompensated compensation accounts.

As stated in Article 7 of the Technical Provision Regulation, the win/(loss) rate was calculated based on the value of the lawsuit cases and the last five years of statistics for the outstanding claim amounts that are at the lawsuit stage. As stated in the Circular No. 2011/23 on Explanations on Incurred but Not Reported Claim Provision Calculation, a 25% litigation win discount was applied to the total amount of outstanding claims for life branch files in the litigation process.

IBNR compensations in the personal accident branch are calculated over the claims (outstanding and paid claims total). The company does not have any substantial damages which shall be subject to substantial damage elimination method. As a result of the calculation made for the personal accident branch, Loss-Premium method is used.

As of 31 December 2020, the Company has provided TRY14,223,226 (31 December 2019: TRY16,411,569) of net outstanding claims provision in relation to IBNR claims in its financial statements in total, including TRY13,562,839 for life branch (31 December 2019: TRY15,219,008) and TRY660,387 for non-life branch (31 December 2019: TRY1,192,561). Net total outstanding claims including IBNR as of 31 December 2019 is TRY72,664,186 (31 December 2019: TRY62,320,097) of which life branch covers TRY65,357,315 (31 December 2019 TRY53,523,284) and non-life branch covers TRY7,306,871 (31 December 2019: TRY8,796,813).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

Life mathematical provisions and provision for profit share

In accordance with the Communiqué on Technical Reserves, companies performing in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on an actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal accident insurance contracts.

If the mathematical provisions are undertaken with the actuarial mathematical provision calculated separately as based on the technical principles in the tariff for each policy in force, then it is composed of the total of the profit share provisions allocated for the insures from the income obtained from the direction of such provisions to investment.

Actuarial mathematical provisions are the difference between the cash values of the premiums received for the risk undertaken by the companies and the liabilities to the insures and beneficiaries. Actuarial mathematical provisions are allocated as based on the formulas and principles given in the technical principles of the tariffs for the life insurances with a term longer than one year. As of December 31, 2020, the company makes mathematical reserve calculations based on Treasury-approved tariffs. Actuarial mathematical provisions, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Company meets in future and the current value of premiums paid by policyholder in future (prospective method).

Provision for profit sharing consist of profit sharing calculated in previous years and a certain percentage of current period's income, determined in the approved profit sharing tariffs, obtained from the financial assets backing liabilities of the Company against the policyholders and other beneficiaries for the contracts which the Company is liable to give profit sharing.

As of 31 December 2020 and 31 December 2019, actuarial mathematical and profit sharing provisions of the Company are approved by the Company's actuaries. The total mathematical reserves as of 31 December 2020 is gross TRY2,066,132,182 (31 December 2019: TRY1,293,865,592). As of 31 December 2020, there is TRY1,510,791 reinsurer share amount (31 December 2019: TRY1,997,764) The amount stated above does not include any financial assets at fair value through credit and risk insurances. As of 31 December 2020, mathematical provisions amounting to TRY204,739,575 (31 December 2019: TRY177,037,400) and the fair value differences related to financial investments of risk insured are TRY(6,507,405) (31 December 2019: (15,541,493)) (Notes 17.2 and 17.15)

The mathematical and profit share provisions of the policies written in the unit price based funds of the company are evaluated daily according to TRY, USD and EUR profit share technical principles approved by TR Undersecretariat of Treasury and Foreign Trade on 14 January 1993 and 12 September 1996. The income from the investments belonging to the insure is distributed as the income of the investment instrument related to the interest method accrued daily.

Daily Profit Share System according to Profit Share Technical Principles and Life Insurances Regulation of Turkish Prime Ministry Undersecretariat of Treasury Insurance General Directorate approved on 1 November 1999 is applied for the life, mathematical and profit share of the accumulated policies written in the other funds of the company (profit share based). Profit share values calculated according to the profit share ratios calculated as based on the daily proceeds of TRY, USD and EUR investment instruments are reflected onto the insures' accounts daily.

Equalization reserves

As a requirement of the Technical Provisions Regulation, the companies are required to provide equalization reserves at the rate of 12% of the net premiums corresponding to each year, for the credit and earthquake coverage in order to balance the fluctuations in the compensation rates to occur in the subsequent accounting periods and cover the catastrophic risks. The reserve is provided until it reaches the 150% of the highest net premium written in the last five years.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

Equalization reserves (Continued)

In “Sector Declaration Related to the Application of Relevant Legislation Concerning Technical Provisions” no 2009/9 published by Undersecretariat of Treasury on 27 March 2009, it is indicated that the insurance companies are required to provide equalization reserves for the tariffs in which they provide additional earthquake coverage for death and disabilities due to earthquake, and in life and accident branches, and the method of calculation of the equalization reserves is re-determined under ‘Regulation on the Amendment of the Regulation on the Technical Provisions of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested’ no 27655 published by the Undersecretariat on 28 July 2010. In the 5th paragraph of the 9th article “Equalization Reserve” of the mentioned Regulation, it is stated that the companies shall use their own statistical data during the calculation of the equalization reserves in the life insurances in which death coverage is provided, and that the companies which do not have the data set required for the calculation shall assume 11% of the death net premium (expense share included) as the earthquake premium and shall allocated reserves at the rate of 12% of this amount

Within this scope, the Company calculated equalization reserve at the rate of 12% of the amount which is obtained by assuming 11% of the death net premium as the earthquake premium, including the expense share.

As of 31 December 2020, the gross amount of equalization reserve of the Company is TRY46,200,983 (31 December 2019: TRY36,203,502) and the net amount is TRY45,021,691 (31 December 2019: TRY35,155,741) (Note 17.15)

2.21 Revenue Recognition

Written premiums

Written premiums represent the policies on cancellations from prior years and premiums ceded to reinsurers and after tax deduction in addition to the policies written in the current year. Annual policies are accounted according to the accrual basis, long term policies are accounted according to the cash basis.

The commissions received and paid

The commissions received and paid are composed of the commissions paid in relation to the written premiums and the commissions received in relation to the premiums transferred to the reinsurance companies. The Company recognizes the commissions received and paid on accrual basis. The commission expenses paid to the intermediaries with respect to the production of the insurance policies and the commission income received from the reinsurers are explained under unearned premiums reserves note.

The Company evaluated the expenses that can be subject to deferral with respect to the Individual Retirement System as outside the scope of TFRS 4 and handled these within the scope of TAS 39 and TAS 18. The commissions paid with respect to the Individual Retirement System are not subjected to deferral as of the reporting period.

Interest income

Interest income is recognized on an accrual basis using effective interest rate method.

Dividend income

Dividend is recognized as income when the right to collection arise.

Income from Pension operations

Fund operation income which is in consideration of the management and representation of the funds and the equipment, personnel and accounting services allocated to the funds are recognized as income in the Company accounts and are shared between the Company and the company managing the retirement funds (Manager) within the frame of the ratios set forth in the agreement. The whole fees mentioned are recognized as fund operation income within the technical income of the Company and the part belonging to the Manager is recognized as the amount paid in consideration of fund operation within the technical expenses of the Company. In this context, the ratio related to the total of the expenses to be incurred by the fund are determined in the fund's internal regulations in a way not to exceed the maximum rates indicted on the fund company basis, including the deduction related to the fund operation expenses. The mentioned accounts are shown in the retirement technical income/expense accounts of the income statements attached.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue Recognition (Continued)

Income from Pension operations (Continued)

In compliance with the 2nd article of “Amendment Regulation of Regulation on Individual Retirement System” on 25 May 2015, in case of interruption of the payment in compliance with the 14th article of the same regulation, additional administrative expense deduction can receive from the accumulation of the participant during the interruption period.

In the payment amounts and collection process were made regulation pursuant to “Amendment Regulation of Regulation on Individual Retirement System” came into force dated 1 January 2016. Deductions were able to receive from the accumulation of the participant with this regulation during five years within the scope of limits and rules. For agreements which came into force dated before 1 January 2016, there will be no deduction from the agreements which filled 5 years as of the effective date even defined.

For contracts entered into force before 1 January 2016,

- Even if it is defined from contracts which have completed 5 years from the effective date, no deduction will be made from this date,
- For the agreements which did not fill 5 years as of the effective date, if there is deduction over the annual limit, there will be no deduction until the anniversary, if there is deduction over 5 years limit, there is not any deduction as of this date. There can be entrance fee and administrative expense deduction in the first five years, exit without mandatory reasons, in case of leaving provided that defined to the product within the limits as of the effective date of agreement.

For the agreements which came into force dated after 1 January 2016; there can reduce “Deferred Entrance Fee” in the first five years, exit without mandatory reasons in case of leaving provided that defined to the product from the accumulation of the participant within the limits of regulation and rules.

2.22 Leasing transactions

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

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

2.23 Dividend distribution

The Dividend Distribution Policy of Company is determined within the frameworks of the Turkish Commercial Code, Capital Markets Legislation and other related legislations and the article concerning profit distribution of Articles of Association; in accordance with the Company’s medium and long term strategies and investment and financial plans, taking into consideration the situation of the national economy and the sector and protecting balance between the expectance of the shareholders and the needs of the company

In line with the decision taken at the General Assembly, the determination of the dividends amount to be distributed to the shareholders are adopted; distribution of 50% of the distributable profit to the shareholders as cash and/or bonus share is adopted as a principle.

The Company does not distribute advance dividends.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Related parties

Related party of the Company that is associated with a person or entity that prepares financial statements.

(a) A person or a close member of the family of that person considered related to Company if:

If this person,

- (i) Controls is controlled by or is under common control with the Company,
- (ii) Has an interest in the Company that gives it significant influence over the Company,
- (iii) The party is a member of the key management personnel of the Company and its parent.

(b) Parties are considered related to the Company if:

- (i) The Company and the reporting Company are the members of the same company (in other words, each main partnership, subsidiary and other subsidiaries are related to the others).
- (ii) The Company is the participation or business partnership of the other entity (or the member of the company in which the other entity is a member).
- (iii) Both Companies are the business partnership of the same third party.
- (iv) One of the Companies is the business partnership of a third Company and the other Company is the participation of the mentioned third Company.
- (v) The Company has benefit plans provided for the employees of the reporting Company or a Company related to the reporting Company when they leave work. If the reporting Company has such a plan, then the sponsoring employees are also related to the reporting Company.
- (vi) The Company is controlled or is under common control by a person defined in the article (a).
- (vii) A person defined in paragraph (i) of the article (a) has a significant effect on the Company or is a member of the key executive personnel of the mentioned Company (or the main partner of this Company).
- (viii) The entity, or any member of a company of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The transaction with the related party is the transfer of the sources, services or liabilities between the reporting Company and the related party regardless of whether there is a consideration for such transfer or not.

In the financial statements as of 31 December 2020 and 31 December 2019 and the relevant explanatory footnotes, the companies included in Aviva Group and Sabancı Holding, other than the shareholders and the Company Management are defined as the other related parties (Note 45).

2.25 Earnings per share

Earnings per share are calculated by dividing the net profit for the period distributable to the shareholders into the weighted average number of the shares within the year.

2.26 Other monetary balance sheet items

Reflected in the balance sheet at their book values.

2.27 Subsequent events

Post-balance sheet events that provide additional information about the Company's position at the balance sheet dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the Notes when material

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

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3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Preparation of financial statements requires the Company make use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Realized results can be different from the estimations. Estimations are regularly reviewed and the required corrections are carried out and are reflected onto the income statements in the period in which they are realized. The estimations used are mainly related to insurance outstanding claims and compensation reserves, life mathematical reserves, calculation of the fair values of the financial assets, provision for severance pay, impairment provision for the assets, other provisions for expenses and deferred tax assets and the significant assumptions and evaluations by consideration of the main sources of the interpretations that can have significant effect on the amounts reflected onto the financial statements and the estimations available on the balance sheet date or to occur in future, are as follows :

- a) The severance pay liability is determined using actuarial calculations which are based on making assumptions about discount rates, future salary increases and employee turnover. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. The details for the provisions for employee benefits are given in Note 2.19 and Note 22
- b) Provisions for doubtful receivables reflect the amounts which the Company management believes shall compensate the future losses related to the receivables which are available as of the balance sheet date but which has a risk of non-collection within the frame of the current economic conditions. When evaluating whether the receivables are impaired or not, the past performances of the debtors, other than the related entity, their credibility in the market and their performances from the balance sheet date until the approval date of the financial statements and renegotiated conditions are also taken into consideration.
- c) Deferred tax assets are recognized to the extent that it is strongly probable to benefit from the temporary differences and accumulated loss by obtaining profit which is subject to future taxation. When determining the amount of the deferred tax assets to be recognized, it is required to make significant estimations and judgments related to the future taxable profits (Note 21).
- d) While allocating provisions for lawsuits, the probability of losing such lawsuits and the results to be borne if lost are evaluated within the direction of the opinions of the legal advisors of the Company and the Company Management makes their best forecasts by use of the available data and allocates the required provisions accordingly (Note 42). With respect to the technical and other provisions, other estimations and assumptions of the Company are explained in detail in the relevant footnotes.
- e) Investment costs amounting to TRY14,754,297 (31 December 2019: TRY14,745,065), which are followed in the project 'advances on intangible assets' account as of December 31, 2020, expenses related to the modernization of the existing systems of basic insurance application and environmental systems it consists. With the decision of the Board of Directors dated 19 April 2017, the Company decided to implement the software transformation of existing applications (called Modernization and BAU program) and the software developments to be made in line with new business needs with agile scrum methodology. All costs related to the system development will be activated, starting from the time the system improvements are completed and used within the context of the Modernization and BAU program, including expenditures already tracked as investments made (Note 8).

4. INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company has developed and implemented a risk management structure to protect it against events that undermine sustainable performance, solvency or the achievement of strategic objectives. The risk management system is a fundamental part of the daily operations and ongoing performance of the Company. By identifying, analyzing, measuring, controlling, managing, reporting and mitigating risks that may arise in the course of its operations in a timely manner, the Company intends to, among other things, comply with applicable legislative and regulatory requirements, meet its obligations towards its customers and counterparties and maintain capital adequacy.

The Company's approach to risk management is based on the following elements:

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT(Continued)

Ensuring compliance with legal obligations and the Company's risk management policies;

- Identifying all structural risks the Company is exposed to and defining risk acceptance criteria and
- Designing and applying internal control mechanisms and actions to seek to address these risks, and assuring the transparent reporting of such risks to the Board of Directors.

The Company's Board of Directors has overall responsibility for setting and monitoring the Company's risk appetite, risk strategy, risk management and internal control systems

Early Risk Detection Committee

Pursuant to the Regulation on Internal Systems and a resolution of Company's Board of Directors dated 15 July 2011 and numbered 2011/29, Company established a risk committee. Subsequently, pursuant to a resolution of Company's Board of Directors dated 17 October 2014 and numbered 2014/62, the risk committee was restructured to replace the former risk committee in compliance with the Corporate Governance Principles (the Early Risk Detection Committee). Pursuant to the Corporate Governance Communique, an early risk detection committee is to be responsible for the preliminary detection of risks that may endanger the existence, development, and continuity of a public company. Such committee is also responsible for supervising the implementation of appropriate remedial measures and the performance of risk management activities, during the course of which it must monitor, at least once a year, the risk management systems of the company.

Risk Management Framework

The Company aim to maximize Market Consistent Embedded Value (MCEV) and Shareholders' expectations within the risk appetite framework. It is provided by consistent and strong risk management process are applied companywide.

The Company's Risk Management Framework is complementary elements of Management, process of the Board of Directors and decision-making framework. The key elements of the Company's risk management framework comprise risk appetite, risk governance including risk policies and business standards, risk oversight committees and roles and responsibilities and the processes we use to identify, measure, manage, monitor and report "(IMMMR)" risks.

The Company's risk management model is based on a 'three lines of defense' principle and consists of:

- *First line of defense - Company Management:* Primary responsibility for risk identification, measurement, management, monitoring and reporting lies with management. The first-line management is responsible for the implementation and practice of risk management, as well as establishing internal control systems.
- *Second line of defense - Risk Management and Internal Control:* Risk and Internal Control function is accountable for oversight and challenge of the IMMMR process and for developing the risk management framework.
- *Third line of defense - Internal Audit:* Internal Audit function provides an independent assessment of the risk framework and internal control processes.

The Company's risk management model identifies risk classes, which are then further highlighted under risk management policies and standards. These risk management policies and standards act as practical guides explaining how the Company can manage any financial, operational and nominal losses in the most appropriate way, by identifying the risks inherent in the life insurance and private pension industry, analyzing measurable data concerning these risks and establishing limits for such risks for the Company.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

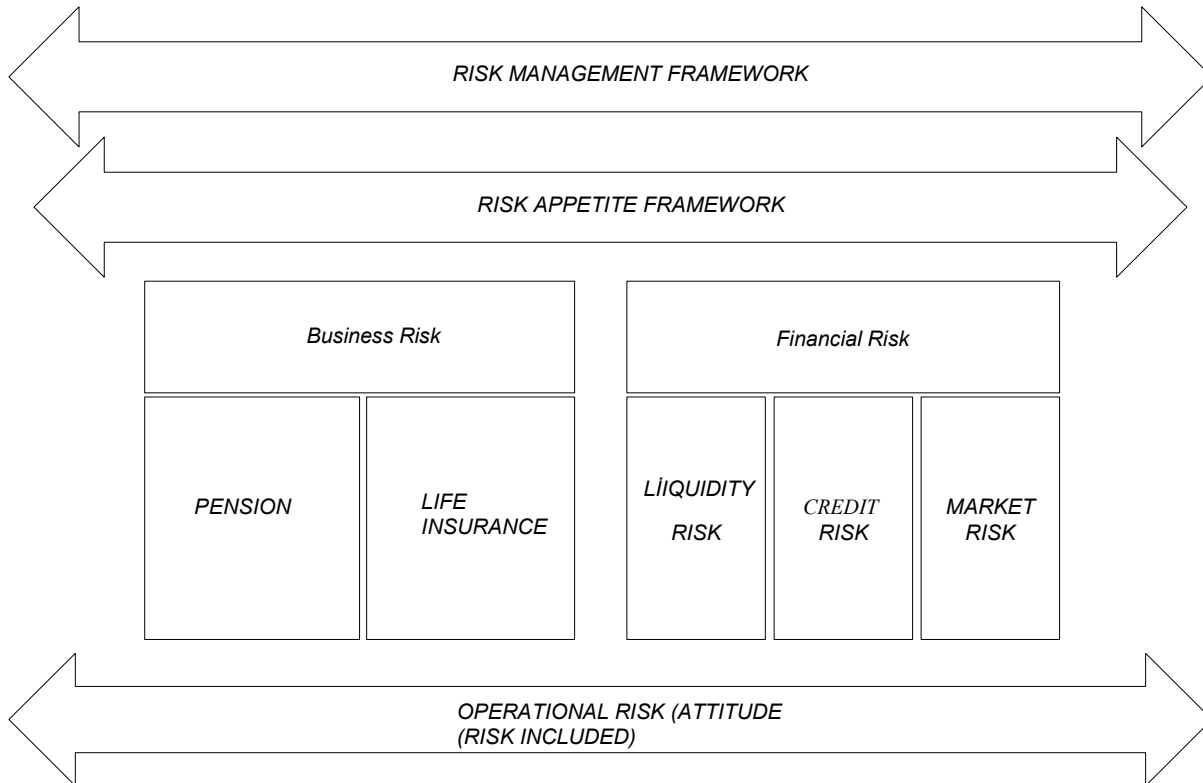
NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT(Continued)

Risk Management Framework (Continued)

The following diagram sets out the Company's risk policy framework.



The Company also adheres to the following business policies and standards as regards risk management:

Risk policy

The risk management policies set the basic principles and standards for the risk management system and process. The policies are approved by the Board of Directors and the amendments require the Board of Directors approval. The Company's Risk Management Policies cannot be changed without the Board of Directors approval.

The tools required to determine, measure, manage, monitor and report the risk vary by the risk type. Therefore, the risk policy framework includes seven risk policies, including the Risk Management Framework Policy, special to each risk type to which the company is exposed: life insurance and private pension, credit, market, liquidity, operational and conduct risk. All risk policies must be considered together, due to the risks that the Company is exposed cannot be classified in only one category.

Business standards

The Company recognizes the importance of consistent and controlled business processes as a form of risk management. Each risk policy is therefore supported by a number of associated business standards which sets out the requirements for operating consistent processes across our most important business activities.

Primary risks facing the Company are Insurance Risk, Market Risk and Credit Risk.

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT(Continued)

Insurance Risk

This is the risk that the insurance premiums allocated by the Company may not meet the claim liabilities and profit share payments and any payment in relation to claims and damages may exceed the expectations of the Company. Life insurance risk, mortality risk, disability, riders related to accident, critical illness risks are included.

Life Insurance

Life insurances are offered as individual and group contracts in annual and long-term periods. Mortality risk (the risk that more than expected insure die) disability, riders related to accident, critical illness risks play an important role in the life insurance businesses of the Company.

The life insurance businesses are also exposed to lapse risk and persistency risk. Persistency risk is defined as the risk of a sustained increase in lapse rates, unexpected volatility in lapse rates and mass lapses. Whether policyholders terminate or renew (explicitly or through automatic renewal) their insurance policies depend on consumer expectations and developments in the financial markets. Managing the attractiveness of life insurance products for customers and intermediaries as well as close monitoring of developments in the portfolio are key to mitigating this risk.

Regarding life insurance including savings premium, in case of investment return being below the guaranteed technical rate, an investment risk arise which belongs to the company.

Personal Accident (Non-Life)

The risk related to personnel accident insurance include accidental death, disability due to the accident, lapse and customer retention risks are also within personal accident branch risks.

Involuntary loss of employment benefit is provided as an additional benefit in both life and personal accident, this benefits is totally ceded to reinsurer.

Pensions

The pensions business is also exposed to lapse risk, which is the risk of cancelling contracts, transfers out to competitors and termination of pension policies at maturity (i.e., retirement).

The investment risk under pension contracts is borne by the customer. The customer evaluates its pension fund investments according to its own preferences.

Assessment and Claims Settlement

In order to assess insurance risk, and accordingly manage the claim and premium balance, determine liabilities accurately and ensure sufficient provisioning to meet liabilities, the Company performs the following analyses:

- Estimate claims to be paid based on realizations in the past.
- Persistency reports on lapses and transfer outs and
- MCEV analysis of change.

Claims handling is organized in a specialized department within the operations division of the Company, handling both individual and corporate policies, and the assessment and settlement of incurred claims take place on a monthly basis. Further, the Company has underwriting at the claim stage specifically for critical illness claims.

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT(Continued)

Management of Insurance Risk

Management of Insurance risk aims to manage the risks arising from insurance contract and policies and minimization of such risks.

Insurance risk is defined as a risk transferred by insure to the insurer, apart from financial risk. Transferred risk is about an uncertain future incident. Uncertainty arises from a lack of information about whether the incident is going to happen or not or about its size or timing.

The ratio of premiums collected by the insurer to indemnities paid out to insure denotes a company's capacity to cover insurance risk.

31 December 2020 ve 31 December 2019, Company's claims/premium ratios in relevant branches are given below. It is observed that premiums collected provide a capacity to cover any incurred claims.

Expected net claims ratio	31 December 2020	31 December 2019
Life	%5	%4
Personal accident (Casualty)	%3	%5

As at 31 December 2020, that part of insurance risk which is ceded to reinsurers is given below on a risk coverage basis:

Life							
Death by natural cause	Accidental death	Accidental disability	Sickness Disability	Dangerous Diseases	Public Transport	Unemployment	Accident-Caused Treatment Costs
7.66%	15.41%	3.18%	2.89%	54.79%	15.18%	100.00%	1.10%

Personnel Accident			
Accidental Death	Accidental Disability	Accident-Caused Treatment Costs	Unemployment
7.00%	11.50%	0.02%	100.00%

As at 31 December 2019, that part of insurance risk which is ceded to reinsurers is given below on a risk coverage basis:

Life							
Death by natural cause	Accidental death	Accidental disability	Sickness Disability	Dangerous Diseases	Public Transport	Unemployment	Accident-Caused Treatment Costs
%8.42	%12.98	%27.27	%33.48	%50.49	%16.16	%100.00	%1.99

Personnel Accident			
Accidental Death	Accidental Disability	Accident-Caused Treatment Costs	Unemployment
14.27%	22.58%	0.06%	100.00%

Sensitivity to Insurance Risk

The Company's policy production strategy is based on optimal distribution of risk to reinsurance companies according to policy type, as well as to kind and size of risk taken. At 31 December 2020 and 31 December 2019 company has both proportional and non-proportional reinsurance treaties.

Outstanding claims are reviewed and updated periodically by claims department of the company.

The company executes insurance contracts in life insurance and personal accident branches. Accordingly, in such insurance contracts, insurance risk concentration according to nature of the subject-matter of insurance are summed up below in gross and net figures (net of reinsurance):

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity to Insurance Risk (Continued)

31 December 2020	Total gross risk liability	Share of reinsurer in total risk liability	Net risk liability
Life	64,035,368,614	4,907,509,190	59,127,859,424
Personal accident	28,358,639,571	2,562,790,806	25,795,848,765
Total	92,394,008,185	7,470,299,996	84,923,708,189

31 December 2019	Total gross risk liability	Share of reinsurer in total risk liability	Net risk liability
Life	50,688,699,110	4,268,272,016	46,420,427,094
Personal accident	40,278,781,382	7,247,054,261	33,031,727,121
Total	90,967,480,492	11,515,326,277	79,452,154,215

The Company's gross outstanding claims at 31 December 2020 and 31 December 2019 are given in the table below (Note 17.15).

Outstanding Claims	31 December 2020	31 December 2019
Life	71,284,964	60,490,381
Personal accident	7,572,909	9,131,358
Total	78,857,873	69,621,739

Financial Risk

Financial risk arises from the financial instruments used by the Company, such as cash, time bank deposits, government bonds, treasury bills, private sector bonds and Eurobonds. The financial risks arising from such instruments and insurance contract liabilities are as follows:

a) Market Risk

Market risk refers to the risk of incurring financial losses as a result of fluctuations in the fair value of a financial instrument or expected future cash flows from a financial instrument and the risk that fair value of cash flows resulting from liabilities (including insurance liabilities) will change due to fluctuations in the level or the volatility of market variables. Market risk consists of equity risk, inflation risk, property risk, commodity risk and, more importantly for the company, interest rate risk and currency risk.

i) Currency Risk

Currency risk primarily arises from assets and liabilities carried by the company in foreign currencies and from variations in exchange rates applied while converting them into TRY from relevant foreign currencies.

31 December 2020 on condition that all variables remain constant, the effect of a 20% appreciation/devaluation of Eurobonds against TRY on shareholders' equity is TRY7,633,800/(7,633,800).

As of 31 December 2020

Liabilities and assets in foreign currency Exchange rate variation (*)	Effect on income/(expense)		
	USD	EUR	GBP
20%	18,582,200	(388,214)	(11,500)
(20%)	(18,582,200)	388,214	11,500

(*) 31 December 2019 on condition that all variables remain constant, the effect of a 20% appreciation/devaluation of Eurobonds against TRY on shareholders' equity is TRY623,088/(623,088).

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT(Continued)

Financial Risk (Continued)

As of 31 December 2019:

Liabilities and assets in foreign currency Exchange rate variation (*)	Effect on income/(expense)		
	USD	EUR	GBP
20%	(1,126,402)	(394,060)	204
(20%)	1,126,402	394,060	(204)

(*) Relevant amounts denote TRY converted value of currencies.

ii) Interest Rate Risk

Interest risk denotes variations in fair values of financial assets or in future (prospective) cash flows which arise from fluctuations in market interests. The Company closely monitors interest rate risk by monitoring market conditions and appropriate valuation methods.

The table below shows the effects of 100 base points and 500 base points increase/decrease in market interest rates on securities, provided that all other variables remain constant.

The underlying logic in this projection is that a discount interest rate applicable for each year with effect of the stresses set in different rates by respective years is found using the upward-downward variation which might occur in average market interest rates and that market value of securities are then discounted at such rate in connection with their respective maturity period.

The company regularly conducts stress tests and scenarios for interest rate risk and creates an action plan by considering these studies while determining the distribution of strategic assets.

As of 31 December 2020:

Market interest increase/(decrease)	Effect on Profit/Profit Reserve		
	TRY	USD (*)	EUR (*)
5% Trading and available for sale financial assets (company)	(27,463,974)	(25,746,612)	(20,467)
(5%) Trading and available for sale financial assets (company)	27,463,974	25,746,612	20,467
1% Trading and available for sale financial assets (company)	(5,492,795)	(51,493,223)	(40,934)
(1%) Trading and available for sale financial assets (company)	5,492,795	51,493,223	40,934

(*) Interest rate risk has been calculated according to the change of + -0.5 point since 5 points change in US Dollar and Euro interest rates is not meaningful due to the movements of interest rates.

As of 31 December 2019:

Market interest increase/(decrease)	Effect on Profit/Profit Reserve		
	TRY	USD (*)	EUR (*)
5% Trading and available for sale financial assets (company)	(26,328,462)	(18,034,162)	(4,449)
(5%) Trading and available for sale financial assets (company)	27,790,025	11,340,308	4,472
1% Trading and available for sale financial assets (company)	(6,241,926)	(33,740,633)	(8,875)
(1%) Trading and available for sale financial assets (company)	5,260,443	27,839,858	8,966

(*) Interest rate risk has been calculated according to the change of + -0.5 point since 5 points change in US Dollar and Euro interest rates is not meaningful due to the movements of interest rates

b) Credit risk

Credit risk refers to the risk of adverse financial impact resulting from fluctuations in the credit quality of third parties, including financial losses as a result of defaulting counterparties, rating transition and credit spread movements.

The Company does not view credit risk as one of its main risks as its financial assets consist mainly of government debt securities which are not deemed to have high credit risk and bank deposits kept in financial institutions in Turkey which are not deemed to have high credit risk.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT(Continued)

Financial Risk (Continued)

c) Liquidity risk

The Company faces the risk that its short-term assets are insufficient to meet its short-term obligations (such as claims arising from insurance contracts) as they fall due. To mitigate this risk, the company uses liquidity coverage ratio (LCR) to monitor its liquidity risk profile on a 12-month basis. The monthly LCR is defined as the projected amount of cash available at the start of the month divided by the planned net cash outflows during the month plus an allowance for a 1 in 10 stress event.

The company develops and monitors strategies, policies and procedures to ensure that liquidity risk is effectively managed in line with the liquidity risk appetite and that sufficient liquidity is maintained consistently due to the worldwide coronavirus (COVID-19) outbreak.

The table below indicates the distribution of the company's contractual financial and insurance liabilities, by their respective expected time-to-maturity, as of balance sheet date:

As at 31 December 2020, maturity distribution of undiscounted trading payables and financial payables of the Company by their respective maturity dates are as follows. There is currently no liquidity risk for the balance sheet date and subsequent periods.

	0 - 3 months	3 - 6 months	6 months 1 year	1 - 3 years	More than 3 years	Total
Financial payables	3,012,152	2,664,387	5,313,353	29,305,918	8,894,234	49,190,044
Payables from insurance operations	38,458,018	-	-	-	-	38,458,018
Payables from pension operations	311,358,997	-	-	-	-	311,358,997
Payables from other operations	158,333	-	-	-	-	158,333
Due to related parties	71,981,599	-	-	-	-	71,981,599
Other payables	22,113,883	-	-	-	-	22,113,883
Total	447,082,982	2,664,387	5,313,353	29,305,918	8,894,234	493,260,874

As at 31 December 2019, maturity distribution of undiscounted trading payables and financial payables of the Company by their respective maturity dates are as follows:

	0 - 3 months	3 - 6 months	6 months 1 year	1 - 3 years	More than 3 years	Total
Financial payables	3,386,470	3,273,970	6,510,664	27,205,924	16,598,568	56,975,596
Payables from insurance operations	50,990,388	-	-	-	-	50,990,388
Payables from pension operations	235,633,352	-	-	-	-	235,633,352
Payables from other operations	158,334	-	-	-	-	158,334
Due to related parties	6,175,630	-	-	-	-	6,175,630
Other payables	12,668,054	-	-	-	-	12,668,054
Total	309,012,228	3,273,970	6,510,664	27,205,924	16,598,568	362,601,354

Fair value of the financial instruments

Fair value of financial instruments is the trading transaction done between market participants according to market conditions or the liabilities decided by the parties.

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT(Continued)

Financial Risk (Continued)

Fair Value Levels

Fair value is the market price would be received to trade financial instruments between market participants, except compulsory sales and liquidation. Where it exists, quoted prices in active markets are the most actual value. Fair value measurement classification as follows:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	31 December 2020			Total
	Level 1	Level 2	Level 3	
Financial Assets:				
Available for sale financial assets (Note 11)	112,389,182	-	-	112,389,182
Financial assets held for trading (Note 11)	241,385,756	-	-	241,385,756
Financial investments with risks on policyholders classified as available for sale (Note 11) (*)	809,537,851	-	-	809,537,851
Financial investments on investors classified as held for maturity (Note 11) (*)	1,063,932,884	-	-	1,063,932,884
Total financial assets	2,227,245,673	-	-	2,227,245,673

(*) Time deposits of TRY2,717,820 is not included. Book values of time deposits approximate their fair values due to their short-term nature (Note 11.1 and 11.4).

	31 December 2019			Total
	Level 1	Level 2	Level 3	
Financial Assets:				
Available for sale financial assets (Note 11)	193,245,501	-	-	193,245,501
Financial assets held for trading (Note 11)	378,045,758	-	-	378,045,758
Financial investments with risks on policyholders classified as available for sale (Note 11) (*)	786,949,157	-	-	786,949,157
Financial investments on investors classified as held for maturity (Note 11) (*)	129,000,000	-	-	129,000,000
Financial assets to be held until maturity	248,895,397	-	-	248,895,397
Total financial assets	1,736,135,813	-	-	1,736,135,813

(*) Time deposits of TRY30,641,677 is not included. Book values of time deposits approximate their fair values due to their short-term nature. (Note 11.4)

d) Operational risks

Operational risks consist of all other risks that may cause financial loss or loss of reputation to the Company and may result from the potential failure of the people, processes, and technology employed in taking and managing risks. Operational risks that the company faces include the following:

- Regulatory reporting defects regarding pension and life,
- Defects due to incapability of the IT infrastructure and
- Deficiencies in internal control systems.

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT(Continued)

Financial Risk (Continued)

d) Operational risks (Continued)

The Company regards tight control over its IT systems as a strategic necessity. The Company aims to strengthen its central IT organization and the strategic information management function to increase the effectiveness of the general IT controls and to reduce costs through, for example, the improvement of existing IT systems. The IT systems require many ongoing adjustments because of legislative changes and chain integration.

Operational risks are detailed in the company's risk tracking system, called OPERA, which is updated to reflect changes in the operating environment and its business processes.

Capital Management

Capital adequacy is computed within the framework of "Regulation on Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies" of Undersecretariat of Treasury promulgated on Official Gazette 23 August 2015, Nr. 29454 at semi-annual periods. Primary purpose set for the Company's capital management is to build up a strong capital structure for handling and keeping up operations of the Company, as well as to maximize the contribution made to its shareholders.

The Company has a strong capital structure with a long-term sustainable profitability target. In this period, which frequently faces market fluctuations, the Company's capital adequacy ratio is also monitored and regularly subjected to stress tests.

As at 31 December 2020 and 31 December 2019, the Company has an adequate amount of shareholders' equity against losses which might arise on account of its current liabilities as well as of potential risks. As of 31 December 2020 and 31 December 2019, the required shareholders' equity (as computed under the above-mentioned Regulation) and of current capital adequacy analysis is as follows:

	31 December 2020	31 December 2019
Total shareholders' equity	722,469,731	547,413,447
Required minimum capital reserves	369,206,991	235,572,317
Capital surplus	353,262,740	311,841,130

5. SEGMENT REPORTING

Segment reporting is presented based on the Company's operations. Since Turkey is the main geographical area that company operates, segment reporting is not related to the geographical areas. Balance sheet items are not subject to segment reporting and while allocating the income statement to the segments, management reporting used in the performance evaluation of the company were taken into consideration. Technical profit is the profit that the company derives from providing insurance coverage, exclusive of the income it derives from investments. Management considers that this information provides the most appropriate way of reviewing the performance of the business. The company's business segments are composed of four segments namely life protection, life savings, personal accident, and pension.

Life Protection

The Company's life insurance business is principally related to life protection insurance, including credit-linked life and non-credit-linked life policies, such as term life, return of premium, critical illness, disability, accidental benefits and unemployment.

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5. SEGMENT REPORTING (Continued)

Life Protection (Continued)

The Company offers both long-term and short-term credit-linked life insurance. Credit-linked life insurance has the largest share of the Company's life insurance business. Long-term credit-linked life insurance includes insurance policies relating to mortgages or consumer loans for terms greater than one year. Short-term credit-linked life insurance includes yearly renewable insurance policies relating to consumer loans with accidental disability and optional unemployment covers check credit life and SME credit life.

Non-credit-linked (term) life insurance policies provide life protection insurance for a certain period of time. These insurances provide protection against the risks. These insurance products provide guarantees against the risks of death and protection as the result of accident, unemployment and critical illness specified the conditions in the contract. In the event of death, the beneficiary receives the amount insured. Individual protection insurance may be recognized as only with regular premium instalments in amounts pre-determined for the entire contract period. The Company offers customizable life insurance riders including involuntary unemployment, critical illness, accidental death, and disability due to accident or sickness in its non-credit-linked product portfolio.

Life Savings

Live savings products are generally written for a contract period, during which the insuree makes regular premium payments into a unit, in return for a unit-price guaranteed.

Personal Accident

Personal accident policies provide coverage against disability due to accident, death due to accident, medical expenses due to accident and unemployment. The insurance covers the insuree's life. In the event of a defined accident, the beneficiary receives the amount insured. Individual protection insurance may be recognized as a single premium or with regular premium installments in amounts pre-determined for the entire contract period.

Pension

The Company offers a number of individual and corporate pension plans within the framework of the private Pension system.

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5. SEGMENT REPORTING (Continued)

1 January - 31 December 2020	Pension	Life Protection	Life Savings	Personal Accident	Unallocated	Total
Gross written premiums	-	1,257,321,113	9,046,391	65,504,790	-	1,331,872,294
Premium ceded to reinsurers	-	(15,703,658)	(554,345)	(2,191,422)	-	(18,449,425)
Written premium net of reinsurance share	-	1,241,617,455	8,492,046	63,313,368	-	1,313,422,869
<i>Change in mathematical reserves</i>	-	(531,442,957)	(269,012,780)	-	-	(800,455,737)
<i>Life branch investment income</i>	-	-	933,532,876	-	-	933,532,876
<i>Other technical income</i>	-	-	38,220,022	-	-	38,220,022
<i>Investment expense</i>	-	-	(649,051,587)	-	-	(649,051,587)
<i>Investment income transferred to non-technical divisions</i>	-	-	(187,086)	-	-	(187,086)
Net Change in Mathematical Reserves	-	(531,442,957)	53,501,445	-	-	(477,941,512)
Net change in provision for unearned premiums reserves (+/-)	-	19,854,852	14,254	7,805,759	-	27,674,865
Equalization reserve (+/-)	-	(9,238,205)	-	(627,745)	-	(9,865,950)
Net premiums earned	-	720,791,145	62,007,745	70,491,382	-	853,290,272
Claim paid and change in outstanding claims	-	(150,455,741)	(58,091,572)	(2,545,256)	-	(211,092,569)
Commission income, net	-	8,574,112	253,041	2,051,658	-	10,878,811
Commission expense, net	-	(239,747,784)	-	(37,218,029)	-	(276,965,813)
Other income/(expense), net	-	80,695,688	-	(472,921)	-	80,222,767
Life & Personal Accident Technical Profit	-	419,857,420	4,169,214	32,306,834	-	456,333,468
Pension Income	441,855,128	-	-	-	-	441,855,128
Fund management charge	339,781,947	-	-	-	-	339,781,947
Management fee	2,103,743	-	-	-	-	2,103,743
Account management fee	74,710,364	-	-	-	-	74,710,364
Entry fee	-	-	-	-	-	-
Deferred fee	24,761,198	-	-	-	-	24,761,198
Premium holiday	497,876	-	-	-	-	497,876
Pension Expenses	(236,020,154)	-	-	-	-	(236,020,154)
Fund management charge	(37,215,192)	-	-	-	-	(37,215,192)
Commission expense	(176,842,411)	-	-	-	-	(176,842,411)
Other income/(expense), net	(21,962,551)	-	-	-	-	(21,962,551)
Pension Technical Profit	205,834,974	-	-	-	-	205,834,974
Total Technical Profit	205,834,974	419,857,420	4,169,214	32,306,834	-	662,168,442
General and administrative expenses	-	-	-	-	(354,566,462)	(354,566,462)
Net Technical Profit After Overhead Expenses	-	-	-	-	-	307,601,980
<i>Foreign exchange gain/(loss), net</i>	-	-	-	-	6,562,001	6,562,001
<i>Investment income/(expense), net</i>	-	-	-	-	61,654,331	61,654,331
Net financial income	-	-	-	-	68,216,332	68,216,332
Profit Before Taxes	-	-	-	-	-	375,818,312
Tax expense	-	-	-	-	(84,963,532)	(84,963,532)
Net Profit	-	-	-	-	-	290,854,780

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5 SEGMENT REPORTING(Continued)

1 January - 31 December 2019	Pension	Life Protection	Life Savings	Personal Accident	Unallocated	Total
Gross written premiums	-	896,374,365	8,947,121	82,432,727	-	987,754,213
Premium ceded to reinsurers	-	(21,773,562)	(267,891)	(5,523,970)	-	(27,565,423)
Written premium net of reinsurance share	-	874,600,803	8,679,230	76,908,757	-	960,188,790
<i>Change in mathematical reserves</i>	-	(449,214,021)	(95,556,631)	-	-	(544,770,652)
<i>Life branch investment income</i>	-	-	203,077,972	-	-	203,077,972
<i>Other technical income</i>	-	-	23,977,342	-	-	23,977,342
<i>Investment expense</i>	-	-	(87,190,680)	-	-	(87,190,680)
<i>Investment Income Transferred to non-technical divisions</i>	-	-	(415,758)	-	-	(415,758)
Net Change in Mathematical Reserves	-	(449,214,021)	43,892,245	-	-	(405,321,776)
Net change in provision for unearned premiums reserves (+/-)	-	28,407,922	36,333	(3,185,900)	-	25,258,355
Equalization reserve (+/-)	-	(8,935,538)	-	(753,490)	-	(9,689,028)
Net premiums earned	-	444,859,166	52,607,808	72,969,367	-	570,436,341
Claim paid and change in outstanding claims	-	(71,458,268)	(48,113,214)	(4,277,098)	-	(123,848,580)
Commission income, net	-	9,420,211	226,236	1,571,141	-	11,217,588
Commission expense, net	-	(224,562,458)	(36,400)	(35,977,640)	-	(260,576,498)
Other income/(expense), net	-	(957,158)	-	(821,364)	-	(1,778,522)
Life & Personal Accident Technical Profit	-	157,301,493	4,684,430	33,464,406	-	195,450,329
Pension Income	369,248,585	-	-	-	-	369,248,585
Fund management charge	254,941,638	-	-	-	-	254,941,638
Management fee	6,603,275	-	-	-	-	6,603,275
Account management fee	71,050,230	-	-	-	-	71,050,230
Entry fee	50	-	-	-	-	50
Deferred fee	35,045,925	-	-	-	-	35,045,925
Premium holiday	1,607,467	-	-	-	-	1,607,467
Pension Expenses	(162,107,841)	-	-	-	-	(162,107,841)
Fund management charge	(27,257,008)	-	-	-	-	(27,257,008)
Commission expense	(114,124,755)	-	-	-	-	(114,124,755)
Other income/(expense), net	(20,726,078)	-	-	-	-	(20,726,078)
Pension Technical Profit	207,140,744	-	-	-	-	207,140,744
Total Technical Profit	207,140,744	157,301,493	4,684,430	33,464,406	-	402,591,073
General and administrative expenses	-	-	-	-	(293,039,529)	(293,039,529)
Net Technical Profit After Overhead Expenses	-	-	-	-	-	109,551,544
<i>Foreign exchange gain/(loss), net</i>	-	-	-	-	3,861,026	3,861,026
<i>Investment income/(expense), net</i>	-	-	-	-	156,174,194	156,174,194
Net financial income	-	-	-	-	-	160,035,220
Profit Before Taxes	-	-	-	-	-	269,586,764
Tax expense	-	-	-	-	(60,449,509)	(60,449,509)
Net Profit	-	-	-	-	-	209,137,255

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6. TANGIBLE ASSETS

6.1 Depreciation and amortization for the period:

1 January – 31 December 2020: 36,981,566 TL (1 January – 31 December 2019: 28,605,263 TL).

6.1.1 Amortisman giderleri:

1 January – 31 December: 16,139,676 TL (1 January – 31 December 2019: 14,366,177 TL).

6.1.2 Amortization and depreciation expenses:

1 January – 31 December 2020: 20,841,890 TL (1 January – 31 December 2019: 14,239,086 TL).

6.2 Changes in the method of calculation of depreciation and amortization expense for the period, related the increase (+) or decrease (-): Disclosed in Note 2.5. There are no changes.

6.3 Fixed asset movements in the current period:

6.3.1 Purchased, produced or constructed cost of tangible and intangible fixed assets:

1 January – 31 December 2020: 68,049,423 TL (1 January – 31 December 2019: 34,194,689 TL).

6.3.2 Cost of sold or scrapped tangible and intangible fixed assets:

1 January – 31 December 2020: 2,124,226 (1 January – 31 December 2019: 3,991,756 TL).

6.3.3 Revaluation increases during the period: None.

6.3.3.1 Cost of fixed asset (+): None.

6.3.3.2 Accumulated depreciation (-): None.

6.3.4 Construction in progress nature, amount, start and end date, completion rate:

As explained in Note 3, the Company has started a Modernization project to improve its existing systems as of 2017, within this scope, projects that are determined to provide economic benefits to the Company in the future are capitalized. As of 31 December 2020, the Company has reviewed its capitalized but not yet completed projects and expensed the amount of assets, which it concluded that it would not provide economic benefits to the Company in the future (Note 8).

As of 31 December 2020, the Company is continuing its efforts to modernize its existing systems. Due to the fact that some of the costs included in the investments accounted for as of 31 December 2019 have become ready for use,

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

Cost	1 January 2020	Additions	Disposals	31 December 2020
Machinery and equipment	11,612,740	4,376,775	(1,627,269)	14,362,246
Furniture and fixtures	19,858,740	2,137,700	(496,957)	21,499,483
Other tangible assets	28,618,396	947,468	-	29,565,864
Motor vehicles	1,721,735	-	-	1,721,735
Leased assets	38,131,237	3,470,438	-	41,601,675
Total	99,942,848	10,932,381	(2,124,226)	108,751,003

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6. TANGIBLE ASSETS (Continued)

6.3 Fixed asset movements in the current period (Continued):

	1 January 2020	Additions	Disposals	31 December 2020
Accumulated depreciation (-)				
Machinery and equipment	(8,199,138)	(2,141,007)	1,626,274	(8,713,871)
Furniture and fixtures	(12,662,710)	(2,441,913)	422,138	(14,682,485)
Other tangible assets	(15,112,637)	(2,882,007)	-	(17,994,644)
Motor vehicles	(271,867)	(344,347)	-	(616,214)
Leased assets	(7,405,182)	(8,330,402)	-	(15,735,584)
Total	(43,651,534)	(16,139,676)	2,048,412	(57,742,798)
Net book value	56,291,314			51,008,205

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

Cost	1 January 2019	Additions	Disposals	31 December 2019
Machinery and equipment	12,217,595	1,078,724	(1,683,579)	11,612,740
Furniture and fixtures	19,598,506	1,419,535	(1,159,301)	19,858,740
Other tangible assets	28,709,137	1,058,135	(1,148,876)	28,618,396
Motor vehicles	-	1,721,735	-	1,721,735
Leased assets	35,320,021	2,811,216	-	38,131,237
Total	95,845,259	8,089,345	(3,991,756)	99,942,848
Accumulated depreciation (-)				
Machinery and equipment	(7,237,964)	(1,909,228)	948,054	(8,199,138)
Furniture and fixtures	(11,054,726)	(1,979,465)	371,481	(12,662,710)
Other tangible assets	(12,554,680)	(2,800,435)	242,478	(15,112,637)
Motor vehicles	-	(271,867)	-	(271,867)
Leased assets	-	(7,405,182)	-	(7,405,182)
Total	(30,847,370)	(14,366,177)	1,562,013	(43,651,534)
Net book value	64,997,889			56,291,314

7. INVESTMENT PROPERTIES

The Company does not have any investment property.

8. INTANGIBLE ASSETS

Movement in intangible assets for the period ended 31 December 2020 is presented below:

Cost	1 January 2020	Additions	Transfers	Removed from Assets During the Period	31 December 2020
Software	101,306,352	41,653,430	14,441,647	-	157,401,429
Construction in progress	14,745,065	18,934,050	(14,441,647)	(4,483,171)	14,754,297
Total	116,051,417	60,587,480	-	(4,483,171)	172,155,726
Accumulated amortization (-)					
Software	(57,516,287)	(20,841,890)	-	-	(78,358,177)
Total	(57,516,287)	(20,841,890)	-	-	(78,358,177)
Net book value	58,535,130				93,797,549

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8. INTANGIBLE ASSETS (Continued)

Movement in intangible assets for the period ended 31 December 2019 is presented below:

Cost	1 January 2019	Additions	Transfers	Removed from Assets During the Period	31 December 2019
Software	73,999,388	17,054,542	10,252,422	-	101,306,352
Construction in progress	18,838,796	11,862,018	(10,252,422)	(5,703,327)	14,745,065
Total	92,838,184	28,916,560	-	(5,703,327)	116,051,417
Accumulated amortization (-)	1 January 2019	Additions	Transfer		31 December 2019
Software	(43,277,201)	(14,239,086)	-	-	(57,516,287)
Total	(43,277,201)	(14,239,086)	-	-	(57,516,287)
Net book value	49,560,983	-	-	-	58,535,130

9. INVESTMENTS IN AFFILIATES

Information on the Company's subsidiary as of 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020		31 December 2019	
	Shareholding share (%)	Amount (TRY)	Shareholding share (%)	Amount (TRY)
Subsidiaries				
AvivaSA Sigorta Aracılığı A.Ş.	100%	2,000,000	100%	2,000,000
Total		2,000,000		2,000,000

10. REINSURANCE ASSETS

Outstanding reinsurance balances of the Company presented on balance sheet and in the income statement, arising from existing reinsurance contracts as of 31 December 2020 and 31 December 2019 are as follows:

Reinsurance Assets

	31 December 2020	31 December 2019
Reinsurance share of unearned premiums reserve (Note 17.15)	6,193,687	7,301,642
Reinsurance share of outstanding claim reserve (Note 17.15)	3,245,140	6,516,521
Reinsurance companies' current account (net) (*)	3,449,321	(1,936,358)
Reinsurers' share of equalization provision (Note 17.15)	1,179,292	1,047,761
Reinsurers' share of mathematical provisions (Note 17.15)	1,510,791	1,997,764
Total reinsurance assets/liabilities	15,578,231	14,927,330

(*) As of 31 December 2020, receivables from reinsurance companies amounting to TRY5,394,336 (31 December 2019 : TRY923,063); liability amounting is 1,945,015 TL (31 December 2019 : TRY2,859,421).

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

	1 January– 31 December 2020	1 January– 31 December 2019
Ceded premiums to reinsurers (Note 24)	(18,449,425)	(27,565,423)
Commissions received from reinsurers (Note 32)	10,878,811	11,217,587
Reinsurance share of claims paid	2,953,876	3,314,392
Reinsurance share of outstanding claim reserve (Note 17)	(1,107,955)	1,015,300
Reinsurance shares of unearned premium reserve (Note 17)	(3,271,381)	1,980,218
Reinsurers' share of equalization provision (Note 17)	131,531	157,401
Reinsurers' share of mathematical provisions (Note 17.15)	(486,972)	936,123
Total reinsurance income/(expense)	(9,351,515)	(8,944,402)

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11. FINANCIAL ASSETS

11.1 In line with operations, sub-classifications of presented items

31 December 2020	With risk on policyholders			Company portfolio		
	Blocked	Non-blocked	Total	Blocked	Non-blocked	Total
Financial assets available-for-sale						
Government bonds and Treasury bills	36,255,179	-	36,255,179	44,752,220	-	44,752,220
Private sector bonds	-	-	-	11,033,320	56,603,642	67,636,962
Eurobonds	773,282,672	-	773,282,672	-	-	-
Time deposits	2,717,820	-	2,717,820	-	-	-
Financial assets available-for-sale						
Government bonds and Treasury bills	-	-	-	73,791,783	95,250,202	169,041,985
Private sector bonds	-	-	-	-	3,993,011	3,993,011
Eurobond	-	-	-	-	39,401,594	39,401,594
Investment fund	-	-	-	-	23,232,675	23,232,675
Derivative Instruments	-	-	-	-	5,716,491	5,716,491
Held-to-maturity financial assets						
Eurobond	1,063,932,884	-	1,063,932,884	-	-	-
Total	1,876,188,555	-	1,876,188,555	129,577,323	224,197,615	353,774,938

31 December 2019	With risk on policyholders			Company portfolio		
	Blocked	Non-blocked	Total	Blocked	Non-blocked	Total
Financial assets available-for-sale						
Government bonds and Treasury bills	41,884,722	-	41,884,722	133,760,523	30,065,932	163,826,455
Private sector bonds	-	-	-	-	29,419,046	29,419,046
Eurobonds	745,064,435	-	745,064,435	-	-	-
Time Deposits	30,641,677	-	30,641,677	-	-	-
Financial assets available-for-sale						
Government bonds and Treasury bills	-	-	-	-	33,291,862	33,291,862
Private sector bonds	-	-	-	-	17,228,803	17,228,803
Investment fund	-	-	-	-	327,525,093	327,525,093
Held-to-maturity financial assets						
Eurobond	248,895,397	-	248,895,397	-	-	-
Reverse Repo	-	-	-	-	129,000,000	129,000,000
Total	1,066,486,231	-	1,066,486,231	133,760,523	566,530,736	700,291,259

11.2 Marketable securities except equity shares issued during the year: None.

11.3 Debt securities redeemed during the year: None.

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11. FINANCIAL ASSETS (Continued)

11.4 Fair values of securities and other financial assets carried at cost on the balance sheet and cost of securities and other financial assets carried at fair value on the balance sheet:

Marketable securities:

	31 December 2020			31 December 2019		
	Cost	Book value	Fair value	Cost	Book value	Fair value
Financial assets available-for-sale-						
Company portfolio						
Government bonds and treasury bills (TRY)	42,585,039	44,752,220	44,752,220	165,679,396	163,826,455	163,826,455
Private sector bonds	59,399,160	67,636,962	67,636,962	24,760,000	29,419,046	29,419,046
Eurobond (USD)	-	-	-	-	-	-
	101,984,199	112,389,182	112,389,182	190,439,396	193,245,501	193,245,501
Financial assets held for trading						
Government bonds and treasury bills (TRY)	162,587,639	169,041,985	169,041,985	33,419,418	33,291,862	33,291,862
Private sector bonds	3,800,000	3,993,011	3,993,011	14,725,321	17,228,803	17,228,803
Eurobond (USD) (*)	36,936,845	39,401,594	39,401,594	-	-	-
Investment funds	16,969,101	23,232,675	23,232,675	315,710,965	327,525,093	327,525,093
Derivative instruments	5,716,491	5,716,491	5,716,491	-	-	-
	226,010,076	241,385,756	241,385,756	363,855,704	378,045,758	378,045,758
Financial assets to be held until maturity						
Reverse repo	-	-	-	129,000,000	129,000,000	129,000,000
	-	-	-	129,000,000	129,000,000	129,000,000
Financial investments at risk of life policy holders						
Government bonds and treasury bills (TRY)	42,405,896	36,255,179	36,255,179	48,045,996	41,884,722	41,884,722
Eurobond (USD) (*)	739,032,143	772,301,793	772,301,793	786,601,906	742,449,400	742,449,400
Eurobond (EUR)	872,726	980,879	980,879	2,556,328	2,615,035	2,615,035
Time deposits (TRY)	2,500,000	2,717,820	2,717,820	5,000,000	5,001,429	5,001,429
Time deposits (USD)	-	-	-	25,637,903	25,640,248	25,640,248
	784,810,765	812,255,671	812,255,671	867,842,133	817,590,834	817,590,834
Held-to-maturity financial investments at risk of life policy holders portfolio						
Eurobonds (USD) (*)	1,048,614,471	1,063,932,884	1,172,236,850	245,059,725	248,895,397	262,808,076
	1,048,614,471	1,063,932,884	1,172,236,850	245,059,725	248,895,397	262,808,076
Total	2,161,419,511	2,229,963,493	2,338,267,459	1,796,196,958	1,766,777,490	1,780,690,169

(*) Financial assets related to the Refundable Life Insurance product are included in the financial investments belonging to the owners of the risk life policy.

The Company's non-current financial assets are carried at cost (Note 45.2).

For the periods ended as of 31 December 2020 and 31 December 2019, movement of available for sale financial assets and financial assets at risk of policyholders' are as follows:

	2020	2019
1 January	1,766,777,490	843,339,644
Purchases	6,021,228,660	5,311,422,946
Disposal (*)	(4,656,734,905)	(4,444,326,056)
Valuation (decrease)/increase	48,843,326	(15,743,599)
Amortized over the period (*)	(936,984,543)	(99,817,704)
Unrealized foreign exchange gain/(loss)	(68,019,725)	103,232,880
The amount recognized in shareholders' equity	46,329,344	49,803,989
The amount recognized in mathematical reserves	8,523,846	18,865,390
31 December	2,229,963,493	1,766,777,490

(*) Sales of securities purchased in foreign currency are shown with the exchange rate on the first day of purchase. In the cash flow statement, the sales are shown with the exchange rate of the day the redemption is realized.

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11. FINANCIAL ASSETS (Continued)

Maturity analysis of financial assets

	31 December 2020						Total
	Demand deposit	0 - 3 months	3 - 6 months	6 month - 1 year	1 year - 3 years	More than 3 years	
Government bond and treasury bills	-	-	-	-	135,724,732	114,324,652	250,049,384
Eurobonds	-	-	-	-	15,575,411	1,444,398,905	1,459,974,316
Private sector Eurobonds	-	-	-	-	176,252,040	240,390,794	416,642,834
Private sector bonds	-	4,056,317	11,565,136	33,300,015	7,682,174	15,026,331	71,629,973
Investment fund	23,232,675	-	-	-	-	-	23,232,675
Time deposits	-	2,717,820	-	-	-	-	2,717,820
Derivative instruments	5,716,491	-	-	-	-	-	5,716,491
Total	28,949,166	6,774,137	11,565,136	33,300,015	335,234,357	1,814,140,682	2,229,963,493

	31 December 2019						Total
	Demand deposit	0 - 3 months	3 - 6 months	6 month - 1 year	1 year - 3 years	More than 3 years	
Government bond and treasury bills	-	14,883,872	-	-	130,785,216	93,333,951	239,003,039
Eurobonds	-	-	29,098,763	-	58,475,675	702,883,433	790,457,871
Private sector Eurobonds	-	-	-	-	30,497,290	173,004,671	203,501,961
Private sector bonds	-	527,229	-	-	39,595,759	6,524,861	46,647,849
Time deposits	-	30,641,677	-	-	-	-	30,641,677
Investment fund	327,525,093	-	-	-	-	-	327,525,093
Reverse repo	-	129,000,000	-	-	-	-	129,000,000
Total	327,525,093	175,052,778	29,098,763	-	259,353,940	975,746,916	1,766,777,490

Analysis of the financial assets in foreign currency:

	Currency Type	31 December 2020		
		Currency Amount	Exchange Rate	Amount TRY
Financial assets available-for-sale	TRY	-	-	112,389,182
Total				112,389,182
Financial assets held for trading	TRY	-	-	201,984,161
	USD	5,367,699	7,3405	39,401,595
Total				241,385,756
Financial assets risk on policyholders	USD	250,151,172	7,3405	1,836,234,677
	EUR	108,891	9,0079	980,879
	TRY	-	-	38,972,999
Total				1,876,188,555

	Currency Type	31 December 2019		
		Currency Amount	Exchange Rate	Amount TRY
Financial assets available-for-sale	TRY	-	-	193,245,501
Total				193,245,501
Financial assets held for trading	TRY	-	-	378,045,758
Total				378,045,758
Financial assets to be held until maturity	TRY	-	-	129,000,000
Total				129,000,000
Financial investments with risks on policy holders	USD	171,203,839	5,9402	1,016,985,045
	EUR	393,203	6,6506	2,615,035
	TRY	-	-	46,886,151
Total				1,066,486,231
Total				1,766,777,490

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11. FINANCIAL ASSETS (Continued)

11.4 The amounts of the securities included within the securities and long-term securities company, which are issued by the shareholders, affiliates and subsidiaries of the Company and the issuers:

None.

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

	31 December 2020	31 December 2019	31 December 2018
Financial assets available-for-sale	10,404,983	2,806,105	(5,409,723)
Financial assets held for trading	15,375,680	14,190,054	19,431,028
Financial investments with risks on policy holders	27,444,906	(50,251,299)	(100,342,426)
Held-to-maturity financial investments	123,622,379	17,748,551	-
Total	176,847,948	(15,506,589)	(86,321,121)

Value increases reflect the difference between the book value and cost of the financial assets as at the period end.

12. PAYABLES AND RECEIVABLES

12.1 Classifications of receivables as trade receivables from customers, receivables from related parties, advance payments (short-term and long-term payments) and others:

	31 December 2020	31 December 2019
Loans to the policyholders	204,739,575	177,037,400
Receivables from pension operations (*)	27,539,314	14,787,668
Receivables from insurance operations (**)	34,193,263	36,509,061
Receivables from related parties	4,486,337	7,236,037
Other receivables	507,082	507,760
Deposits and Guarantees Given	13,414	16,250
Total	271,478,985	236,094,176

(*) Pension investment funds amounting to TRY30,455,901,992 are not included.(31 December 2019: TRY23,120,735,777).

(**) As of 31 December 2020, receivables from reinsurance companies amounting to 5,394,336 TL (31 December 2019 : TRY923,063).As of 31 December 2020, receivables from brokers amounting to TRY4,372,396 (31 December 2019: TRY3,120,406) and the provision for litigation set aside TRY2,630,293 (31 December 2019: TRY2,630,293)

Aging details of receivables due from insurance operations are presented below:

	31 December 2020	31 December 2019
Receivables from policyholders		
0 - 3 months	6,100,353	8,736,266
3 - 6 months	4,080,780	5,651,573
6 - 9 months	2,499,183	3,789,420
9 - 12 months	808,809	1,179,789
Total	13,489,125	19,357,048

The details of receivables from overdue insurance activities are as follows:

	31 December 2020	31 December 2019
Overdue 0 - 3 months	9,957,112	11,799,488
Overdue 3 - 6 months	183,073	585,835
Overdue 6 - 9 months	119,886	207,997
Overdue 9 - 12 months	63,454	162,526
Overdue more than 1 year	613,881	352,699
Total	10,937,406	13,108,545
Grand Total	24,426,531	32,465,593

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12. PAYABLES AND RECEIVABLES (Continued)

12.1 Classifications of receivables as trade receivables from customers, receivables from related parties, advance payments (short-term and long-term payments) and others (Continued):

As of 31 December 2020, the total amount of receivables from reinsurer companies and intermediaries is TRY9,766,732 (31 December 2019: TRY4,043,468).

Distribution of loans to policyholders:

	31 December 2020	31 December 2019
Demand deposit	204,739,575	177,037,400
Total	204,739,575	177,037,400

There is no provision for the receivables from insurance operations.

12.2 The Company's receivables from and payables to its shareholders, affiliates and subsidiaries:

	31 December 2020				31 December 2019			
	Receivables		Payables		Receivables		Payables	
	Commercial	Non-Commercial	Commercial	Non-Commercial	Commercial	Non-Commercial	Commercial	Non-Commercial
Shareholders	547,351	-	103,557	60,319,021	23,568	-	21,884	242,351
Hacı Ömer Sabancı Holding A.Ş. (*)	-	-	103,557	24,000,002	-	-	21,884	-
Aviva International Holdings Ltd. (*)	547,351	-	-	24,000,002	23,568	-	-	-
Other	-	-	-	12,319,017	-	-	-	242,351
Subsidiaries	2,896,980	-	207,921	-	4,092,542	-	367,984	-
AvivaSA Sigorta Aracılığı A.Ş.	2,896,980	-	207,921	-	4,092,542	-	367,984	-
Total	3,444,331	-	311,478	60,319,021	4,116,110	-	389,868	242,351

(*) In the General Assembly meeting dated March 11, 2020, after the taxation, the net profit is TRY209,137,255 for the year, which is disturbed as TRY25,245,658 for general legal reserves and TRY23,891,597 for extraordinary reserves that are the distribution of the total gross TRY160,000,000 dividend within the framework of the 'Profit Distribution Table' published on the Public Disclosure Platform and 100,000,000.00 of the payments on 25 March 2020 and TRY60,000,000 of the payments on 28 September 2020. It was decided to make it in cash in two installments, and the first installment payments were made. By adding the "provisional article 13" to the Turkish Commercial Code with the Law No. 7244 published in the Official Gazette dated 17.04.2020, it has been stated that the amount of cash dividends that Capital companies can distribute until 30.09.2020 cannot exceed twenty-five percent of the net profit for the year 2019.

With the President's decision numbered 2948 published in the Official Gazette on 18.09.2020, the period specified as 30/09/2020 was postponed for three months. The dividend payment of the second installment planned to be made on September 28, 2020, due to the expiry of the effective date of the provisions of the aforementioned Provisional Article 13 and the "Communiqué on the Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Turkish Commercial Code No. 6102" As of 31 December 2020, the second installment dividend amounts are included in the accounts payable to the shareholders in the financial statements.

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

Total amount of mortgages and other guarantees obtained for receivables as follows:

9	31 December 2020				31 December 2019			
	USD	EUR	TRY	Total (TRY)	USD	EUR	TRY	Total (TRY)
Guarantees and securities:								
Letters of guarantee	440,430	-	19,863,500	20,303,930	356,412	-	14,206,330	14,562,742
Mortgage deeds	-	-	309,700	309,700	-	-	309,700	309,700
Other guarantees and securities	809,447	24,888	97,800	932,135	533,963	18,375	222,686	775,024
Total	1,249,877	24,888	20,271,000	21,545,765	890,375	18,375	14,738,716	15,647,466

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12. PAYABLES AND RECEIVABLES (Continued)

12.4 Receivables and payables denominated in foreign currencies with unguaranteed foreign exchange rates, amount of foreign currencies in assets and their TRY conversion rates:

Assets	31 December 2020			31 December 2019		
		Rate	TRY Amount		Rate	TRY Amount
Cash and cash equivalents						
USD	2,040,810	7,3405	14,980,573	3,646,160	5,9402	21,658,919
EURO	15,851,277	9,0079	142,786,713	4,874	6,6506	32,412
GBP	6,782	9,9438	67,437	107	7,7765	835
Total			157,834,723			21,692,166
Financial assets and financial investments at risk policyholders						
USD	255,518,871	7,3405	1,875,636,273	171,203,839	5,9402	1,016,985,045
EURO	108,891	9,0079	980,879	393,203	6,6506	2,615,035
Total			1,876,617,152			1,019,600,080
Receivables from main operations						
USD	21,877,818	7,3405	160,594,123	22,773,077	5,9402	135,276,631
EURO	(2,025)	9,0079	(18,241)	1,218	6,6506	8,099
Total			160,575,882			135,284,730
Other current assets						
USD	36	7,3405	264	485	5,9402	2,881
EURO	76,330	9,0079	687,573	0	6,6506	-
GBP	-	9,9438	-	36	7,7765	282
Total			687,837			3,163
Other receivables						
USD	200	7,3405	1,468	200	5,9402	1,188
Total			1,468			1,188
Liabilities						
Financial Liabilities						
EUR	23,022	9,0079	207,380	494,638	6,6506	3,289,637
Total			207,380			3,289,637
Payables from main operations						
USD	769,851	7,3405	5,651,091	1,131,236	5,9402	6,719,767
EURO	483	9,0079	4,351	123	6,6506	821
Total			5,655,442			6,720,588
Payables to related parties						
USD	581,213	7,3405	4,266,394	125,877	5,9402	747,736
EURO	10,063	9,0079	90,646	-	-	-
GBP	-	9,9438	-	274	7,7765	2,130
Total			4,357,040			749,866
Other liabilities						
USD	135,574	7,3405	995,181	147,848	5,9402	878,249
EURO	344,395	9,0079	3,102,276	39,208	6,6506	260,754
GBP	12,563	9,9438	124,924	1	7,7765	8
Total			4,222,381			1,139,011
Outstanding claim provision						
USD (effective sale rate)	114,036	7,3647	839,841	239,582	5,9598	1,427,859
USD	1,564,812	7,3405	11,486,502	846,381	5,9402	5,027,675
EUR- (effective sale rate)	39,609	9,0376	357,970	44,682	6,6725	298,140
Total			12,684,313			6,753,674
Short term deferred income and accrued expenses						
USD	300,268	7,3405	2,204,117	79,951	5,9402	474,923
EURO	282	9,0079	2,540	-	-	-
Total			2,206,657			474,923
Life mathematical reserve						
USD- (effective sale rate)	209,773,871	7,3647	1,544,921,628	141,105,247	5,9598	840,959,049
USD	52,848,845	7,3405	387,936,947	54,429,383	5,9402	323,321,419
EUR - (effective sale rate)	57,252	9,0376	517,421	110,749	6,6725	738,975
EUR	8,586	9,0079	77,342	5,642	6,6506	37,522
Total			1,933,453,338			1,165,056,965

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13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts are classified as fair value through profit and loss instruments in accordance with TAS 39 - Financial Instruments: Recognition and Measurement.

The Company recognizes the fair value gains on the short-term currency forward and swap transactions under the income on derivative instruments. As of 31 December 2020: company obtained TRY11,853,444 net expense (1 January – 31 December 2019: TRY49,577,413).

14. CASH AND CASH EQUIVALENTS

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

	31 December 2020	31 December 2019
Bank deposits and checks issued	658,028,179	189,980,574
Cheques given and payment orders (-)	(168,867)	(41,388)
Other cash and cash equivalents	328,470,720	208,489,233
Total	986,330,032	398,428,419
	31 December 2020	31 December 2019
Foreign currency cash and cash equivalents	157,834,723	21,692,166
- Demand deposits	2,071,465	1,791,283
- Time deposits	155,763,258	19,900,883
TRY cash and cash equivalents	828,495,309	376,736,253
- Demand deposits	19,215,370	20,709,502
- Time deposits	480,978,086	147,578,906
- Cheques given and payment orders (-)	(168,867)	(41,388)
- Credit card collections	328,470,720	208,489,233
Total	986,330,032	398,428,419

The weighted average interest rates of time deposits:

	31 December 2020	31 December 2019
	Annual interest rate (%)	Annual interest rate (%)
EUR	2.07%	-
USD	2.71%	2.22%
TRY	17.82%	11.49%

As of 31 December 2020, TRY deposit's maturities vary between 4 January 2021 and 25 March 2021 foreign currency deposits maturity vary between 4 January 2021 and 8 December 2021.

As of 31 December 2019, TRY deposit's maturities vary between 2 January 2020 and 9 March 2020, foreign currency deposits maturity vary between 6 January and 1 April 2020.

Demand and time deposits in foreign currency:

	31 December 2020				31 December 2019			
	Foreign Currency		TRY amount		Foreign Currency		TRY amount	
	Time	Demand	Time	Demand	Time	Demand	Time	Demand
USD	1,843,958	196,853	13,535,575	1,444,997	3,350,204	295,956	19,900,883	1,758,036
EUR	15,789,216	62,060	142,227,683	559,031	-	4,874	-	32,412
GBP	-	6,782	-	67,437	-	107	-	835
Total			155,763,258	2,071,465			19,900,883	1,791,283

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15. SHARE CAPITAL

15.1 Distributions to the shareholders, the amounts of the transactions concluded by the entity with the partners, under the own wills of the partners:

As of 31 December 2020 and 31 December 2019 more detailed information regarding the Company's shareholders and Company's share capital are disclosed in Note 2.13

According to the Ordinary General Assembly Meeting held on 11 March 2020, the Company made a legal reserve of TRY25,245,658 from the net profit of TRY209,137,255 after the tax; in accordance with the 2020 accrued financial year balance sheet profit (I. and II. Reserve Fund) and TRY23,891,597 extraordinary reserve fund, after the total gross TRY160,000,000 I. and II. It has been decided that the gross TRY100,000,000 of the payments will be made in cash on 25 March 2020 and the gross TRY60,000,000 on the 28 September 2020 in two installments, and the first installment profit share payments have been made on 25 March and 27 March 2020. By adding the "temporary article 13" to the Turkish Commercial Code with the Law No. 7244 published in the Official Gazette dated 17.04,2020, it has been stated that the amount of cash dividends that Capital companies can distribute until 30.09,2020 cannot exceed twenty-five percent of the net profit for the year 2019.

With the Presidential Decision numbered 2948 published in the Official Gazette on 18 September 2020, the period specified as 30 September 2020 was postponed for three months. The second installment dividend payment planned to be made on September 28, 2020 could not be made on the stipulated date due to the aforementioned Provisional Article 13 and the "Communiqué on the Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Turkish Commercial Code No. 6102".

Due to the expiration of the effective date of the said regulations, the second installment dividend payments were made on January 6 and January 8, 2021, and as of December 31, 2020, the second installment dividend amounts are included in the accounts payable to the shareholders in the financial statements.

15.2 Capital and profit reserves:

Profit reserves:

As of 31 December 2020, the Company's profit reserves; TRY80,039,901 (31 December 2019: TRY54,794,243) from legal reserves, TRY11,494 (31 December 2019: TRY11,494) from status reserves, TRY104,813,938 (31 December 2019: TRY80,922,342) from extraordinary reserves, TRY36,602,809 (31 December 2019: (294,093) TRY) consists of valuation of financial assets and TRY(13,711,975) (31 December 2019: TRY(11,150,630)) other profit reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ('TCC'). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Capital reserves:

As of 31 December 2020, TRY837,095 of the Company's capital reserves (31 December 2019 TRY837,095) from the difference between TRY512,783 (31 December 2019: TRY512,783), the pre-merger nominal capital of Aviva Emeklilik, TRY82,320,000, and Ak Emeklilik's capital increase amounting to TRY15,779,197. From the balance remaining after the addition of TRY66,028,020 to the capital; TRY324,312 (31 December 2019: TRY324,312) consists of capital increase without share capital.

Valuation of financial assets:

Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets accounted for under 'Valuation of Financial Assets'.

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15. SHARE CAPITAL(Continued)

15.2 Capital and profit reserves (Continued):

Valuation of financial assets (Continued):

Valuation of financial assets during the period are as follows:

	2020	2019
1 January	(294,093)	(39,141,204)
Fair value (loss)/gain, net	36,896,902	38,847,111
31 December	36,602,809	(294,093)

15.3 Share capital movements

Paid-in capital as of 31 December 2020 and 31 December 2019 is TRY180,000,000 and unit of nominal value of 1 kr. which consists of TRY18,000,000,000 shares.

16. OTHER PROVISIONS AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION ('DPF')

Details of other reserves in shareholders' equity is disclosed in Note 15.

17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS

17.1 Guarantees to be provided for life and non-life branches and guarantees provided for life and non-life branches based on assets is presented below:

Branch	31 December 2020			31 December 2019		
	Required Guarantee (*)	Current Blockage (nominal)	Current Blockage (official gazette price)	Required Guarantee (*)	Current Blockage (nominal)	Current Blockage (official gazette price)
Life (*)	2,122,378,119	2,076,010,674	2,201,852,445	1,344,490,615	1,172,852,283	1,281,099,832
Non-life	6,052,172	14,066,247	13,999,248	8,736,192	10,659,846	10,659,845
Total	2,128,430,291	2,090,076,921	2,215,851,693	1,353,226,807	1,183,512,129	1,291,759,677

(*) In accordance with Article 4 of the Regulation on the Financial Structure of Insurance and Reinsurance and Pension Companies an published in the Official Gazette dated August 7, 2007 and numbered 26606, the insurance companies and pension companies operating in the life and is obliged to establish the Minimum Guarantee Fund amount which corresponds to one third of the required equity amount as collateral in the capital adequacy account period.

Total mortgages or guarantees on assets:

	31 December 2020	31 December 2019
Securities portfolio (nominal values)		
TRY	310,335,421	272,749,693
Foreign currency	1,779,741,500	910,762,436
Total	2,090,076,921	1,183,512,129

Assets mentioned above have been blocked in favor of the Treasury.

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.2 Number of life insurance policies, additions, disposals in the current period, and current life policy holders and their mathematical reserves are presented below:

Change includes increases and decreases in existing portfolio, and also the existing policies which are exempt from paying premium and policies entered into force.

	31 December 2020		31 December 2019	
	Units	Mathematical reserves TRY	Units	Mathematical reserves TRY
Opening	1,229,532	1,293,865,592	1,281,983	761,252,272
Additions	1,288,327	225,958,651	1,666,333	253,134,894
Disposal	(1,252,606)	(123,813,104)	(1,718,784)	(56,423,593)
Change	-	670,121,043	-	335,902,019
End of period	1,265,253	2,066,132,182	1,229,532	1,293,865,592

- (1) Mathematical provisions are calculated in accordance with its own technical principles for each product.
- (2) As of 31 December 2020, there is no provision for cancelled policies (31 December 2019: None).
 - a) Mathematical reserves belonging to the policies those were in effect in the beginning of the period but were cancelled during the period were presented within disposals, but policies which were signed and cancelled during the period are not presented within additions and disposals.
 - b) As of 31 December 2020, the amount of TRY204,739,575 (31 December 2019: TRY177,037,400) allocated for loan amounts and mathematical reserve amounting to TRY(6,507,405) (31 December 2019: TRY(15,541,493)), investments are not shown in fair value loss, related mathematical provisions entries.
 - c) As of 31 December 2020, the share of life mathematical reserve reinsurer share in the amount of TRY1,510,791 has not been deducted from the provision for mathematical reserves (31 December 2019: 1,997,764).

17.3 Insurance coverage given to non-life insurance branches: 92,394,008,185 TL
(31 December 2019: 90,967,480,492 TL).

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

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

As of 31 December 2020, there are 35 (31 December 2019: 35) pension fund established by the Company.

Fund Name	Unit price 31.12.2020 (TRY)	Unit price 31.12.2019 (TRY)
-		
AvivaSA Emeklilik ve Hayat A.Ş.Karma Emeklilik Yatırım Fonu	0,076493	0,067292
AvivaSA Emeklilik ve Hayat A.Ş.Agresif Değişken Emeklilik Yatırım Fonu	0,086102	0,068523
AvivaSA Emeklilik ve Hayat A.Ş.Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0,111049	0,081676
AvivaSA Emeklilik ve Hayat A.Ş.Orta Vadeli Borçlanma Araçları Emeklilik Yatırım Fonu	0,075780	0,069291
AvivaSA Emeklilik ve Hayat A.Ş.İkinci Para Piyasası Emeklilik Yatırım Fonu	0,067066	0,060725
AvivaSA Emeklilik ve Hayat A.Ş.İkinci Değişken Emeklilik Yatırım Fonu	0,056049	0,044009
AvivaSA Emeklilik ve Hayat A.Ş.Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0,103873	0,075714
AvivaSA Emeklilik ve Hayat A.Ş.Temettü Ödeyen Şirketler Hisse Senedi Emeklilik Yatırım Fonu	0,055259	0,039786
AvivaSA Emeklilik ve Hayat A.Ş.Birinci Para Piyasası Emeklilik Yatırım Fonu	0,071246	0,064583
AvivaSA Emeklilik ve Hayat A.Ş.Borçlanma Araçları Emeklilik Yatırım Fonu	0,074153	0,067676
AvivaSA Emeklilik ve Hayat A.Ş.Dinamik Değişken Emeklilik Yatırım Fonu	0,087894	0,072374
AvivaSA Emeklilik ve Hayat A.Ş.Birinci Değişken Emeklilik Yatırım Fonu	0,074442	0,057673
AvivaSA Emeklilik ve Hayat A.Ş.Hisse Senedi Emeklilik Yatırım Fonu	0,104001	0,079650
AvivaSA Emeklilik ve Hayat A.Ş.Borçlanma Araçları Grup Emeklilik Yatırım Fonu	0,063157	0,056961
AvivaSA Emeklilik ve Hayat A.Ş.Muhafazakar Değişken Emeklilik Yatırım Fonu	0,069529	0,062578
AvivaSA Emeklilik ve Hayat A.Ş.Hisse Senedi Grup Emeklilik Yatırım Fonu	0,104392	0,079023
AvivaSA Emeklilik ve Hayat A.Ş.Karma Grup Emeklilik Yatırım Fonu	0,029622	0,025836
AvivaSA Emeklilik ve Hayat A.Ş.Dengeli Değişken Emeklilik Yatırım Fonu	0,026674	0,022559
AvivaSA Emeklilik ve Hayat A.Ş.Katkı Emeklilik Yatırım Fonu	0,019657	0,017636
AvivaSA Emeklilik ve Hayat A.Ş.Standart Emeklilik Yatırım Fonu	0,018873	0,016918
AvivaSA Emeklilik ve Hayat A.Ş.Altın Emeklilik Yatırım Fonu	0,048681	0,031091
AvivaSA Emeklilik ve Hayat A.Ş.B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu	0,044239	0,036447
AvivaSA Emeklilik ve Hayat A.Ş.Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu	0,023930	0,021498
AvivaSA Emeklilik ve Hayat A.Ş.Başlangıç Emeklilik Yatırım Fonu	0,017444	0,015744
AvivaSA Emeklilik ve Hayat A.Ş.Başlangıç Katılım Emeklilik Yatırım Fonu	0,016607	0,015026
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	0,019810	0,015257
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	0,020111	0,014647
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	0,022647	0,014808
AvivaSA Emeklilik ve Hayat A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu	0,015447	0,013879
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu	0,015899	0,013394
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Değişken Emeklilik Yatırım Fonu	0,016001	0,013228
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu	0,015674	0,012519
AvivaSA Emeklilik ve Hayat A.Ş. OKS Standart Emeklilik Yatırım Fonu	0,014828	0,013127
AvivaSA Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	0,016079	0,013826
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	0,015885	0,012677

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.5 Total units and amount of participation certificates in portfolio and circulation

Participation Certificates in Circulation	31 December 2020		31 December 2019	
	Unit	Amount (TRY)	Unit	Amount (TRY)
AvivaSA Emeklilik ve Hayat A.Ş.Karma Emeklilik Yatırım Fonu	735,071,945	56,227,858	919,780,373	61,893,861
AvivaSA Emeklilik ve Hayat A.Ş.Agresif Değişken Emeklilik Yatırım Fonu	1,059,512,876	91,226,178	1,224,191,665	83,885,285
AvivaSA Emeklilik ve Hayat A.Ş.Dış Borçlanma Araçları Emeklilik Yatırım Fonu	25,643,370,957	2,847,670,701	25,574,352,579	2,088,810,821
AvivaSA Emeklilik ve Hayat A.Ş.Orta Vadeli Borçlanma Araçları Emeklilik Yatırım Fonu	1,933,916,637	146,552,203	2,570,204,158	178,092,016
AvivaSA Emeklilik ve Hayat A.Ş.İkinci Para Piyasası Emeklilik Yatırım Fonu	1,657,064,489	111,132,687	2,269,124,573	137,792,590
AvivaSA Emeklilik ve Hayat A.Ş.İkinci Değişken Emeklilik Yatırım Fonu	4,295,383,861	240,751,970	2,996,048,181	131,853,084
AvivaSA Emeklilik ve Hayat A.Ş.Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu	24,386,450,173	2,533,093,739	22,319,183,776	1,689,874,680
AvivaSA Emeklilik ve Hayat A.Ş.Temettü Ödeyen Şirketler Hisse Senedi Emek. Yatırım Fonu	1,654,135,899	91,405,896	1,545,678,790	61,496,376
AvivaSA Emeklilik ve Hayat A.Ş.Birinci Para Piyasası Emeklilik Yatırım Fonu	39,875,098,015	2,840,941,233	44,560,624,084	2,877,858,785
AvivaSA Emeklilik ve Hayat A.Ş.Borçlanma Araçları Emeklilik Yatırım Fonu	38,755,798,162	2,873,858,701	44,963,909,999	3,042,977,573
AvivaSA Emeklilik ve Hayat A.Ş.Dinamik Değişken Emeklilik Yatırım Fonu	27,532,739,952	2,419,962,645	31,197,177,070	2,257,864,493
AvivaSA Emeklilik ve Hayat A.Ş.Birinci Değişken Emeklilik Yatırım Fonu	18,588,114,111	1,383,736,391	18,890,575,604	1,089,476,167
AvivaSA Emeklilik ve Hayat A.Ş.Hisse Senedi Emeklilik Yatırım Fonu	15,113,731,517	1,571,843,192	14,276,379,004	1,137,113,588
AvivaSA Emeklilik ve Hayat A.Ş.Borçlanma Araçları Grup Emeklilik Yatırım Fonu	5,044,760,691	318,611,951	6,000,565,928	341,798,236
AvivaSA Emeklilik ve Hayat A.Ş.Muhafazakar Değişken Emeklilik Yatırım Fonu	2,138,467,880	148,685,533	2,671,654,722	167,186,809
AvivaSA Emeklilik ve Hayat A.Ş.Hisse Senedi Grup Emeklilik Yatırım Fonu	1,339,619,319	139,845,540	1,487,617,507	117,555,998
AvivaSA Emeklilik ve Hayat A.Ş.Karma Grup Emeklilik Yatırım Fonu	1,019,832,900	30,209,490	1,223,066,798	31,599,154
AvivaSA Emeklilik ve Hayat A.Ş.Dengeli Değişken Emeklilik Yatırım Fonu	327,146,863	8,726,315	298,504,533	6,733,964
AvivaSA Emeklilik ve Hayat A.Ş.Katılımlı Emeklilik Yatırım Fonu	185,137,728,419	3,639,252,328	171,874,805,093	3,031,184,063
AvivaSA Emeklilik ve Hayat A.Ş.Standart Emeklilik Yatırım Fonu	10,754,076,849	202,961,692	12,758,499,674	215,848,297
AvivaSA Emeklilik ve Hayat A.Ş.Altın Emeklilik Yatırım Fonu	153,307,402,012	7,463,157,637	109,028,024,914	3,389,790,323
AvivaSA Emeklilik ve Hayat A.Ş.B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu	4,145,922,080	183,411,447	4,325,544,077	157,653,105
AvivaSA Emeklilik ve Hayat A.Ş.Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu	3,267,547,474	78,192,411	2,180,121,926	46,868,261
AvivaSA Emeklilik ve Hayat A.Ş.Başlangıç Emeklilik Yatırım Fonu	4,290,174,844	74,837,810	5,474,213,980	86,186,025
AvivaSA Emeklilik ve Hayat A.Ş.Başlangıç Katılım Emeklilik Yatırım Fonu	3,019,542,473	50,145,542	4,407,819,172	66,231,891
AvivaSA Emeklilik ve Hayat A.Ş.OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	451,972,660	9,089,622	231,060,160	3,384,338
AvivaSA Emeklilik ve Hayat A.Ş.OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	702,528,596	15,910,165	196,605,779	2,911,338
AvivaSA Emeklilik ve Hayat A.Ş.OKS Muhafazakar Değişken Emeklilik Yatırım Fonu	599,506,315	9,260,574	404,753,636	5,617,576
AvivaSA Emeklilik ve Hayat A.Ş.OKS Dengeli Değişken Emeklilik Yatırım Fonu	707,473,424	11,248,120	363,266,002	4,865,585
AvivaSA Emeklilik ve Hayat A.Ş.OKS Dinamik Değişken Emeklilik Yatırım Fonu	804,388,912	12,871,027	361,063,887	4,776,153
AvivaSA Emeklilik ve Hayat A.Ş.OKS Agresif Değişken Emeklilik Yatırım Fonu	1,040,921,238	16,315,399	424,502,584	5,314,348
AvivaSA Emeklilik ve Hayat A.Ş.OKS Standart Emeklilik Yatırım Fonu	35,772,782,543	530,438,820	30,041,107,993	394,349,625
AvivaSA Emeklilik ve Hayat A.Ş.OKS Katılımlı Standart Emeklilik Yatırım Fonu	18,010,785,501	289,595,420	14,557,251,183	201,268,555
AvivaSA Emeklilik ve Hayat A.Ş.Katılım Katkı Emeklilik Yatırım Fonu	878,427,920	13,953,828	1,732,990	21,969
AvivaSA Emeklilik ve Hayat A.Ş.Katılımlı Standart Emeklilik Yatırım Fonu	335,911	6,654	392,848	5,994
	633,991,733,418	30,455,130,719	581,619,405,242	23,120,140,926

Contribution Documents at Founder	31 December 2020		31 December 2019	
	Unit	Amount (TRY)	Unit	Amount (TRY)
AvivaSA Emeklilik ve Hayat A.Ş. Katılımlı Standart EYF	38,933,510	771,273	38,988,726	594,851
	38,933,510	771,273	38,988,726	594,851

17.6 Total units and portfolio amounts of additions, disposals, reversals and current individual and company private pension participants:

	31 December 2020		31 December 2019	
	Unit	Amount (TRY)	Unit	Amount (TRY)
Individual				
Additions	49,203	933,244,795	83,254	934,242,885
Disposals	132,578	3,183,612,360	175,793	3,297,112,868
Current	815,133	25,639,901,614	881,972	19,466,973,233
Individual				
Additions	351,319	60,531,735	450,607	81,579,542
Disposals	318,413	606,679,931	259,941	557,467,749
Current	948,194	4,815,229,105	914,036	3,653,167,693
Total portfolio amount	1,763,327	30,455,130,719	1,796,008	23,120,140,926

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.6 Total units and portfolio amounts of additions, disposals, reversals and current individual and company private pension participants (Continued):

Law No. 6740 amending the Individual Pension Savings and Investment System Law No. 4632 was published in the Official Gazette dated 25 August 2016, numbered 29812 and entered into force on 01 January 2017. With this arrangement, employees are automatically included in a retirement plan.

The above numbers and portfolio values also include contracts under automatic participation.

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

The life mathematical reserves for the accumulated policies written from the Company's accumulated funds are valued daily in compliance with TRY and USD profit share technical principles approved by Turkish Undersecretariat of Treasury Foreign Trade on 14 January 1993 and 12 September 1996. The revenue of the mentioned investments are distributed as the revenue of the relevant investment instrument with the daily accrued interest method.

Daily Profit Share System is applied to the life mathematical reserves for the accumulated life policies written from the Company's other funds in compliance with Profit Share Technical Principles and Life Insurance Regulation approved on 1 November 1999 by Turkish Prime Ministry, Undersecretariat of Treasury General Directorate of Insurance. Profit share values calculated according to the profit share rates calculated according to the daily yields of TRY, USD and EUR investment instruments are reflected onto the accounts of the insures daily

17.8 Total units of additions and their company individual gross and net share participations in the current period:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Unit	Participation Share (Gross) TRY	Unit (net) TRY	Participation Share (Gross) TRY	Unit (Gross) TRY	Participation Share (Gross) TRY
Individual	49,203	823,282,510	823,282,510	83,254	670,515,907	670,515,866
Corporate	351,319	53,753,180	53,752,957	450,607	61,157,768	61,157,086
Total	400,522	877,035,690	877,035,467	533,861	731,673,675	731,672,952

17 The contracts become effective and ceased in the period, and contributions collected regarding these contracts are shown in gross contribution share. Contributions transferred in from other companies are not included in the tables above. The government participation is not included the amounts.

17.9 Total units of additions from the other companies or individual gross and net share participations in the current period:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Participation Share (Gross) TRY	Unit (net) TRY	Participation Share (Gross) TRY (net) TL	Unit (Gross) TRY	Participation Share (Gross) TRY	Participation Share (Gross) TRY
Individual	3,175	3,805,216	3,805,216	5,498	4,790,568	4,790,568
Corporate	2,101	396,268	396,268	8,851	1,884,721	1,884,721
Total	5,276	4,201,484	4,201,484	14,349	6,675,289	6,675,289

Transferred contribution from another company participant and charged contribution during this period have been explained in report, but transferred contribution from foundation are not shown.

Contribution from another company combined with an established agreement and new contributions from the amount of the transfer is a topic the above table. The government participation is not included the amounts.

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.10 Total units of transfers from the Company's life portfolio to private pension portfolio or individual gross and net share participations:

Legal period for the transfer from life portfolio to pension portfolio has ended as of 7 October 2006, there were no transfers in the current and previous periods.

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

	1 January - 31 December 2020			1 January - 31 December 2019		
	Unit	Participation Share (Gross) TRY	Participation Share (Net) TRY	Unit	Participation Share (Gross) TRY	Participation Share (Net) TRY
Allocated						
Individual	132,578	2,029,268,031	2,016,644,547	175,793	2,282,166,835	2,261,627,751
Corporate	318,555	440,729,862	440,654,317	260,045	376,701,277	376,560,454
Total	451,133	2,469,997,893	2,457,298,864	435,838	2,658,868,112	2,638,188,205

Unit: Shows the number of participants left the Company.

Participation Share (Gross): Represents a number of contributions as a result of exits.

Participation Share (Net): Represent the sum gross contributions as a result of exits after deductions.

The government participation is not included the amounts mentioned above.

17.12 Total units of additions of life insurances or individual allocation and gross and net premiums:

	1 January - 31 December 2020		1 January - 31 December 2019	
	Unit (*)	Net premium amount TRY (**)	Unit (*)	Net premium amount TRY (**)
Ferdi	1,072,544	662,704,795	965,420	565,329,629
Grup	215,065	29,751,384	700,913	83,942,422
Total	1,287,609	692,456,179	1,666,333	649,272,051

(*) Only new post life insurance details are shown in the table above; re-enacted and renewal life insurance policies are not taken into consideration.

(**) For TRY and USD unit-based policies, policy transaction for entering and existing in the same period are not included.

17.13 Total units of disposals of life insurances or individual allocation and gross net premiums and net mathematical reserves

	1 January - 31 December 2020		1 January - 31 December 2019	
	Unit	Mathematical reserves TRY	Unit	Mathematical reserves TRY
Individual	827,809	123,813,104	674,617	56,003,765
Group	424,797	-	1,044,167	419,828
Total	1,252,606	123,813,104	1,718,784	56,423,593

There is no mathematical provision calculated for annual life policies for exists.

For TRY and USD unit based on policies, policy transaction for entering and exiting in the same period are not included.

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.14 Profit share distribution rate of life insurances:

	Profit share distribution rate (%) 31 December 2020	Profit share distribution rate (%) 31 December 2019
TRY (unit-based)	%7.49	%7.36
USD (unit-based)	%4.47	%3.59
TRY (other)	%12.29	%9.49
USD (other)	%4.21	%3.92
EUR (other)	%4.90	%4.59

17.15 Balance arising from insurance contracts:

	31 December 2020	31 December 2019
Gross insurance liabilities		
Reserve for unearned premiums	64,925,125	95,871,371
Provision for outstanding claims	78,857,873	69,621,739
Equalization provision	46,200,983	36,203,502
Mathematical provisions (*)	2,066,132,182	1,293,865,592
Total	2,256,116,163	1,495,562,204
Reinsurance assets		
Reserve for unearned premiums	3,245,140	6,516,521
Provision for outstanding claims	6,193,687	7,301,642
Equalization provision	1,179,292	1,047,761
Mathematical provisions (*)	1,510,791	1,997,764
Total	12,128,910	16,863,688
Net insurance liabilities		
Reserve for unearned premiums	61,679,985	89,354,850
Provision for outstanding claims	72,664,186	62,320,097
Equalization provision	45,021,691	35,155,741
Mathematical provisions	2,064,621,391	1,291,867,828
Total	2,243,987,253	1,478,698,516

(*) Movements of mathematical provisions are disclosed in Note 17.2 Provisions are calculated on a net basis as described in Note 2.20.

As of 31 December 2020, mathematical provisions for loan amounting to TRY204,739,575 (31 December 2019: TRY 177,037,400) and fair value loss of financial assets at insure's risk amounting to TRY(6,507,405) (31 December 2019: TRY(15,541,493) have not been included in the above mentioned

Movements in the outstanding claims reserve during the period:

Life	31 December 2020			31 December 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	60,490,381	(6,967,097)	53,523,284	61,639,681	(5,813,091)	55,826,590
Claims paid	(9,633,654)	472,346	(9,161,308)	(6,775,461)	431,860	(6,343,601)
Increase/(decrease)	-	-	-	-	-	-
- Outstanding claims for the period	24,143,381	(849,241)	23,294,140	11,730,134	(1,363,092)	10,367,042
- Previous years' outstanding claims	(3,715,144)	1,416,343	(2,298,801)	(6,103,973)	(222,774)	(6,326,747)
31 December	71,284,964	(5,927,649)	65,357,315	60,490,381	(6,967,097)	53,523,284
Reported claims	56,370,710	(4,576,234)	51,794,476	43,569,054	(5,264,778)	38,304,276
Incurred but not reported	14,914,254	(1,351,415)	13,562,839	16,921,327	(1,702,319)	15,219,008
Total	71,284,964	(5,927,649)	65,357,315	60,490,381	(6,967,097)	53,523,284

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.15 Balance arising from insurance contracts (Continued)

Movements in the outstanding claims reserve during the period:

Personal Accident	31 December 2020			31 December 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	9,131,358	(334,545)	8,796,813	10,452,319	(473,251)	9,979,068
Claims paid	(1,760,995)	221,017	(1,539,978)	(2,994,751)	320,406	(2,674,345)
Increase/(decrease)	-	-	-	-	-	-
- Outstanding claims for the period	2,123,891	(171,000)	1,952,891	2,571,677	(286,842)	2,284,835
- Previous years' outstanding claims	(1,921,345)	18,490	(1,902,855)	(897,887)	105,142	(792,745)
31 December	7,572,909	(266,038)	7,306,871	9,131,358	(334,545)	8,796,813
Reported claims	6,912,522	(266,038)	6,646,484	7,938,797	(334,545)	7,604,252
Incurred but not reported	660,387	-	660,387	1,192,561	-	1,192,561
Total	7,572,909	(266,038)	7,306,871	9,131,358	(334,545)	8,796,813
Grand Total	78,857,873	(6,193,687)	72,664,186	69,621,739	(7,301,642)	62,320,097

Movements in the provision for equalization during the period:

Equalization provision	31 December 2020			31 December 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	36,203,503	(1,047,761)	35,155,741	26,357,074	(890,360)	25,466,714
Net change	9,997,480	(131,531)	9,865,950	9,846,428	(157,401)	9,689,027
31 December	46,200,983	(1,179,292)	45,021,691	36,203,502	(1,047,761)	35,155,741

Movements in the reserve for unearned premiums during the period:

Reserve for unearned premiums	31 December 2020			31 December 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	95,871,371	(6,516,521)	89,354,850	119,149,509	(4,536,303)	114,613,206
Increase/(decrease)	-	-	-	-	-	-
- Current year reserve for unearned premiums	64,870,955	(3,224,000)	61,646,955	95,817,858	(6,456,835)	89,361,023
- Prior years' reserve for unearned premiums	(95,817,201)	6,495,381	(89,321,820)	(119,095,996)	4,476,617	(114,619,379)
Net change	(30,946,246)	3,271,381	(27,674,865)	(23,278,138)	(1,980,218)	(25,258,356)
31 December	64,925,125	(3,245,140)	61,679,985	95,871,371	(6,516,521)	89,354,850

As of 31 December 2020 and 31 December 2019, net technical provisions denominated foreign currency are as follows:

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.15 Balance arising from insurance contracts (Continued):

	31 December 2020			31 December 2019		
	Foreign Currency	Rate	TRY amount	Foreign Currency	Rate	TRY amount
Mathematical provisions						
TRY			282,164,897			240,625,760
USD	209,773,871	7,3647	1,544,921,628	141,105,247	5,9598	840,959,051
USD	32,289,138	7,3405	237,018,418	35,275,587	5,9402	209,544,042
EUR	57,252	9,0376	517,421	110,749	6,6725	738,975
EUR	(108)	9,0079	(973)			
			2,064,621,391			1,291,867,828
Unearned premium revenue						
TRY			61,679,985			89,354,850
			61,679,985			89,354,850
Outstanding claims						
TRY			59,979,873			55,566,424
USD	114,036	7,3647	839,841	239,582	5,9598	1,427,859
USD	1,564,812	7,3405	11,486,502	846,381	5,9402	5,027,675
EUR	39,609	9,0376	357,970	44,682	6,6725	298,140
			72,664,186			62,320,098
Equalization reserve						
TRY			45,021,691			35,155,741
			45,021,691			35,155,741

As of 31 December 2020, claims development table is as follows:

Period of claim	2013 and earlier	2014	2015	2016	2017	2018	2019	2020	Total
Current estimate of claims									
The year of claims	7,463,038	2,277,564	3,682,162	5,568,507	4,513,726	5,848,200	2,485,075	24,805,391	56,643,663
1 year later	303,787	653,435	746,887	688,736	1,253,245	1,083,777	1,094,766	-	5,824,633
2 years later	13,730	-	99,636	197,714	13,001	201,276	-	-	525,357
3 years later	-	4,995	19,626	54,797	131,978	-	-	-	211,396
4 years later	-	-	41,370	-	-	-	-	-	41,370
5 years later	-	-	7,076	-	-	-	-	-	7,076
6 years later	-	-	-	-	-	-	-	-	-
7 years later	29,737	-	-	-	-	-	-	-	29,737
Total outstanding claims based on the damage development table	7,810,292	2,935,994	4,596,757	6,509,754	5,911,950	7,133,253	3,579,841	24,805,391	63,283,232
Incurred but not reported claims									15,574,641
Total gross provision for outstanding claims as at 31 December 2020									78,857,873

As of 31 December 2019, claims development table is as follows:

Period of claims 1	2012 and earlier	2013	2014	2015	2016	2017	2018	2019	Total
Current estimate of claims									
The year of claims	3,265,507	4,700,993	3,884,552	4,027,782	5,829,895	4,869,959	5,664,402	11,241,309	43,484,399
1 year later	117,632	335,643	1,237,939	729,744	818,815	1,289,702	2,107,395	-	6,636,870
2 years later	-	4,200	2,067	138,939	194,255	487,378	-	-	826,839
3 years later	13,080	-	13,882	57,126	54,797	-	-	-	138,885
4 years later	-	43	10,895	69,138	-	-	-	-	80,076
5 years later	-	-	38,660	-	-	-	-	-	38,660
6 years later	-	-	-	-	-	-	-	-	-
7 years later	302,122	-	-	-	-	-	-	-	302,122
8 years later	-	-	-	-	-	-	-	-	-
Total outstanding claims based on the damage development table	3,698,341	5,040,879	5,187,995	5,022,729	6,897,762	6,647,039	7,771,797	11,241,309	51,507,851
Incurred but not reported claims									18,113,888
Total gross provision for outstanding claims as at 31 December 2019									69,621,739

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18. INVESTMENT CONTRACT LIABILITIES

None.

19. TRADE AND OTHER PAYABLES AND DEFERRED INCOME

Trade and other payables of the Company as at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Payables from main operations	349,975,348	286,782,074
Payables from pension operations (*)	311,358,997	235,633,352
Payables from insurance operations	38,458,018	50,990,388
Other payables from main operations	158,333	158,334
	71,981,599	6,175,630
Payables to related parties		
Due to other related parties	11,025,504	5,137,133
Due to shareholders	60,422,578	264,235
Due to subsidiaries	207,921	367,984
Due to personnel	325,596	406,278
Other payables (Note 47.2)	22,113,883	12,668,054
Deferred income and accrued expenses related to future months	2,464,801	3,456,790
Deferred commission income	1,681,106	2,722,115
No claim refund of premiums	596,640	383,763
Other general and administrative expenses	185,000	348,857
Other income	2,055	2,055
Total	446,535,631	309,082,548

(*) Pension investment funds amounting to 30,455,130,719 TL are not included. (31 December 2019: TRY23,120,140,926).

As at 31 December 2020 and 31 December 2019, trade and other payables denominated in foreign currencies are disclosed in Note 12.4.

20. LIABILITIES

The movement table of the total lease and lease obligations which are recognized by the Company in accordance with IFRS 16 - Leases standard are as follows

	31 December 2020	31 December 2019
Short-term lease liabilities	10,989,892	12,375,582
Long-term lease obligations	38,200,152	44,600,014
Discount rate with alternative borrowing rate	(19,191,572)	(23,673,980)
Total lease liabilities	29,998,472	33,301,616
	31 December 2020	31 December 2019
As of 1 January, balance	33,301,616	35,320,021
TRFS 16 rent increase/decrease	3,470,438	2,811,216
Lease payments	(14,244,792)	(12,022,985)
Currency valuation	654,960	466,498
Interest payments	6,816,250	6,726,866
Total lease liability as balance sheet date	29,998,472	33,301,616

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21. DEFERRED TAXES

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for International Accounting Standards (IAS) purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IAS. The details of deferred taxes are presented in the following tables

	Deferred Tax Assets/(Liabilities)	Deferred Tax Assets/(Liabilities)	Deferred Tax Income/(Expense)	Deferred Tax Income/(Expense)
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deferred tax assets				
Expense accruals	7,808,359	5,047,620	2,760,739	(735,921)
Equalization reserve	9,004,338	7,734,263	1,270,075	2,131,586
Provisions for lawsuits	2,186,399	2,055,800	130,590	104,748
Employee termination benefits	4,208,063	3,513,802	53,925	(250,879)
Staff allowance	1,036,554	1,050,707	(14,153)	(6,093)
Advancement commission	402,323	373,835	28,488	59,950
Deposits internal rate of return-linear interest rate difference	51,691	22,476	29,215	(54,188)
Right-of-use assets	823,762	552,331	271,431	552,331
Trading price difference	11,293	(10,075)	21,377	(10,075)
Total tax assets	25,532,782	20,340,759	4,551,687	1,791,459
Deferred tax liabilities				
The net difference between the registered values of tangible assets and tax bases	(7,258,307)	(2,798,975)	(4,459,332)	(2,897,828)
Derivative products valuation	(1,143,298)	-	(1,143,298)	870,013
Eurobond internal yield-linear interest difference	(403,218)	(1,691,191)	1,287,973	(1,601,052)
Total tax liabilities	(8,804,823)	(4,490,166)	(4,314,657)	(3,628,867)
Deferred Tax and liabilities (net)	16,727,959	15,850,593	237,030	(1,837,408)
Deferred tax assets/(liabilities) of available for sale financial assets				
are recognized in shareholders' equity	(7,600,142)	1,086,925	-	-
Stock Exchange-IRR Corporation Tax rate change difference	261,066	261,066	-	-
Deferred tax, net	9,388,883	17,198,584	237,030	(1,837,408)
			2020	2019
1 January			17,198,584	26,384,809
Cancellation of deferred taxes on available for sale financial assets recognized in shareholders' equity			(1,086,925)	(9,574,754)
Deferred tax income/(expense) (*)			237,030	(1,837,408)
Deferred tax asset/(liability) on available for sale financial assets recognized in shareholders' equity			(7,600,142)	1,086,925
Stock Exchange-IRR Corporation Tax rate change effect			640,336	1,139,012
31 December			9,388,883	17,198,584

(*) Current period adjustments on previous year taxes amounting TRY2,854,308 is presented within deferred tax income in the income statements (2019: TRY5,218,121)

As at 31 December 2020 and 31 December 2019, there are no accumulated losses which can be deducted from future taxable profits.

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22. RETIREMENT BENEFITS OBLIGATIONS

Under the Turkish Labor Law, the Company is required to pay employee termination benefits to each employee who has qualified for such payment. The termination benefit to be paid is subject to upper limit of TRY7,117 as at 31 December 2020 (31 December 2019: TRY6,380)

According to TAS 19, actuarial calculations are required to calculate the liabilities of the Company, the provision has been calculated and accounted for in the accompanying financial statements by using "Projection Method" and based on the Company's past experience in the employee's rate of eligibility for retirement pay. Provision for employee termination benefits is calculated estimating the present value of the future probable obligation of the Company arising from the retirement of employees. As of 31 December 2020 and 31 December 2019, actuarial assumptions used to calculate liabilities are presented below:

	31 December 2020	31 December 2019
The estimated rate of salary increase (%)	8.50%	%8.67
Discount rate (%)	13.50%	%13.60

Movement of provision for employee termination benefits during the period is presented below:

	2020	2019
1 January	15,971,826	11,934,859
Payments	(2,024,847)	(4,134,244)
Service cost	1,735,710	1,369,556
Interest cost	2,155,944	1,624,329
Actuarial loss	3,201,682	5,177,326
31 December	21,040,315	15,971,826

23. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

23.1 Provisions related to social security related employee benefits, and others: None.

23.2 Provisions for other risks:

Provision for expense accruals of the Company are as follows:

	31 December 2020	31 December 2019
Provision for personnel bonuses	25,294,445	16,463,222
Provision for commissions to sales personnel	3,897,000	3,416,000
Provision for commissions	7,467,324	2,680,744
Total	36,658,769	22,559,966

Other short-term liabilities consist of unused vacation provisions amounting to TRY5,182,770 (31 December 2019: TRY4,775,942).

Detail of the provision for long-term payable and expense accruals are disclosed in Note 47.

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23. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (Continued)

23.3 Total commitment amount which is not included in liabilities:

	31 December 2020				31 December 2019			
	USD	EUR	TRY	Total	USD	EUR	TRY	Total
Guarantees and collaterals given:								
Letter of guarantee	-	-	9,217,397	9,217,397	-	-	9,723,771	9,723,771
Total	-	-	9,217,397	9,217,397	-	-	9,723,771	9,723,771
Insurance guarantee								
Life	33,977,105,985	25,687,666	30,032,574,963	64,035,368,614	24,729,871,416	13,991,501	25,944,836,193	50,688,699,110
Personal accident	-	-	28,358,639,571	28,358,639,571	-	-	40,278,781,382	40,278,781,382
Total	33,977,105,985	25,687,666	58,391,214,534	92,394,008,185	24,729,871,416	13,991,501	66,223,617,575	90,967,480,492

24. NET INSURANCE PREMIUM INCOME

For the periods of 1 January-31 December 2020 and 2019 net premiums are as follows:

	1 January-31 December 2020			1 January -31 December 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Non-life	65,504,790	(2,191,422)	63,313,368	82,432,727	(5,523,970)	76,908,757
Life	1,266,367,504	(16,258,003)	1,250,109,501	905,321,486	(22,041,453)	883,280,033
Total premium income	1,331,872,294	(18,449,425)	1,313,422,869	987,754,213	(27,565,423)	960,188,790

25. INCOME FROM PENSION BUSINESS

Revenue generated from private pension business for the periods of 1 January-31 December 2020 and 1 January - 30 December 2019 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Fund management income	353,125,399	269,507,649
Management fee	76,814,107	77,653,505
Entry fees	24,761,198	35,045,975
Premium holiday charges	497,876	1,607,467
Revaluation of capital allocation advance	195,903	131,689
Total	455,394,483	383,946,285

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26. INVESTMENT INCOME

The investment incomes of the Company for the fiscal periods of 1 January - 31 December 2020 and 2019 are as follows.

	1 January – 31 December 2020	1 January – 31 December 2019
Dividend Income	64,230	96,062
Income on Financial Investments	152,217,681	109,615,164
Financial assets held to maturity net realized income/(expense)	32,875,183	4,047,144
Financial assets held for trading net realized income/(expense)	30,164,288	28,434,417
Available for sale financial assets net realized income (expense)	63,106,868	40,224,613
Available-for-sale financial assets-deposit interest income	26,071,342	36,908,990
Profits from cash conversion of financial investments	16,865,010	13,420,785
Financial assets held for trading	6,889,729	13,420,785
Available-for-sale financial assets	9,975,281	-
Investment Income transferred from Life Technical Division	187,086	415,758
Available-for-sale financial assets	187,086	415,758
Income from Derivative Products	19,238,955	50,251,913
Total	188,572,962	173,799,682

27. UNREALIZED GAINS ON FINANCIAL ASSETS

	1 January – 31 December 2020	1 January – 31 December 2019
Financial assets held for trading	(38,158)	(5,240,977)
Financial assets available-for-sale	21,703,321	(7,706,444)
Held-to-maturity assets	11,482,739	3,835,672
Total	33,147,902	(9,111,749)

28. ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

Disclosed in Note 26.

29. INSURANCE RIGHTS AND CLAIMS

Disclosed in Note 17

30. INVESTMENT AGREEMENT RIGHTS

None.

31. OTHER EXPENSES

	1 January – 31 December 2020	1 January – 31 December 2019
Operating expenses classified under technical section		
Pension	380,908,616	276,781,440
Life	334,260,620	300,997,717
Non-Life	55,052,340	58,203,165
Total	770,221,576	635,982,322

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32. OPERATING EXPENSES

	1 January– 31 December 2020	1 January – 31 December 2019
Production commission	449,832,715	374,090,051
Personnel expenses	188,024,325	159,226,092
Management expenses	36,291,914	40,905,530
Outsourced benefits and services	92,884,065	66,980,800
Marketing and sales expenses	10,019,800	5,078,820
Reinsurance commissions	(10,878,811)	(11,217,587)
Other operating expenses	4,047,568	918,616
Total	770,221,576	635,982,322

33. EMPLOYEE BENEFIT EXPENSES

	1 January– 31 December 2020	1 January – 31 December 2019
Wages and salaries	115,637,289	99,144,594
Commissions and promotions expenses	24,188,718	17,751,157
Other wage expenses	19,078,120	10,894,785
Social security premiums	18,713,783	16,862,714
Other personnel expenses	7,978,122	9,403,061
Termination benefits expenses	1,664,586	3,773,141
Notice pay expenses	114,782	366,106
Unused vacation pay expenses	648,925	1,030,534
Total	188,024,325	159,226,092

34. FINANCE COSTS

34.1 Finance expenses of the period: None (31 December 2019: None).

34.2 Finance expense related to the shareholders, affiliates and subsidiaries (Amounts exceeding 20% of the total amount will be presented separately) None.

34.3 Sales and purchases to/with shareholders, subsidiaries and affiliates (Amounts exceeding 20% of the total amount will be presented separately):

	1 January– 31 December 2020	1 January – 31 December 2019
Services purchased		
Hacı Ömer Sabancı Holding A.Ş.	171,370	32,301
AvivaSA Sigorta Aracılığı A.Ş.	85,297,547	75,402,517
	85,468,917	75,434,818
Services provided		
Hacı Ömer Sabancı Holding A.Ş.	522,303	452,585
Aviva International Holdings Ltd.	563,407	221,825
AvivaSA Sigorta Aracılığı A.Ş.	5,480,517	4,705,985
Total	6,566,227	5,380,395

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34. FINANCE COSTS (Continued)

34.4 Interest, rent and other similar income/expense received/paid from/to shareholders, subsidiaries and affiliates (Amounts exceed 20% of the total amount will be presented separately):

	1 January – 31 December 2020	1 January – 31 December 2019
AvivaSA Sigorta Aracılığı A.Ş.	85,297,547	75,402,517
Total	85,297,547	75,402,517

35. INCOME TAXES

The Company is subject to the tax legislation and applications in force in Turkey.

In Turkey, the corporation tax rate is 20%. Furthermore, with the article 91 of the Law No. 7061, which was published in the official newspaper dated 5 December 2017 and numbered 30261, the Corporate Tax rate was determined as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020. And temporary Article 10 has been added to the Corporate Tax Law No. 5520. The corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the related accounting period. In addition, Corporate Tax is paid in one installment until the end of the relevant month. According to the tax legislation, temporary tax is calculated at the rate of 22% (31 December 2019: 22%) over the earnings generated quarterly and the amounts paid in this way are deducted from the tax calculated over the annual earnings.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The dividend payments effected except to those joint stock companies settled in Turkey which are not liable for the corporate tax and income tax and which are exempted from these, and to those real entities which are settled or not settled in Turkey and to those legal entities which are not settled in Turkey, are subject to 15% income tax. The dividend payments from the joint stock companies settled in Turkey to the joint stock companies settled again in Turkey are not subject to income tax. Moreover, income tax is not calculated again in case the profit is not distributed or if added onto the capital.

The dividend earnings of the corporations from participation in the capital of another corporation which is subject to full liability (except the profit shares from the participation certificates of the investment funds and share certificates of the investment partnerships) are exempted from the corporate tax. Moreover, 75% of the earnings arising from the sale of the participation shares (the exemption rate of immovable earnings has been determined as 50% as of 1 January 2018 with the law numbered 7061), real estates, preferential rights, founder shares and dividend shares of the corporations, which are included within their assets at least for a period of two full years, are exempted from the corporate tax, in order to benefit from the exemption, the mentioned earning is required to be kept in a fund account under liabilities and not to be withdrawn for a period of 5 years, and the sales price is required to be collected by the end of the second calendar year following the year in which the sale is made

The tax income and expenses included in the income statement for the periods which ended as at 31 December 2020 and 31 December 2019 are summarized below:

	1 January – 31 December 2020	1 January – 31 December 2019
Current period corporate tax	(88,290,002)	(68,001,414)
Tax effect of available for sale's valuation	235,132	4,171,192
Deferred tax income/(expense)	3,091,338	3,380,713
Total tax expense	(84,963,532)	(60,449,509)

(*) Deferred tax revenue of TRY3,091,338 includes; TRY237,030 of current period deferred tax revenue and TRY2,854,308 of current period adjustments to previous year income taxes (1 January - 31 December 2019: Deferred tax income of TRY3,380,713 includes; TRY1,837,408 of current period deferred tax income and TRY5,218,121 of current period adjustments to previous year income taxes

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35. INCOME TAXES (Continued)

As of 31 December 2020 and 31 December 2019, deferred tax assets/(liabilities) on the balance sheets are summarized below

	31 December 2020	31 December 2019
Deferred tax assets	25,532,782	21,688,750
Deferred tax liabilities	(16,143,899)	(4,490,166)
Deferred tax assets/(liabilities) - Net	9,388,883	17,198,584

Reconciliation of current tax expense is as follows:

	1 January–31 December 2020	1 January–31 December 2019
Profit/loss before tax	375,818,312	269,586,764
Tax rate	22%	22%
Calculated corporate tax provision	(82,680,029)	(59,309,088)
Non-deductible expenses, net	(1,169,812)	(1,140,421)
Corporate Tax Rate Change	(1,113,691)	-
Tax expenses in the income statement (-)	(84,963,532)	(60,449,509)

The Company has prepaid tax amounting to TRY77,054,178 (31 December 2019: TRY58,046,598)

	31 December 2020	31 December 2019
Provision for taxes	88,290,002	68,001,414
Prepaid taxes	(75,963,443)	(56,310,161)
The amount of withholding tax to be deducted	(1,090,735)	(1,736,437)
Total tax liabilities/(assets)	11,235,824	9,954,816

36. NET FOREIGN EXCHANGE GAINS

	1 January–31 December 2020	1 January–31 December 2019
Foreign exchange gains on financial investments with risk on policyholders	905,700,529	190,109,736
Foreign exchange losses on financial investments with risk on policyholders	(649,051,587)	(87,190,680)
Foreign exchange gains on available-for-sale financial assets	16,882,131	1,127,650
Foreign exchange gains on other transactions (*)	(8,517,059)	-
Foreign exchange losses on other transactions (*)	53,193,841	42,760,645
Foreign exchange gains on derivative instruments	(54,996,920)	(40,027,269)
Foreign exchange gains on financial investments with risk on policyholders	1,246,051	152,150
Total	264,456,986	106,932,232

(*) It represents the amount of foreign exchange gains/losses in Income and Expenses/Gains and Losses from Other Operations and Extraordinary Operations.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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37. EARNINGS PER SHARE

Earnings per share calculation is as follows.

	1 January–31 December 2020	1 January–31 December 2019
Net profit for the period	290,854,780	209,137,255
Number of equity shares outstanding	18,000,000,000	18,000,000,000
Earnings per share (TRY)	0,0162	0,0116

38. DIVIDENDS PER SHARE

The Company's dividend distribution to its shareholders in year 2020 with respect to the profit of the year 2019 is as follows.

	Total dividends distributed		Dividends per shares with nominal value of 1 TRY	
	Cash (TRY)	Free of charge (TL)	Cash (TRY)	Free of charge (TL)
Gross	160,000,000	-	0,8889	88.89
Net (*)	136,000,000	-	0,7556	75.56

(*) Net calculation is based on the assumption that 15% income tax withholding will be applied. At the 2019 Ordinary General Assembly meeting held on March 11, 2020, the Company's gross TRY100,000,000.00 of the total dividend to be distributed on March 25, 2019; It has decided to pay TRY60,000,000.00 in two installments on September 28, 2019, and the first installment payment has been made on March 25, 2020.

With the President's decision numbered 2948 published in the Official Gazette on 18.09.2020, the period specified as 30.09.2020 was postponed for three months.

The second installment dividend payment planned to be made on September 28, 2020 could not be made on the stipulated date due to the aforementioned Provisional Article 13 and the "Communiqué on the Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Turkish Commercial Code No. 6102".

Due to the expiration of the effective date of the said regulations, the second installment dividend payments were made on January 6 and January 8, 2021, and the second installment dividend amounts as of December 31, 2020 are included in the accounts payable to shareholders in the financial statements.

39. 39. CASH GENERATED FROM OPERATIONS

The cash flows from operating activities is presented in the accompanying statement of cash flows.

40. CONVERTIBLE BOND

None.

41. REDEEMABLE PREFERENCE SHARES

None.

42. RISKS

The amount of provision required for the lawsuits pending against the Company was accounted for in other long-term debts and expenses in the accompanying financial statements. As at 31 December 2020, total amount included in outstanding claims reserves is TRY37,734,571 (31 December 2019: TRY35,395,807)

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

43. COMMITMENTS

The Company has letters of guarantee amounting to TRY9,217,397 (31 December 2019: TRY9,723,771) to its suppliers and Executive Directorates.

44. BUSINESS MERGERS

None.

44. BUSINESS MERGERS

None.

45. RELATED PARTY TRANSACTIONS

Benefits provided to executive management:

For the periods ended as of 31 December 2020 and 2019, salaries and other benefits provided to key management such as; Chairman and members of the Board of Directors, managing director and assistant managing directors during the period are presented below.

	1 January–31 December 2020	1 January–31 December 2019
Benefits provided to executive management	11,059,084	10,607,362
Total earnings	11,059,084	10,607,362
Employer's share of social security	611,849	544,843

As of 31 December 2020 and 31 December 2019, balances with related parties are as follows:

Related Balances

	31 December 2020	31 December 2019
Akbank T.A.Ş. - credit card receivables	325,956,194	207,104,884
Other cash and cash equivalents	325,956,194	207,104,884
Akbank T.A.Ş. - bank deposit	179,733,011	37,665,000
Banks	179,733,011	37,665,000

As of 31 December 2020, securities issued by the Company's related parties and classified as trading financial assets in the Company's own securities portfolio are followed:

	31 December 2020			Carrying amount
	Nominal value	Cost value	Fair value	
Private sector bonds				
Enerjisa Elektrik Dağıtım A.Ş.	12,500,000	12,500,000	19,694,782	19,694,782
Çimsa Çimento Sanayi ve Ticaret A.Ş.	4,000,000	4,000,000	4,056,317	4,056,317
Financial Assets	16,500,000	16,500,000	23,751,099	23,751,099

As of 31 December 2019, securities issued by the Company's related parties and classified as trading financial assets in the Company's own securities portfolio are followed:

	31 December 2019			Carrying amount
	Nominal value	Cost value	Fair value	
Private sector bonds				
Enerjisa Elektrik Dağıtım A.Ş.	17,000,000	17,000,000	23,917,204	23,917,204
Çimsa Çimento Sanayi ve Ticaret A.Ş.	4,000,000	4,000,000	4,015,201	4,015,201
Financial Assets	21,000,000	21,000,000	27,932,405	27,932,405

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

45. RELATED PARTY TRANSACTIONS (Continued)

	31 December 2020	31 December 2019
Other receivables from related parties		
Akbank T.A.Ş.	-	3,114,021
Aksigorta A.Ş.	1,024,260	-
	1,024,260	3,114,021
	31 December 2020	31 December 2019
Receivables from insurance operations		
Sabancı Üniversitesi	56,163	84,614
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	199	93,337
Other	(73,937)	(122,365)
	(17,575)	55,586
	31 December 2020	31 December 2019
Work advances		
Vista Turizm ve Seyahat A.Ş.	687,573	-
	687,573	-
	31 December 2020	31 December 2019
Other payables to related parties		
Sabancı Dijital Teknolojileri Hizmetleri A.Ş.	8,691,275	3,448,560
EnerjiSA Anadolu Yakası Elektrik Perakende Satış A.Ş.	80,931	94,944
TeknoSA İç ve Dış Tic. A.Ş.	20,282	-
Vista Turizm ve Seyahat A.Ş.	210	123,510
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	798,278	-
Ak Portföy Yönetimi A.Ş.	945,100	917,164
Ak Sigorta A.Ş.	489,428	552,955
	11,025,504	5,137,133
	31 December 2020	31 December 2019
Payables from main operations		
Akbank T.A.Ş.	29,117,799	42,251,264
AvivaSA Sigorta Aracılığı A.Ş.	13,510,670	12,454,962
Ak Portföy Yönetimi A.Ş.	5,686,009	3,718,833
Emeklilik Gözetim Merkezi A.Ş.	312,857	266,544
	48,627,335	58,691,603
	31 December 2020	31 December 2019
Prepaid Expenses and Income Accruals		
Akbank T.A.Ş.	-	160,000
Aviva International Holdings Ltd.	-	93,318
	-	253,318
	31 December 2020	31 December 2019
Prepaid Expenses and Income Accruals for the next years		
Akbank T.A.Ş.	399,486	-
	399,486	-
	31 December 2020	31 December 2019
Prepaid Expenses and Income Accruals for the next months		
Akbank T.A.Ş.	24,088,391	-
	24,088,391	-

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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45. RELATED PARTY TRANSACTIONS (Continued)

	1 January– 31 December 2020	1 January– 31 December 2019
Services purchased		
Akbank T.A.Ş.	285,013,503	239,773,562
- Ödenen komisyon	283,113,503	237,690,864
- Ödenen yönetim giderleri	1,900,000	2,082,698
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	43,071,729	31,178,864
Ak Portföy Yönetimi A.Ş.	38,160,640	27,475,747
Vista Turizm ve Seyahat A.Ş.	1,697,858	7,282,053
AkSigorta A.Ş.	763,994	4,545,805
Emeklilik Gözetim Merkezi A.Ş.	3,780,964	3,262,814
Other	1,532,870	1,131,533
Anadolu Yakası Elektrik Dağıtım A.Ş.	891,072	999,825
TeknoSA İç ve Dış Tic. A.Ş.	329,851	431,490
	375,242,481	316,081,693
	1 January– 31 December 2020	1 January– 31 December 2019
Financial Income		
Akbank T.A.Ş.	40,811,921	32,250,069
Çimsa Çimento San.ve Tic. A.Ş.	336,540	520,375
Enerjisa Enerji A.Ş.	1,033,150	1,074,450
Ak Finansal Kiralama A.Ş.	-	1,528,500
	42,181,611	35,373,394
	1 January– 31 December 2020	1 January– 31 December 2019
Services Provided		
Enerjisa Elektrik Dağıtım A.Ş. ve iştirakleri	1,435,443	1,306,668
Kordsa Global Endüstriyel İplik ve Kordbezi San. ve Tic A.Ş.	889,296	744,467
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	722,396	629,690
Temsa Global Sanayi ve Ticaret A.Ş. ve iştirakleri	281,263	480,915
Akbank T.A.Ş ve İştirakleri	13,326,676	12,987,596
Enerjisa Enerji Üretim A.Ş. ve iştirakleri	393,589	348,569
Çimsa Çimento Sanayi ve Ticaret A.Ş. ve iştirakleri	387,333	329,621
Akçansa Çimento Sanayi ve Ticaret A.Ş. ve iştiraki	302,891	263,786
Aksigorta A.Ş.	286,067	244,830
Diğer	229,391	239,155
Sabancı Üniversitesi	205,539	195,284
Teknosa İç ve Dış Ticaret A.Ş. ve iştirakleri	210,631	172,347
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	205,267	164,559
Yünsa Yünlü Sanayi ve Ticaret A.Ş.	-	142,297
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	10,548	8,833
	18,886,330	18,258,617
Other expenses		
Hacı Ömer Sabancı Vakfı	11,626,731	8,649,180
	11,626,731	8,649,180

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED) AS OF 1 JANUARY - 31 DECEMBER 2020

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45. RELATED PARTY TRANSACTIONS (Continued)

45.1 Partners, investments and its doubtful receivables due to the receivables from the subsidiaries: None.

45.2 Details of affiliates and subsidiaries having indirect capital and management relations with the Company; names, amounts and rates of participations in the affiliates and subsidiaries; profit/loss for the period presented in the recent financial statements of such participations; net profit/loss for the period and period covered by the financial statements; information about whether these financial statements are prepared in accordance with the CMB standards; information about whether these financial statements are audited; details of the audit opinion (if the report includes unqualified, adverse or qualified opinion). As of 31 December 2020 and 31 December 2019, the subsidiary information of the company is as follows.

	31 December 2020		31 December 2019	
	Partnership (%)	Capital (TRY)	Partnership (%)	Capital (TRY)
Subsidiaries				
AvivaSA Sigorta Aracılığı A.Ş.	100	2,000,000	100	2,000,000
Total		2,000,000		2,000,000

	Total assets	Total Equity	Previous Years' Profits/ (Losses)	Net Profit/ (Loss)	Independent/ Limited audit	Period
Subsidiaries						
AvivaSA Sigorta Aracılığı A.Ş.	26,238,409	11,599,228	-	4,093,949	Geçti	31/12/2020
Total	26,238,409	11,599,228	-	4,093,949		

Details of other financial assets are followed:

	31 December 2020		31 December 2019	
	Share of partnership (%)	Amount (TRY)	Share of partnership (%)	Amount (TRY)
Non-group				
Milli Reasürans A.Ş.	0,1494	575,082	0,1494	575,082
Emeklilik Gözetim Merkezi A.Ş.	5,5553	292,303	5,5553	292,303
Enternasyonal Turizm Yatırım A.Ş.	0,0001	2	0,0001	2
Endüstri Holding A.Ş.	0,0001	625	0,0001	625
Total		868,012		868,012

45.3 Bonus shares obtained from affiliates or subsidiaries through internal resource capital increases: None (31 December 2019: None)

45.4 Rights and their values on immovable: None.

45.5 Guarantees, commitments, guarantee letters, advances and endorsements given in favor of shareholders, affiliates and subsidiaries: None.

46. EVENTS AFTER THE REPORTING PERIOD

Explanations related to subsequent events are disclosed in Note 1.10.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED)

AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

47. OTHER

47.1 Items and amounts classified under the ‘other’ account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet:

Other cash and cash equivalents consist of credit card receivables that have been blocked for a period of 1 to 41 days by the bank.

Short-term other receivables consist of withholding tax and other receivables from various organizations.

Other tangible assets consist of leasehold improvements.

Other intangible assets consist of software.

Other technical provisions and other provisions items consist of equalization reserve.

	31 December 2020	31 December 2019
Other current assets		
Business advances	1,136,520	825,114
Personnel advances	1,525,452	-
	2,661,972	825,114
Other liabilities		
Due to suppliers	21,572,796	12,177,616
Other liabilities	541,087	490,438
	22,113,883	12,668,054
	1 January– 31 December 2020	1 January– 31 December 2019
Other expenses and losses		
Foreign exchange losses	54,996,920	40,027,269
Non-tax-deductible expenses	15,082,809	9,993,687
Communication tax expenses	198,122	166,647
Other expenses	558,420	671,630
	70,836,271	50,859,233
Other income and gains		
Foreign exchange gains	53,193,841	42,760,644
Sales efficiency model income	12,781,714	11,145,175
Other income	7,023,841	10,580,168
	72,999,396	64,485,987

47.2 Total amount of each due to/from personnel items classified under ‘Other Receivables’ and ‘Other Short and Long Term Payables’ exceeding one percent of total assets in the balance sheet’: None.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED)

AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

47. OTHER (Continued)

Descriptive disclosure in relation to amounts and resources of prior period income, expenses, and losses:

	1 January– 31 December 2020	1 January– 31 December 2019
Incomes and profits of the previous years		
Other	131,046	357,246
Reinsurance revision for 2019	4,946,822	-
Total	5,077,868	357,246

	1 January– 31 December 2020	1 January– 31 December 2019
Expenses and losses of the previous years		
Invoices arriving late	784,606	931,261
Investment cost deleted from asset	-	2,148,590
Total	784,606	3,079,851

47.4 Other notes should be included

	1 January– 31 December 2020	1 January– 31 December 2019
Life mathematical provision, net	(800,455,737)	(544,770,652)
Tax provision	(88,054,870)	(63,830,222)
Equalization reserve, net	(9,865,950)	(9,689,028)
Reserve for unearned premiums, net	27,674,865	25,258,355
Provision for deferred tax	3,091,338	3,380,713
Outstanding claims provision, net	(10,344,089)	3,485,562
Personnel bonuses, net	(8,831,223)	2,402,293
Provision for employee termination benefits, net	(1,866,807)	1,140,359
General and administrative expenses provision, net	(4,835,600)	905,162
Commission provision, net	(481,000)	686,000
Provision for lawsuits	(923,895)	142,462
Provision for unused vacation, net	(406,828)	27,695
Total	(895,299,796)	(580,861,301)

Information on Consolidated Subsidiaries

In accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") published by the Ministry of Treasury and Finance in the Official Gazette dated December 31, 2008, and 27097, insurance, reinsurance and pension companies; In addition to the unconsolidated financial statements, an obligation has been issued to publish the consolidated financial statements

In this context, since 2019, our Company prepares consolidated financial statements by taking into consideration financial tables of 100% subsidiary AvivaSA Sigorta Aracılığı A.Ş. and by using the full consolidation method

AvivaSA Sigorta Aracılığı A.Ş established as a subsidiary of AvivaSA Emeklilik ve Hayat A.Ş. in December 2018 and the main field of activity is to mediate all types of insurance policies and private pension contracts.

AvivaSA Sigorta Aracılığı A.Ş. financial information is given in the table below.

AvivaSA Sigorta Aracılık A.Ş. has no share in our Company.

Name	Shareholders' Equity	Financial Statement Period	Profit Before Tax	Net Profit	Financial Statement Preparation Standard	Independent Auditor's Opinion
AvivaSA Sigorta Aracılığı A.Ş.	11,599,228	31.12.2020	6,244,386	4,093,949	SPK XI/29	Positive

Unconsolidated / Consolidated Summary Financial Data (thousands TL):

Financial statement items, which have changed as a result of consolidation, are shown below in terms of their unconsolidated and consolidated amounts.

	Unconsolidated	Consolidated
Subsidiaries	2,000	-
Financial Income	238,603	239,129
Profit Before Tax	378,910	385,154
Equity	678,685	688,284
Total Assets	34,160,891	34,168,556

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR’S REPORT
(ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR’S REPORT

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

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of AvivaSA Emeklilik ve Hayat A.Ş. (the “Company”) and it’s subsidiary (“collectively referred as the “Group”) which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated income statement, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its consolidated cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation “Regulation on Insurance Accounting and Financial Reporting Principles”.

2. Basis for Opinion

Our audit was conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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AvivaSA: Şirkete Özel (Internal)

3. Key Audit Matters

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

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><i>Measurement of carrying value of intangible assets</i></p> <p>As explained in Notes 2, 3 and 8, as of 31 December 2020 capitalized costs amounting to TL 93.7 million were attributable to projects which were accounted for under intangible assets and consisted of mainly costs that were incurred for the modernization of core insurance information technology systems. Such costs include both internal personnel costs and externally provided services/licenses.</p> <p>This issue has been selected as a key audit subject, since the determination of the carried values of these intangible assets requires advanced technical evaluation in terms of financial reporting.</p>	<p>Design and operational effectiveness of the key controls for the processes of internal development and external purchase of intangible assets were tested. As of 31 December 2020, externally provided services in the amount of 66.7 million TL and internal developed assets in the amount of 27 million TL are tracked on project basis and the mathematical accuracy of these project based intangible assets was controlled. In consultation with the Group management, the method and assumptions used were evaluated, it was evaluated whether the said costs are capitalizable and whether the carried values require impairment as of the date of the balance sheet by using the sampling method on a project basis.</p> <p>Completeness and accuracy of internally developed intangible assets were tested through the test of the internal development process. In addition to that, we have obtained the detailed listing of all internally developed projects including capitalized personnel expenses and validated the timesheets and respective salary costs of employees for the projects sampled.</p> <p>Consolidated financial statement disclosures relating to these intangible assets were controlled.</p>



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Estimations and assumptions used in calculation of mathematical reserves arising from insurance contracts</i></p> <p>As explained in Notes 2 and 17, as of 31 December 2020, the Group's total net mathematical reserves amounted to TRY 2,262 million and this amount constitutes an important part of the total liabilities of the Group. The measurement of mathematical reserves requires significant estimates and assumptions, as it includes results for future uncertain events, including benefits guaranteed to the insured.</p> <p>The mathematical reserves are considered as the subject of a key audit matter by us, due to their importance for the consolidated financial statements and the important assumptions related to their recognition.</p>	<p>Key controls on the calculation methods for mathematical equivalents calculated by the Group as of December 31, 2020 have been tested. Mathematical provisions were recalculated by expert actuaries in our audit team using the sampling method over tariffs and other related calculation data.</p> <p>Compliance of the explanatory information regarding the said provisions with the accounting and reporting regulations in force pursuant to the insurance legislation has been examined.</p>

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation on Insurance Accounting and Financial Reporting Principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AvivaSA: Şirkete Özel (Internal)



5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AvivaSA: [Şirkete Özel \(Internal\)](#)



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

We have informed those charged with senior management that we comply with ethical provisions regarding independence. In addition, we have communicated all relations and other matters that may be considered to have an impact on independence and, if any, relevant measures to those responsible for senior management.

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Group's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Group's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. The Auditor's Report on the Early Detection of Risk System and Committee prepared in accordance with the fourth paragraph of Article 398 of the TCC was submitted to the Board of Directors of the Group on 8 February 2021.

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

Adnan Akan, SMMM
Partner

İstanbul, 8 February 2021

AvivaSA: Şirkete Özel (Internal)

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

THE CONSOLIDATED FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

We assure you that our consolidated financial report and the related disclosures and notes prepared as of 31 December 2020 in accordance with the requirements set out by Republic of Turkey Prime Ministry Undersecretariat of the Treasury are in compliance with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Private Pension Companies" and our Company's accounting records.

Istanbul, 08 February 2021



M. Fırat Kurucu
Member of the Board of
Directors, General Manager



Erkan Şahinler
Assistant General Manager
Finance



Zeliha Ersen Altınok
Group Manager
Accounting & Finance



Nevin Mermer
Actuary

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

ASSETS			
	Notes	Audited Current Period 31 December 2020	Audited Previous Period 31 December 2019
I- Current Assets			
A- Cash and Cash Equivalents	2.12, 14	994,041,049	398,527,876
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	2.12, 14	665,739,196	190,080,031
4- Cheques Given and Payment Orders (-)	2.12, 14	(168,867)	(41,388)
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months		-	-
6- Other Cash and Cash Equivalents	2.12, 14	328,470,720	208,489,233
B- Financial Assets and Investments with Risks on Policyholders	4.11	2,229,963,493	1,771,746,764
1- Financial Assets Available for Sale	4, 11.4	112,389,182	193,245,501
2- Financial Assets Held to Maturity	4.11.4	-	129,000,000
3- Financial Assets Held for Trading	4, 11.4	241,385,756	383,015,032
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policyholders	4, 11.4	1,876,188,555	1,066,486,231
7- Equity Shares		-	-
8- Impairment of Financial Assets (-)		-	-
C- Receivables from Main Operations	12	62,869,408	51,798,777
1- Receivables from Insurance Operations	12.1	35,330,094	37,011,109
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited with Insurance & Reinsurance Companies		-	-
6- Loans to Policyholder		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation	12.1	27,539,314	14,787,668
9- Doubtful Receivables from Main Operations		-	-
10- Provisions for Doubtful Receivables from Main Operations (-)		-	-
D- Due from Related Parties	12.2, 45	1,589,357	3,143,495
1- Due from Shareholders	12.2	547,351	23,568
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Entities Under Common Control		-	-
5- Due from Personnel		17,746	5,906
6- Due from Other Related Parties	45	1,024,260	3,114,021
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables	12.1	507,082	520,027
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		75,294	53,893
4- Other Receivables		186,285	220,631
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		245,503	245,503
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals		57,221,136	38,126,851
1- Deferred Commission Expenses	2.20	23,152,652	33,622,434
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses		34,068,484	4,504,417
G- Other Current Assets	47.1	3,188,280	850,808
1- Stock to be used in following months		-	-
2- Prepaid Taxes and Funds	47.1	-	10,838
3- Deferred Tax Assets		-	-
4- Business Advances	47.1	1,306,315	635,488
5- Advances Given to Personnel	47.1	1,881,965	204,482
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Asset		3,349,379,805	2,264,714,598

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

ASSETS			
	Notes	Audited Current Period 31 December 2020	Audited Previous Period 31 December 2019
II- Non-Current Assets			
A- Receivables from Main Operations	12.1	30,660,641,567	23,297,773,177
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited with Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders	12.1	204,739,575	177,037,400
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations	12.1	30,455,901,992	23,120,735,777
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Entities Under Common Control		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables	12.1	13,543	17,413
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	12.1	13,543	17,413
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets	45.2	868,012	868,012
1- Long-term Investments		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Entities Under Common Control		-	-
7- Capital Commitments to Entities Under Common Control (-)		-	-
8- Financial Assets and Investments with Risks on Policyholders		-	-
9- Other Financial Assets	45.2	868,012	868,012
10- Impairment of Financial Assets (-)		-	-
E- Tangible Assets	6.3.4	52,765,552	60,326,477
1- Investment Properties		-	-
2- Impairment on Investment Properties (-)		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipment	6.3.4	16,044,009	13,296,320
5- Furnitures and Fixtures	6.3.4	22,648,518	21,007,774
6- Vehicles	6.3.4	1,721,735	1,721,735
7- Other Tangible Assets (Including Leasehold Improvements)	6.3.4	30,677,139	29,640,700
8- Leased Tangible Fixed Assets	6	45,617,311	42,063,298
9- Accumulated Depreciation (-)	6	(63,943,160)	(47,403,350)
10- Advances Paid for Tangible Fixed Assets (Including Investments in Progress)		-	-
F- Intangible Assets	8	93,797,549	58,535,130
1- Rights		-	-
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets	8	157,401,429	101,306,352
7- Accumulated Amortizations (-)	8	(78,358,177)	(57,516,287)
8- Advances Regarding Intangible Assets	8	14,754,297	14,745,065
G-Prepaid Expenses and Income Accruals		1,301,700	695,060
1- Deferred Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		1,301,700	695,060
H-Other Non-current Assets	21, 35	10,503,427	18,344,703
1- Cash Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stock to be used in following months		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21, 35	10,503,427	18,344,703
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		30,819,891,350	23,436,559,972
Total Assets (I + II)		34,169,271,155	25,701,274,570

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

LIABILITIES			
	Notes	Audited Current Period 31 December 2020	Audited Previous Period 31 December 2019
III- Short Term Liabilities			
A- Borrowings	20	5,054,716	8,056,056
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	11,333,979	14,740,592
3- Deferred Finance Lease Costs (-)	20	(6,279,263)	(6,684,536)
4- Current Portion of Long-Term Borrowings		-	-
5- Principal, Instalments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Instruments Issued		-	-
7- In Excess of Par of Financial Instruments (-)		-	-
8- Other Financial Borrowings (Liabilities)		-	-
B- Payables from Main Operations	4, 19	336,446,147	274,370,913
1- Payables from Insurance Operations	4, 19	32,213,493	43,940,869
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables from Pension Operations	4, 19	304,074,321	230,271,710
5- Payables from Other Operations	4, 19	158,333	158,334
6- Discount on Other Payables from Main Operations, Notes Payable (-)		-	-
C-Due to Related Parties	12.2, 19	71,803,237	5,858,395
1- Due to Shareholders	12.2, 19	60,422,578	264,235
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Entities Under Common Control		-	-
5- Due to Personnel	19	332,937	520,965
6- Due to Other Related Parties	19, 45	11,047,722	5,073,195
D- Other Payables	47.1	22,612,506	12,888,556
1- Guarantees and Deposits Received	47.1	4,845	3,921
2- Medical Treatment Payables to Social Security Institution		-	-
3- Other Payables	47.1	22,607,661	12,884,635
4- Discount on Other Payables (-)		-	-
E-Insurance Technical Reserves		155,669,156	174,911,277
1- Unearned Premiums Reserve - Net	17.15	61,679,985	89,354,850
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17.15	21,324,985	23,236,330
4- Outstanding Claims Reserve - Net	17.15	72,664,186	62,320,097
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Investment Risk Life Insurance Policyholders' Policies - Net		-	-
7- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Provisions	35	38,732,354	29,138,447
1- Taxes and Dues Payable		20,662,691	13,554,128
2- Social Security Premiums Payable		4,701,311	4,135,707
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Provision on Period Profit	35	90,440,439	70,716,096
6- Advance Taxes and Other Liabilities on Period Profit (-)	35	(77,072,087)	(59,267,484)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks	23.2	41,469,898	27,301,015
1- Provision for Employee Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23.2	41,469,898	27,301,015
H- Deferred Income and Expense Accruals	2.20, 19	2,592,987	3,513,311
1- Deferred Income	2.20, 19	1,681,106	2,722,115
2- Expense Accruals	19	909,826	789,141
3- Other Deferred Income and Expense Accruals	19	2,055	2,055
I- Other Short-Term Liabilities	23.2	6,467,738	5,943,026
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short-Term Liabilities	23.2	6,467,738	5,943,026
III- Total Short-Term Liabilities		680,848,739	541,980,996

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

LIABILITIES			
IV- Long Term Liabilities	Notes	Audited Current Period 31 December 2020	Audited Previous Period 31 December 2019
A- Borrowings	20	25,287,659	27,677,489
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	38,219,902	44,843,368
3- Deferred Finance Lease Costs (-)	20	(12,932,243)	(17,165,879)
4- Bonds Issued		-	-
5- Other Financial Instruments Issued		-	-
6- In Excess of Par of Financial Instruments (-)		-	-
7- Other Borrowings (Financial Liabilities)		-	-
B- Payables from Main Operations	17.5, 17.6	30,455,130,719	23,120,140,926
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables from Pension Operations	17.5, 17.6	30,455,130,719	23,120,140,926
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Entities Under Common Control		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Guarantees and Deposits Received		-	-
2- Medical Treatment Payables to Social Security Institution		-	-
3- Other Payables		-	-
4- Discount on Other Payables		-	-
E- Insurance Technical Reserves	17.15	2,286,550,267	1,465,283,146
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17.15	2,241,528,576	1,430,127,405
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Investment Risk Life Insurance Policyholders Policies - Net		-	-
7- Other Technical Reserves - Net	2.20.17.15	45,021,691	35,155,741
F- Other Liabilities and Provisions		11,366,186	10,457,201
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		11,366,186	10,457,201
G- Provisions for Other Risks	22	21,040,315	15,971,826
1- Provision for Employee Termination Benefits	22	21,040,315	15,971,826
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		32,799,375,146	24,639,530,588

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

SHAREHOLDERS EQUITY			
V- Shareholders' Equity	Notes	Audited Current Period 31 December 2020	Audited Previous Period 31 December 2019
A- Paid in Capital	2.13	180,000,000	180,000,000
1- (Nominal) Capital	2.13	180,000,000	180,000,000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Capital to be registered		-	-
B- Capital Reserves	15.2	837,095	837,095
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Gain on Sale of Assets to be Transferred to Capital		-	-
4- Translation Reserves		-	-
5- Other Capital Reserves	15.2	837,095	837,095
C- Profit Reserves		213,261,447	124,283,356
1- Legal Reserves	15.2	80,315,165	54,794,243
2- Statutory Reserves	15.2	11,494	11,494
3- Extraordinary Reserves	15.2	110,043,954	80,922,342
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	15.2	36,602,809	(294,093)
6- Other Profit Reserves	15.2	(13,711,975)	(11,150,630)
D- Retained Earning		-	-
1- Retained Earnings		-	-
E- Previous Years' Losses (-)		-	(19,587)
1- Previous Years' Losses		-	(19,587)
F- Net Profit for the Period		294,948,728	214,662,122
1- Net Profit for the Period		294,948,728	214,662,122
2- Net Loss for the Period		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
Total Shareholders' Equity		689,047,270	519,762,986
Total Liabilities and Shareholders' Equity (III + IV + V)		34,169,271,155	25,701,274,570

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

DETAILED CONSOLIDATED INCOME STATEMENT AS OF 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Audited Current Period 31 December 2020	Audited Previous Period 31 December 2019
I-TECHNICAL DIVISION			
A- Non-Life Technical Income			
1- Earned Premiums (Net of Reinsurer Share)		73,437,035	74,456,749
1.1- Premiums (Net of Reinsurer Share)	24	71,119,127	73,722,857
1.1.1- Gross Premiums (+)	24	63,313,368	76,908,757
1.1.2- Ceded Premiums to Reinsurers (-)	24	65,504,790	82,432,727
1.1.3- Premiums Transferred to SSI (-)		(2,191,422)	(5,523,970)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward (+/-))	47.4	-	-
1.2.1- Unearned Premiums Reserve (-)	47.4	7,805,759	(3,185,900)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	47.4	10,484,297	(4,733,282)
1.3- Changes in Unexpired Risk Reserve (Net of Reinsurer Share Reserves Carried Forward (+/-))		(2,678,538)	1,547,382
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income Transferred from Non-Technical Division		-	-
3- Other Technical Income (Net of Reinsurer Share)		2,317,908	733,892
3.1- Gross Other Technical Income (+/-)		2,317,908	733,892
3.2- Reinsurance Share of Other Technical Income (+/-)		-	-
4- Accrued Subrogation and Salvage Income (+)		-	-
B- Non-Life Technical Expenses (-)			
1- Total Claims (Net of Reinsurer Share) (+/-)		(61,215,870)	(67,392,242)
1.1- Claims Paid (Net of Reinsurer Share)		(2,545,256)	(4,277,098)
1.1.1- Gross Claims Paid (-)		(4,035,198)	(5,459,353)
1.1.2- Reinsurance Share of Claims Paid (+)		(4,695,182)	(6,250,736)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward (+/-))	47.4	659,984	791,383
1.2.1- Outstanding Claims Reserve (-)		1,489,942	1,182,255
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)		1,558,449	1,320,960
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward (+/-))		(68,507)	(138,705)
2.1- Bonus and Discount Reserve (-)		-	-
2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward (+/-))		-	-
4- Operating Expenses (-)	31	(627,745)	(753,490)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward (+/-))		(58,031,905)	(62,356,508)
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurer Share of Mathematical Reserves (+)		-	-
6- Other Technical Expenses (-)		(10,964)	(5,146)
6.1- Other Gross Technical Expenses (-)		(10,964)	(5,146)
6.2- Reinsurer Share of Other Gross Technical Expenses (-)		-	-
C- Non-Life Technical Profit/(Loss) (A - B)			
D- Life Technical Income			
1- Earned Premiums (Net of Reinsurer Share)		2,241,731,505	1,138,770,182
1.1- Premiums (Net of Reinsurer Share)		1,269,978,607	911,724,288
1.1.1- Gross Premiums (+)	24	1,250,109,501	883,280,033
1.1.2- Ceded Premiums to Reinsurers (-)	24	1,266,367,504	905,321,486
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward (+/-))	47.4	(16,258,003)	(22,041,453)
1.2.1- Unearned Premiums Reserve (-)	47.4	19,869,106	28,444,255
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	47.4	20,461,949	28,011,419
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward (+/-))		(592,843)	432,836
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Life Branch Investment Income		933,532,876	203,077,972
3- Accrued (Unrealized) Income from Investments		-	-
4- Other Technical Income (Net of Reinsurer Share) (+/-)		38,220,022	23,977,342
4.1- Other Gross Technical Income (+/-)		38,220,022	23,977,342
4.2- Ceded Other Technical Income (+/-)		-	-
5- Accrued Subrogation Income (+)		-	(9,420)

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

DETAILED CONSOLIDATED INCOME STATEMENT AS OF 1 JANUARY - 1 JANUARY 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Audited Current Period 1 January - 31 December 2020	Audited Previous Period 1 January - 31 December 2019
I- TECHNICAL DIVISION			
E- Life Technical Expense		(2,003,325,790)	(1,051,905,182)
1- Total Claims (Net of Reinsurer Share)		(208,547,313)	(119,562,062)
1.1- Claims Paid (Net of Reinsurer Share)		(196,713,282)	(121,865,369)
1.1.1- Gross Claims Paid (-)		(199,007,174)	(124,388,378)
1.1.2- Reinsurance Share of Claims Paid (+)		2,293,892	2,523,009
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	(11,834,031)	2,303,307
1.2.1- Outstanding Claims Reserve (-)		(10,794,583)	1,149,301
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)		(1,039,448)	1,154,006
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Discount Reserve (-)		-	-
2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	(800,455,737)	(544,770,652)
3.1- Life Mathematical Reserves (-)		(799,968,765)	(545,706,775)
3.1.1- Actuarial Mathematics provision (+/-)		(799,899,056)	(545,873,580)
3.1.2- Dividend Equivalent (Provision for Policyholders Investment Risk.)		(69,709)	166,805
3.2- Reinsurance Share of Life Mathematical Reserves (+)		(486,972)	936,123
3.2.1- Provision of Reinsurance Actuarial Mathematics (+)		(486,972)	936,123
3.2.2- Reinsurer's Share of Profit Share (Provision for Policyholders Investment Risk.) (+)		-	-
4- Changes in Technical Reserves for Investments with Risks on Policyholders (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(9,238,205)	(8,935,538)
5- Operating Expenses (-)	31	(335,845,862)	(291,030,492)
6- Investment Expenses (-)	36	(649,051,587)	(87,190,680)
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non-Technical Divisions (-)		(187,086)	(415,758)
F- Life Technical Profit/(Loss) (D - E)		238,405,715	86,865,000
G- Private Pension Technical Income	25	455,394,483	383,946,285
1- Fund Management Fee	25	353,125,399	269,507,649
2- Management Fee	25	76,814,107	77,653,505
3- Entrance Fee Income	25	24,761,198	35,045,975
4- Management Fee in Case of Temporary Suspension	25	497,876	1,607,467
5- Income from Individual Service Charges		-	-
6- Increase in Market Value of Capital Commitment Advances	25	195,903	131,689
7- Other Technical Income		-	-
H- Private Pension Technical Expenses		(439,119,013)	(334,039,296)
1- Fund Management Expenses (-)		(50,558,644)	(41,823,019)
2- Decrease in Market Value of Capital Commitment Advances (-)		(18,400)	(630)
3- Operating Expenses (-)	31	(366,400,661)	(271,358,509)
4- Other Technical Expenses (-)		(19,649,831)	(17,575,019)
5- Penalty Payments (-)		(2,491,477)	(3,282,119)
I- Private Pension Technical Profit/(Loss) (G - H)		16,275,470	49,906,989

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

DETAILED CONSOLIDATED INCOME STATEMENT AS OF 1 JANUARY - 1 JANUARY 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Audited Current Period 1 January - 31 December 2020	Audited Previous Period 1 January - 31 December 2019
II-NON-TECHNICAL DIVISION			
C - Non-Life Technical Profit/(Loss) (A-B)		12,221,165	7,064,507
F- Life Technical Profit/(Loss) (D-E)		238,405,715	86,865,000
I - Private Pension Technical Profit/(Loss) (G-H)		16,275,470	49,906,989
J - Total Technical Profit/(Loss) (C+F+I)		266,902,350	143,836,496
K - Investment Income		239,129,062	167,833,352
1- Income from Financial Investment	26	152,754,218	111,622,462
2- Income from Sales of Financial Investments	26	16,865,010	13,420,785
3- Revaluation of Financial Investments	27	33,137,431	(9,101,278)
4- Foreign Exchange Gains	36	16,882,131	1,127,650
5- Dividend Income from Affiliates	26	64,230	89,623
6- Income from Subsidiaries and Entities Under Common Control		-	6,439
7- Income Received from Land and Building		-	-
8- Income on Derivative Instruments	13, 26	19,238,956	50,251,913
9- Other Investments		-	-
10- Investment Income Transferred from Life Technical Division	26	187,086	415,758
L- Investment Expenses (-)		(123,307,483)	(42,821,748)
1- Investment Management Expenses (Including Interest) (-)		(7,934,583)	(7,988,029)
2- Valuation Allowance of Investments (-)		-	-
3- Losses on Sales of Investments (-)		(55,556,177)	(22,848)
4- Investment Income Transferred to Non-Life Technical Division (-)		-	-
5- Losses on Derivative Instruments (-)	13	(7,385,511)	(674,500)
6- Foreign Exchange Losses (-)		(8,517,059)	-
7- Depreciation Charges (-)	6.1	(39,430,982)	(30,801,197)
8- Other Investment Expenses (-)		(4,483,171)	(3,335,174)
M- Income and Expenses from Other and Extraordinary Operations (+/-)		2,430,107	12,358,925
1- Provisions (+/-)		(3,451,136)	1,310,515
2- Discounts (+/-)		-	-
3- Specialty Insurances (+/-)		-	-
4- Inflation Adjustment (+/-)		-	-
5- Deferred Tax Asset (+/-)	35, 47.4	4,029,534	4,526,832
6- Deferred Tax Liability Accounts (+/-)		-	-
7- Other Income and Revenues	47.1	69,008,070	60,714,073
8- Other Expenses and Losses (-)	47.1	(71,370,097)	(51,469,891)
9- Prior Period Income	47.3	5,077,868	357,246
10- Prior Period Losses (-)	47.3	(864,132)	(3,079,850)
N- Net Profit/(Loss)		294,948,728	214,662,122
1- Profit/(Loss) Before Tax		385,154,036	281,207,025
2- Corporate Tax Charge and Other Fiscal Liabilities (-)	35	(90,205,308)	(66,544,903)
3- Net Profit (Loss)		294,948,728	214,662,122
4- Inflation Adjustment Account (+/-)		-	-

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

CONSOLIDATED CASH FLOW STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Audited Current Period 1 January - 31 December 2020	Audited Previous Period 1 January - 31 December 2019
A. Cash flows from the operating activities		-	-
1. Cash inflows from the insurance operations		1,409,702,307	1,013,683,676
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		5,834,736,500	5,169,040,346
4. Cash outflows due to the insurance operations (-)		(408,373,111)	(322,664,126)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		(5,492,644,336)	(4,885,112,468)
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		1,343,421,360	974,947,428
8. Interest payments (-)		-	-
9. Income tax payments (-)		(83,738,996)	(62,916,371)
10. Other cash inflows		(7,791,541)	141,804,837
11. Other cash outflows (-)		(706,634,142)	(444,079,993)
12. Net cash generated from/(used in) operating activities		545,256,681	609,755,901
B. Cash flows from the investing activities			
1. Sale of tangible assets		296,150	4,353
2. Purchase of tangible assets (-)	6.3.1	(68,138,395)	(34,198,189)
3. Acquisition of financial assets (-)	11.4	(6,063,378,645)	(5,380,630,263)
4. Sale of financial assets	11.4	5,985,527,399	4,608,392,274
5. Interest received		121,871,270	192,303,257
6. Dividends received		64,230	89,623
7. Other cash inflows		-	-
8. Other cash outflows (-)		-	-
9. Net cash generated from/(used in) the investing activities		(23,757,991)	(614,038,945)
C. Cash flows from the financing activities			
1. Issue of equity shares		-	-
2. Cash inflows from borrowings		-	-
3. Payments of financial leases (-)	20	(16,960,928)	(14,098,485)
4. Dividends paid (-)		(91,702,408)	(91,157,185)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from/(used in) the financing activities		(108,663,336)	(105,255,670)
D. Effects of exchange rate differences on cash and cash equivalents		9,889,550	3,620,489
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		422,724,904	(105,918,225)
F. Cash and cash equivalents at the beginning of the period	2.12	280,374,522	386,292,747
G. Cash and cash equivalents at the end of period (E+F)	2.12	703,099,426	280,374,522

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

	Audited Period										
	1 January - 31 December 2020										
	Capital	Treasury Shares	Investment Revaluation Reserve	Inflation Adjustment to Shareholders' Equity	Exchange Differences Arising on Translation of Foreign Operations	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) For the Period	Previous Periods' Profits/(Losses) (-)	Total
I- Balance at 01/01/2020	180,000,000	-	(294,093)	-	-	54,794,243	11,494	70,608,807	214,662,122	(19,587)	519,762,986
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
I- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal Resources	-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expenses) recognized directly in equity	-	-	-	-	-	-	-	(2,561,346)	-	-	(2,561,346)
D- Valuation gains on assets	-	-	36,896,902	-	-	-	-	-	-	-	36,896,902
E- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit or (loss) for the period	-	-	-	-	-	-	-	-	294,948,728	-	294,948,728
I- Payment of dividends	-	-	-	-	-	-	-	-	(160,000,000)	-	(160,000,000)
J- Transfers	-	-	-	-	-	25,520,922	-	29,121,613	(54,662,122)	19,587	-
II- Balance at 31/12/2020 (I+A+B+C+D+E+F+G+H+I+J)	180,000,000	-	36,602,809	-	-	80,315,165	11,494	97,169,074	294,948,728	-	689,047,270

	Audited Period										
	1 January - 31 December 2019										
	Capital	Treasury Shares	Investment Revaluation Reserve	Inflation Adjustment to Shareholders' Equity	Exchange Differences Arising on Translation of Foreign Operations	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) For the Period	Previous Periods' Profits/(Losses) (-)	Total
I- Balance at 01/01/2019	180,000,000	-	(39,141,204)	-	-	36,132,751	11,494	2,078,770	191,229,844	(19,587)	370,292,068
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
I- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal Resources	-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expenses) recognized directly in equity	-	-	-	-	-	-	-	(4,038,315)	-	-	(4,038,315)
D- Valuation gains on assets	-	-	38,847,111	-	-	-	-	-	-	-	38,847,111
E- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit or (loss) for the period	-	-	-	-	-	-	-	-	214,662,122	-	214,662,122
I- Payment of dividends	-	-	-	-	-	-	-	-	(100,000,000)	-	(100,000,000)
J- Transfers	-	-	-	-	-	18,661,492	-	72,568,352	(91,229,844)	-	-
II- Balance at 31/12/2019 (I+A+B+C+D+E+F+G+H+I+J)	180,000,000	-	(294,093)	-	-	54,794,243	11,494	70,608,807	214,662,122	(19,587)	519,762,986

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

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

STATEMENT OF PROFIT APPROPRIATION AS OF 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Current year (**) 31 December 2020	Prior year(*) 31 December 2019
I. Distribution of profit for the period			
1.1. Profit/(Loss) for the period		378,909,650	272,967,477
1.2. Taxes and legal obligations		(88,054,870)	(63,830,222)
1.2.1. Current period corporate tax		(88,054,870)	(63,830,222)
1.2.2. Income tax deduction		-	-
1.2.3. Other taxes and legal obligations (Deferred tax)		-	-
A. Net profit/(Loss) for the period (1.1 - 1.2)		290,854,780	209,137,255
1.3. Previous periods' losses (-)		-	-
1.4. First legal reserve		-	10,145,658.45
1.5. Legal funds that must be left in the company and disposed of (-)		-	-
B. Net distributable profit for the period [(A - (1.3 + 1.4 + 1.5)]		-	198,991,596.55
1.6. First dividend to shareholders (-)		-	9,000,000
1.6.1. To stockholders		-	9,000,000
1.6.2. To preferred stockholders		-	-
1.6.3. Participating share stockholders		-	-
1.6.4. To holders of profit-sharing bonds		-	-
1.6.5. To holders of profit and loss sharing certificates		-	-
1.7. Dividend to employee(-)		-	-
1.8. Dividend to founders (-)		-	-
1.9. Dividend to the board of directors (-)		-	-
1.10. Second dividend to shareholders (-)		-	151,000,000
1.10.1. To stockholders		-	151,000,000
1.10.2. To preferred stockholders		-	-
1.10.3. Participating share stockholders		-	-
1.10.4. To holders of profit-sharing bonds		-	-
1.10.5. To holders of profit and loss sharing certificates		-	-
1.11. Second legal reserve (-)		-	15,100,000
1.12. Statutory reserves (-)		-	-
1.13. Extraordinary reserves		-	23,891,596.55
1.14. Other reserves		-	-
1.15. Special funds		-	-
II. Distribution from reserves		-	-
2.1. Reserves distributed		-	-
2.2. Second legal reserves (-)		-	-
2.3. Share to partners (-)		-	-
2.3.1. To stock holders		-	-
2.3.2. To owners of preferred shares		-	-
2.3.3. Participation redeemed shareholders		-	-
2.3.4. To profit-participating bond holders		-	-
2.3.5. For holders of profit and loss sharing certificates		-	-
2.4. Share to employee (-)		-	-
2.5. Share to the board of directors (-)		-	-
III. Earnings per share		-	0,0111
3.1. To stock holders		-	0,0111
3.2. Stockholders (%)		-	1,1055
3.3. To owners of preferred stocks		-	-
3.4. To owners of preferred stocks (%)		-	-
IV. Dividend per share		-	0,0089
4.1. To stock holders		-	0,0089
4.2. Stockholders (%)		-	0,8889
4.3. To owners of preferred stocks		-	-
4.4. To owners of preferred stocks (%)		-	-

(*) Profit Distribution table for December 31, 2019 was presented as approved at the General Assembly held on March 11, 2020.

(**) The Group determines the profit distribution amount from its unconsolidated financial statements. The dividend distribution proposal for 2020 has not been filled since the General Assembly meeting has not yet been held as of the date the financial statements were prepared.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

1. GENERAL INFORMATION

1.1 Parents and Ultimate Owners:

The main shareholders of AvivaSA Emeklilik ve Hayat Anonim Şirketi ('Group'), each with its 40% share in the partnership, are Aviva Europe SE and Hacı Ömer Sabancı Holding. Aviva Plc. and Hacı Ömer Sabancı Holding Anonim Şirketi are the ultimate controllers of the Group. The Group operates as a joint venture. As of 31 December 2020, 19.91% of the Group's share have been listed on the Borsa İstanbul ('BIST').

Parent, established the Group named as AvivaSA Sigorta Aracılığı A.Ş. with the resolution of the board as directors dated as 13 December 2018 with TRY2,000,000 paid capital and 100% subsidiary in order to operate as insurance and individual pension agency, and founding of the agency Group is registered as of 20 December 2018.

1.2 The Group's address and legal structure, address of its registered country and registered Office:

The Group is located at Saray Mahallesi Dr. Adnan Büyükeniz Cad. No:12 34768 Ümraniye - İstanbul.

Other contact information of the Group are as follows:

Phone : (216) 633 33 33
Fax : (216) 634 35 69
Web : www.avivasa.com.tr
E-mail address : avivasa@avivasa.hs03.kep.tr

AvivaSA Emeklilik ve Hayat Anonim Şirketi was established on 31 October 2007 by the merger of Ak Emeklilik Anonim Şirketi ('Ak Emeklilik') with Aviva Hayat ve Emeklilik Anonim Şirketi (Aviva Emeklilik).

19.67% of the Group's share started being traded on Borsa İstanbul A.Ş. on 13 November 2014. After price stabilization activities, the Group's main shareholders' share in the partnership were to 41.28% each.

Hacı Ömer Sabancı Holding A.Ş. sold its shares with the nominal value of TRY458,956 in BIST on 5 August 2015 and after this sale its share in AvivaSA Emeklilik ve Hayat A.Ş. decreased to 40%.

Parent, established the Group named as AvivaSA Sigorta Aracılığı A.Ş. with the resolution of the board as directors dated as 31 December 2018 with 2,000,000 TRY paid capital and %100 subsidiary in order to operate as insurance and individual pension agency, and founding of the agency Group is registered as of 20 December 2018.

AvivaSA Sigorta Aracılığı A.Ş. is located at Küçükbakkalköy Mah. Kayışdağı Cad. Sevda Sokak No:1 (Seven Towers) Kat: 2 Daire: 2 Ataşehir/İstanbul.

1.3 Main operations of the Group:

AvivaSA Emeklilik ve Hayat Anonim Şirketi (Parent) is a pension Group which is engaged in three categories as pension, life insurance and personal accident operations.

Ak Emeklilik received an operating license from Prime Ministry Undersecretariat of Treasury to operate in the pension branch on 7 July 2003. Private pension funds were registered by Capital Markets Board ('CMB') on 26 September 2003. As of 27 October 2003, also started to offer pension products.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

1. GENERAL INFORMATION (Continued)

1.3 Main operations of the Group (Continued):

Aviva Emeklilik received an operating license from Prime Ministry Undersecretariat of Treasury to operate in the pension branch on 26 August 2003. Private pension funds were recorded by Capital Markets Board (CMB) on 27 October 2003. Group's private pension plans have been approved on 12 December 2003 and pension products started to be offered on 15 December 2003. Names of the Private Pension Funds are changed in accordance with the allowance taken from CMB dated as 20 November 2008 and numbered 15-1098. Changes are applied as of 5 December 2008.

Main operation field of AvivaSA Sigorta Aracılığı A.Ş. is mediating to any insurance policies and individual pension contracts.

Parent has 35 pension investment funds in total as of 31 December 2020 (31 December 2019: 35), All the total 35 funds have been running by Ak Portföy as of 31 December 2020.

As of the balance sheet date, the Group has founded 35 pension investment funds in total (As at 31 December 2019: 35 pension investment funds in total). Pension Funds founded by the Group are as follows:

Name of the fund	Date of Establishment	Initial value per certificate (TRY)
AvivaSA Emeklilik ve Hayat A.Ş. Karma Emeklilik Yatırım Fonu	21 October 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Agresif Değişken Emeklilik Yatırım Fonu	21 October 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Dış Borçlanma Araçları Emeklilik Yatırım Fonu	21 October 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Orta Vadeli Borçlanma Araçları Emeklilik Yatırım Fonu	21 October 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. İkinci Para Piyasası Emeklilik Yatırım Fonu	21 October 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. İkinci Değişken Emeklilik Yatırım Fonu	21 October 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu	8 November 2005	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Temettü Ödeyen Şirketler Hisse Senedi Emeklilik Yatırım Fonu	28 December 2006	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Birinci Para Piyasası Emeklilik Yatırım Fonu	20 August 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu	20 August 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Dinamik Değişken Emeklilik Yatırım Fonu	20 August 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Birinci Değişken Emeklilik Yatırım Fonu	20 August 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	20 August 2003	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Borçlanma Araçları Grup Emeklilik Yatırım Fonu	5 January 2005	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Muhafazakar Değişken Emeklilik Yatırım Fonu	5 January 2005	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Hisse Senedi Grup Emeklilik Yatırım Fonu	5 January 2005	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Karma Grup Emeklilik Yatırım Fonu	17 August 2010	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu	20 December 2011	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu	2 May 2013	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu	2 May 2013	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu	20 July 2013	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu	10 May 2013	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu	25 October 2013	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Başlangıç Emeklilik Yatırım Fonu	12 January 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	12 January 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	26 May 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	25 December 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	25 December 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu	25 December 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu	25 December 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Değişken Emeklilik Yatırım Fonu	25 December 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu	25 December 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	26 May 2017	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Standart Emeklilik Yatırım Fonu	2 January 2018	0,010000
AvivaSA Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	2 January 2018	0,010000

With the Board of Directors decision dated 7 May 2020, the decision has been taken regarding the establishment of the AvivaSA Emeklilik ve Hayat A.Ş. Dengeli Fon Sepeti Emeklilik Yatırım Fon, AvivaSA Emeklilik ve Hayat A.Ş. Dinamik Fon Sepeti Emeklilik Yatırım Fon ve AvivaSA Emeklilik ve Hayat A.Ş. Temkinli Fon Sepeti Emeklilik Yatırım Fon, and the establishment works continue.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

1. GENERAL INFORMATION (Continued)

1.3 Main operations of the Group (Continued):

With the Board of Directors decision dated 27 October 2020, AvivaSA Emeklilik ve Hayat A.Ş. Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu, with the permission decision of the CMB dated December 7, 2020 and numbered E-122933903-325,0103-1244, AvivaSA Emeklilik ve Hayat A.Ş. Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu was changed to AvivaSA Emeklilik ve Hayat A.Ş. Orta Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu and the change in fund type will be effective as of February 5, 2021.

With the Board of Directors Decision dated 27 October 2020, AvivaSA Emeklilik ve Hayat A.Ş. B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu, with the permission decision of the CMB dated December 7, 2020 and numbered E-122933903-325,0103-1244, AvivaSA Emeklilik ve Hayat A.Ş. B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu has been changed to AvivaSA Emeklilik ve Hayat A.Ş. Yeni Teknolojiler Yabancı Değişken Emeklilik Yatırım Fonu and the change in the type of fund will enter into force as of February 5, 2021.

With the Board of Directors decision dated 27 October 2020, AvivaSA Emeklilik ve Hayat A.Ş. Temettü Ödeyen Şirketler Hisse Senedi Emeklilik Yatırım Fonu With the permission decision of CMB dated 11/12/2020 and numbered E-122933903-325,0103-12696, AvivaSA Emeklilik ve Hayat A.Ş. Temettü Ödeyen Şirketler Hisse Senedi Emeklilik Yatırım Fonu has been changed to AvivaSA Emeklilik ve Hayat A.Ş. BİST Temettü 25 Endeksi Emeklilik Yatırım Fonu and the change of fund type will be effective as of 05/02/2021.

1.4 Details of the Group's operations and nature of field of activities: Disclosed in note 1.3

1.5 Average number of the Group's personnel based on their categories:

	31 December 2020	31 December 2019
Key management personnel	190	185
Other	1,187	1,244
Total	1,377	1,429

1.6 Remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount:

1 January - 31 December 2020: TRY11,670,933 (1 January - 31 December 2019: TRY11,152,205).

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

Procedures and principles related to keys used in the financial statements of the companies are determined in accordance with the 4 January 2008 dated and 2008/1 numbered 'Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan' issued by the Turkish Treasury. In accordance with the above-mentioned Communiqué, known and exactly distinguishable operating expenses are directly recorded under life, non-life or individual pension segments. Other non-distinguishable expenses, which are not exactly distinguished, are distributed between insurance segments and individual pension segment in accordance with the number of policies and contracts at the end of last 3 years and arithmetic average of contribution premium and earned premium within the last 3 years in accordance with the 9 August 2010 dated and 2010/9 numbered 'Amendments Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan' issued by the Turkish Treasury. The amendment is effective from 1 January 2011. The portion of insurance segments calculated as described above is distributed between life and non-life branches in accordance with the average of 3 ratios calculated by dividing 'number of the policies produced within the last three years', 'gross premiums written within the last three years', and 'number of the claims reported within the last three years' to the 'total number of the policies', 'total gross written premiums', and the 'total number of the claims reported', respectively.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

1. GENERAL INFORMATION (Continued)

1.8 Stand-alone or consolidated financial statements:

Related consolidated financial statements are prepared in accordance with full consolidation method of AvivaSA Emeklilik ve Hayat A.Ş. and its subsidiary Group AvivaSA Sigorta Aracılığı A.Ş. ('Group'). As of 31 December 2020, Financial statements which are not consolidated of Parent is prepared and published in accordance with the current legislation.

1.9 Name and other information of the reporting Group and subsequent changes to the prior balance sheet date:

Parent's Business Name : AvivaSA Emeklilik ve Hayat A.Ş.
Address of Parent's Head Office : Saray Mahallesi Dr.Adnan Büyükdeniz Cad. No:12
Ümraniye/İstanbul
Parent's website : www.avivasa.com.tr

There is no change in the aforementioned information after the prior balance sheet date

1.10 Subsequent Events:

The consolidated financial statements as of 31 December 2020 have been approved by the Board of Directors on 8 February 2020.

At the Board of Directors meeting of the Group dated 03.02.2021, within the framework of the provisions of the Registered Capital System Communiqué numbered II-18.1 of the Capital Markets Board, due to the expiration of the registered capital ceiling at the end of 2020, a new For a five-year period, the registered capital ceiling amount is extended to be 500,000,000 TL and the registered capital ceiling amount is determined as TL 500,000,000, within the framework of the Turkish Commercial Code No. 6102 and the Capital Market Law No. The Capital Markets Board for the purpose of obtaining the necessary permissions and approvals for the amendment text, TC It has been decided to apply to the Ministry of Treasury and Finance and the Ministry of Trade.

As explained in footnote 15, the Group made the second installment dividend payments in the financial statements dated December 31, 2020, which are included in the accounts payable to shareholders, on 6 January and 8 January 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

In accordance with Article 136 (5) in Section VIII of the Capital Markets Law, insurance companies must comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, The Group prepares its financial statements in Turkish Lira (TRY) according to the Insurance Chart of Accounts within the scope of 'Communiqué on Insurance Chart of Accounts and Prospectus' (Communiqué on Chart of Accounts) of the Undersecretariat of Treasury published in the Official Gazette no 25686 dated 30 December 2004 and entered into force on 1 January 2005.

Pursuant to the TR Ministry of Treasury and Finance's announcement dated 2 May 2008 and numbered 2008/20, the Group prepared its consolidated financial statements according to the principles stipulated by the TR Ministry of Treasury and Finance for insurance and reinsurance companies and 5684 published in the Official Gazette dated 14 June 2007 and numbered 26552. The Insurance and Private Pension Regulation and Supervision Agency ("SEDDK"), established by the Insurance Law ("Insurance Law") and the Private Pension Savings and Investment System Law ("Individual Pension Law" of 28 March 2001) and the Presidential Decree dated 18 October 2019. "). The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the TR Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued):

The "Technical Provisions of Insurance and Reinsurance and Pension Companies" and the technical provisions of the Public Oversight, Accounting and Auditing Standards Authority ("KGK") published in the Official Gazette dated 7 August 2007 and numbered 26606 and entered into force as of January 1, 2008. A number of circulars and industry announcements were published in the Regulation on Assets to be Invested ("Regulation on Technical Provisions") and subsequently with explanations and regulations based on this regulation. The accounting policies applied in relation to the regulations introduced by these regulations, circulars and industry announcements are summarized under their own headings in the following sections.

The Group presents its consolidated financial statements in compliance with the 'Communiqué on the Presentation of the Financial Statements' published in the Official Gazette no 26851 dated 1 January 2008 by Undersecretariat of Treasury, arranged within the scope of the Insurance Law of and 'Regulation on Financial Reporting of the Insurance and Reinsurance Companies and Individual Retirement Companies' (Regulation on Financial Reporting) published in the Official Gazette no 26582 dated 14 July 2007 and entered into force on 1 January 2008.

2.1.2 Other accounting policies appropriate for the understanding of the consolidated financial statements:

In preparing the consolidated financial statements, except for the regulations referred to in 2.1.1, which was enacted by the "KGK" and additional comments on it by Turkey Financial Reporting Standards ("TFRS") has been taken into account.

2.1.3 Functional and presentation currency:

The accompanying consolidated financial statements are presented in Turkish Lira (TRY), which is the Group's functional currency.

2.1.4 Rounding level of the amounts presented in the consolidated financial statements:

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

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

As indicated in detail in note 2.1.2, non-monetary assets and liabilities in the balance sheet and the equity items including capital as of 31 December 2020 and 31 December 2019 are calculated by indexing the entries until 31 December 2004 up to 31 December 2004, and by carrying over the entries after this date from their nominal values. The financial statements are prepared as based on the historical cost principle except for the mentioned inflation adjustments and the current financial assets which are recognized by their fair values.

2.1.6 Accounting policies, changes in accounting estimates and errors:

The Group prepares its financial statements within the framework of the accounting policies specified in the note 2.1.1.

a. Amendments and interpretations to existing standards and existing standards as of 31 December 2020:

The Company evaluated the effects of the standards and changes mentioned below on the financial statements and concluded that the changes made do not have a material effect on the financial statements.

- **Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020.** These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.6 Accounting policies, changes in accounting estimates and errors (Continued):

- i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for financial reporting,
 - ii) Clarify the explanation of the definition of material and
 - iii) Incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
 - **Amendments to IFRS 9, IAS 39 and IFRS 7 - 'Indicator interest rate reform';** It is effective for annual periods beginning on or after 1 January 2020. These changes provide specific facilitative practices in relation to the indicator interest rate reform. These practices are relevant to hedge accounting and the impact of IBOR reform should not usually lead to the termination of hedge accounting. However, any hedging ineffectiveness should continue to be recorded in the income statement. Given the widespread use of hedge accounting in IBOR-based contracts, these facilitating practices will affect all companies in the sector.
 - **Amendments to IFRS 16 'Leases - COVID 19 Lease concessions';** It is valid for annual reporting periods starting on 1 June 2020 or after this date. Due to the COVID-19 outbreak, some privileges were provided to tenants in rent payments. These concessions can take a variety of forms, including suspension or postponement of lease payments. On May 28, 2020, with the amendment to the IFRS 16 Leases standard, the IASB introduced an optional facilitating application for tenants to not evaluate whether the privileges granted due to COVID-19 in lease payments are a change in the lease. Tenants may choose to account for such lease concessions in accordance with the provisions that apply in the absence of a change to the lease. This ease of implementation often causes the lease concession to be accounted for as variable lease payment in periods when an event or condition occurs that triggers a reduction in lease payments.
- b. Amendments and interpretations to existing standard and existing standards published oas of 31 December 2020 but not effective yet:*
- The Company has evaluated the changes in the standards that are published but not yet effective, and has started to work on the TFRS 17 standard and its effects. Apart from the TFRS 17 standard, the Company believes that the changes made do not have a material impact on the financial statements.
- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
 - **Amendment to IAS 1, 'Presentation of Financial Statements' standard on classification of liabilities;** effective from annual reporting periods beginning on or after 1 January 2022. These changes made in the IAS 1, 'Presentation of financial statements' standard describe that liabilities are classified as current or non-current depending on the rights existing at the end of the reporting period. The classification is not affected by events after the reporting date or the expectations of the business (for example, receiving a privilege or breach of contract). The amendment also clarifies what the IAS 1 means of 'paying' an obligation

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.6 Accounting policies, changes in accounting estimates and errors (Continued):

- **Narrow amendments in IFRS 3, IAS 16, IAS 17 and some annual improvements in IFRS 1, IFRS 9, IAS 41 and IFRS 16;** It is valid for the annual reporting periods starting on 1 January 2022 or after this date.
 - **Amendments to IFRS 3, 'Business Combinations';** This amendment updates a reference to the Conceptual Framework for Financial Reporting in IFRS 3 without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16, 'Tangible fixed assets';** prohibits a company from deducting the income from the sale of manufactured products from the amount of the tangible fixed asset until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss.
 - **Amendments to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets';** this amendment specifies what costs a company includes when deciding whether a contract is to be lost.

Annual improvements make minor changes to the explanatory examples of IFRS 1, 'First application of International Financial Reporting Standards' IFRS 9 'Financial Instruments', IAS 41, 'Agricultural Activities' and IFRS 16.

- Amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16 - Indicative interest rate reform Phase 2; Valid for annual reporting periods starting on or after January 1, 2021. This Phase 2 change addresses issues arising from the implementation of reforms, including the replacement of a benchmark rate with an alternative.
- Amendments to TFRS 17 and TFRS 4 "Insurance Contracts", postponing the implementation of TFRS 9; Valid for annual reporting periods starting on or after January 1, 2021. These changes postpone the application date of TFRS 17 to January 1, 2023 for two years and the fixed date of the temporary exemption in TFRS 4 for the application date of TFRS 9 Financial Instruments standard has been postponed to January 1, 2023.

General Description of Covid 19;

AvivaSA has prioritized the health of its employees regarding the Coronavirus (Covid-19) disease. In addition, it has taken the necessary precautions for the safety of both its customers and the society. The group shares all decisions taken and reviewed instantly by evaluating the developments with its employees and customers in its most transparent form. Since the virus started to spread in Europe and neighbouring countries in February, all the employees' international business trips were stopped, and it was recommended to stop special-purpose international travels. Through public health guidelines announced by the World Health Organization and the Ministry of Health, the employees are regularly informed for bringing the health and safety measures in their workplace to the highest level.

The Group conducts its business process models with remote work from the date of 16 March 2020. For the processes that need to be in the office due to mandatory duties, the relevant units work alternately under strict health and safety measures with maintaining social distance. The face-to-face customer meetings held by the sales teams were interrupted. For the requests and transactions of the customers regarding the contracts and policies; AvivaSA Mobile application continues to provide services through AvivaSA Individual and Corporate internet branches, social media accounts and Customer Support Center. The Group closely follows customer activities within the scope of its customer-focused service strategy. In this process, developments in the sector and all customer movements are closely monitored in order to take the necessary actions on time.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

Covid-19 Legal Regulations

With the Law ‘Reducing the Effects of 7244 New Coronavirus (Covid-19) Epidemic on Economic and Social Life’ and amending certain laws published in the Official Gazette on 17 April 2020,

- *With the amendment made in the Turkish Commercial Law, only twenty-five percent of the net profit of 2019 can be distributed until 31/12/2020. If the General Assembly has decided to distribute dividends for the accounting period of 2019, but the shareholders have not yet been paid or partial payments have been made, the payments for the exceeding part of twenty-five percent of the net profit for 2019 will be postponed until the end of the specified period.*

With the President Decision No. 2948 published in the Official Gazette on 18.09,2020, it was stated that the period specified as 31/12/2020 was postponed for three months.

In the General Assembly meeting dated March 11, 2020, after the taxation, the net profit is TRY209,137,255 for the year, which is disturbed as TRY25,245,658 for general legal reserves and TRY23,891,597 for extraordinary reserves that are the distribution of the total gross TRY160,000,000 dividend within the framework of the ‘Profit Distribution Table’ published on the Public Disclosure Platform and TRY100,000,000 of the payments on 25 March 2020 and TRY60,000,000 of the payments on 28 September 2020. The second installment dividend payment planned to be made on 28 September 2020 could not be made on the stipulated date due to the regulations brought by the aforementioned Provisional Article 13 and "Communiqué on the Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Turkish Commercial Code No. 6102".

Following the expiry of the aforementioned regulations, the second installment dividend payment will be made without delay, and the second installment dividend amounts are included in the payables to shareholders account in the financial statements of the Group dated 31 December 2020.

- *For the compulsory reason short-term working applications made by employers due to coronavirus; the payments will be made with the declaration of employers, without waiting for conformity determination.*
- *All kinds of employment or service contracts will not be terminated by the employer for three months, except in cases that do not comply with the rules of ethics and goodwill and similar reasons. In order not to exceed the three-month period, the employer can leave the worker completely or partially on unpaid leave.*

The Group lost the opportunity to continue its sales activities in line with the decision taken in accordance with the rules determined within the scope of preventing the spread of the COVID-19 outbreak, and for these reasons, the sales teams that conducting and managing face-to-face sales ceased operations partially/completely on 16 March 2020.

In line with this practice, the Group made applications for individual short-time work allowance for the months of April, May and June for the sales staff within the scope of the relevant law article, and the sales teams benefited from the short-time work allowance in April-May-June. For employees who could not benefit from short-time work allowance in April, necessary applications were made for cash wage support, effective from May. Employees who could not benefit from short-time work allowance in April were given annual leave for periods of non-employment.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

Covid-19 Legal Regulations (Continued)

Presidential Decree No. 2706, dated 29/6/2020, published in the Official Gazette dated 30 June 2020

- *Within the framework of the additional article 2 of the Unemployment Insurance Law dated 25/8/1999 and numbered 4447 and the principles specified in the provisional article 23, within the scope of periodic situations caused by external effects due to the new coronavirus (Covid-19), until 30/6/2020 (Including this date) the duration of the short work allowance for businesses that have applied for short work; Without the need for a new application and eligibility determination, for the same workers who previously benefited from short work and provided that they do not exceed the same conditions, short work practice from 1/7/2020 on the date of publication of this Decree for the workplaces whose short work practice ended before the publication date of this Decision. In terms of ongoing workplaces, it has been extended by one month, starting from the short work end date.*

The company made the necessary applications for the sales staff in line with the relevant decision numbered 2706 published in the Official Gazette on 30 June 2020 and benefited from the short-time working allowance until 31 July 2020.

- *According to the Official Gazette dated 31 July 2020 and numbered 31202, the withholding rate for payments made for the lease of goods and rights is reduced from 20% to 10% to be applied to payments to be made between 31/07/2020 - 31/12/2020, and for some services Presidential Decisions regarding the reduction of the VAT rate to 8 percent and 1 percent have been published.*
 - With the Decree No. 2813, the withholding rate on payments made for the lease of goods and rights has been reduced from 20 percent to 10 percent to be applied to payments to be made between 31/07/2020 - 31/12/2020,
 - With the provisional article 6 added to the Decision No. 2007/13033 with the Decree No. 2812, the VAT rate for workplace rental services has been reduced from 18% to 8%, effective from 31/07/2020, until 31/12/2020.

According to the Presidential decision published in the Official Gazette on December 23, 2020, the "December 31, 2020" date in the provisional article 6 of the decision regarding the determination of the Value Added Tax rates to be applied to goods and services has been changed to 31 May 2021.

The annex of the Presidential Decree No. 3319, published in the Official Gazette dated December 23, 2020 and numbered 31343, and the Decree of the Council of Ministers no. Decisions have been changed. With the aforementioned amendment, the term of the lease payments, which were reduced in the withholding rate until 31 December 2020, within the framework of the President's Decree No. 2813, published in the Official Gazette dated 31 July 2020 and numbered 31202, was extended until May 31, 2021.

The Group has calculated the leases subject to IFRS 16 by taking into account the new withholding and VAT rates for the periods specified in the President's Decisions and reflected them in its financial statements.

Significant changes in the group. Tariff changes, strategy changes

According to Announcement of the Turkish Republic Ministry of Treasury and Finance General Directorate of Insurance on the measures taken regarding the epidemic of covid-19 dated 25.03.2020 no: 36908670-010.07.02-E-221551; 1 month additional period has been granted for policy cancellations in order to facilitate the payment of insurance premiums. Within the scope of Announcement, the Group postponed the cancellation of policies that fail to pay the following maturity, which was required to pay at the end of April, May and June, until the end of July.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

Significant changes in the group. Tariff changes, strategy changes (Continued)

In line with the new normalization process decisions made by the Presidency on 10 June 2020, the company has started to inform customers about the non-collection of policies as of July 1. The company made advance incentive commission payments in order to keep the potential negative effects of the COVID-19 epidemic, which affected the whole world, on the commercial activities carried out within the scope of the agency agreement to a minimum. The portion of the advance payment of the Temporary Incentive Commission amount corresponding to the monthly productions is accepted as "partial progress payment" and reflected in the profit and loss statement.

2.2 Consolidation

In preparation of consolidated financial statements, methods, rules and basics which are mentioned at 31 December 2008 dated and 27097 numbered Official Gazette 'Notification related to preparation of insurance and reinsurance companies and Pension companies' consolidated financial statements' and IFRS 10 'Turkish Accounting Standard related to Consolidated Financial Statements' are obeyed.

Consolidated financial statements includes parent, AvivaSA Emeklilik ve Hayat A.Ş. and it's subsidiary AvivaSA Sigorta Aracılığı A.Ş. related accounts. Financial statements which are subject to consolidation are prepared in accordance with accounting policies which are prepared by Group, 5684 numbered Insurance Law and Notification of Undersecretariat of Treasury related to Insurance and Reinsurance companies.

According to full consolidation method, 100% of the accounts which are out of asset, liability, profit, loss and balance sheet are combined with parent's asset, liability, profit and loss accounts. Book value of Group's investment on subsidiary Group and subsidiary Group's capital which belongs to Group is netted. Balances as a result of the transactions with partnership subject of consolidation and unrealized gain/loss are mutually settled off.

Title of Subsidiary	Effective percentage of shares	Direct percentage of shares	Total Asset	Total Equity	Net Period Profit/Loss
AvivaSA Sigorta Aracılığı A.Ş.	%100.00	%100.00	26,238,409	11,599,228	4,093,949

2.3 Segment Reporting

Segment reporting is based on the main operations of the Group. Since Turkey is the main geographical area that the Group operates, segment reporting on a geographical basis has not been presented. The Group does not present its balance sheet on a segment basis. While presenting the segmental information for the consolidated income statement operations were divided into segments in accordance with the factors affecting the decisions of the chief decision makers. Details related to the segment reporting are disclosed in the Note 5.

2.4 Foreign currency transactions

Transactions are recorded in TRY, which represents the Group's functional currency. Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are converted into TRY at the exchange rates ruling at the reporting date with the resulting exchange differences recognized in the statement of comprehensive income as foreign exchange gains or losses. As of the balance sheet date, foreign currency denominated receivables and payables are stated with the Central Bank ('CB') foreign currency rates. If a rate of exchange is determined by the agreement in the valuation of the liabilities, then the rates of exchange written in the agreement are taken into consideration at first. Unit-based policies are valued over CB foreign exchange purchase rate while profit share policies are valued over CB effective sales rate.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency transactions (Continued)

Foreign currency exchange rates used by the Group as at respective dates are as follows:

31 December 2020	TRY/USD	TRY/EUR	TRY/GBP
Currency exchange rate	7,3405	9,0079	9,9438
Effective sales rate	7,3647	9,0376	10,0107

31 December 2019	TRY/USD	TRY/EUR	TRY/GBP
Currency exchange rate	5,9402	6,6506	7,7765
Effective sales rate	5,9598	6,6725	7,8288

2.5 Tangible Assets

Tangible assets regulated according to IAS 16, 'Property, Plant and Equipment'.

Tangible assets are recorded at their historical costs that have been adjusted according to the inflation rates until the end of 31 December 2004. There have been no other inflationary adjustments for these tangible assets for the following years and therefore they have been recorded at their costs indexed to the inflation rates for 31 December 2004. Tangible assets that have been purchased after 1 January 2005 have been recorded at their costs excluding their exchange rate differences and finance expenses fewer impairment losses if any.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected the statement of income of the related period.

Maintenance and repair cost incurred in the ordinary course of the business are recorded as an expense. There are no pledges, mortgages and other encumbrances on tangible fixed assets. Depreciation for the tangible assets is calculated in accordance with straight-line and pro rata depreciation method at their historical costs. Depreciation rates and estimated useful lives are as follows:

Furniture and fixture	2-15 years
Machinery and equipment	4 years
Other tangible assets	4-5 years
Special costs	5 years, during the rent

As of each reporting date, it is assessed whether there is any indication that the assets are impaired. In case there is such an indication, then the recoverable amount of the relevant asset is estimated. When the value of the assets exceeds the recoverable amount, then the impairment expense is recognized in the income statement. Recoverable amount is the higher of the net sales price of the asset and the value in use..

At the beginning date a certain contract; Group will consider whether the contract is related to lease. In case of contract will give right to use a certain asset for a certain period of time in Exchange of a price; contract includes a leasing operation and based on this lease, the Group reflects a right of use and a lease obligation in the financial statements at the date of the lease actually starting.

Right of Use Assets

The right of use assets is first accounted for using the cost method, and accumulated depreciation and accumulated impairment losses are deducted and measured at the cost adjusted for reassessment of the lease liability. While the Group depreciates its right of use asset, it applies the amortization provisions in IAS 16, Property, Plant and Equipment.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Tangible Assets (Continued)

Lease Obligation

On the beginning date of lease, Group measures lease obligation on the current value of lease payments which did not happen then. Lease payments will take place if the implied interest rate can be detected easily, with implied interest; if not, with alternative borrowing interest rate.

Group's weighted average of the alternative borrowing rates which is used for TRY and foreign currency leases are, in order, 25% and 7% as of 1 January 2020. Lease payments related to short-term lease contracts which are shorter than 12 months or less and information technology equipment which are defined as low-value (mostly printer, laptop, cell phone etc.) are considered subject to exhortation of standard, payments related to these contracts will be recognized as expense in the period of happening.

2.6 Investment properties

The Group does not have any investment property. (31 December 2019 : None).

2.7 Intangible assets

Intangible assets are recorded at cost in compliance with 'IAS 38, 'Accounting for intangible assets'.

Intangible fixed assets are recognized over their cost values initially and are carried over the restated cost multiplied by the adjustment coefficient convenient for the purchase year until 31 December 2004 and are carried over the purchase cost for those purchased after the year 2005. Intangible assets are recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably.

Purchased intangible assets are accounted for at cost, less accumulated amortization and accumulated impairment losses.

If there is a change in circumstances, the cost of intangible assets is revised in order to observe whether there is an impairment or not.

Intangible assets consist of software programs and development costs that are depreciated over the estimated economic useful life of the related asset according to the straight-line depreciation method. The costs associated with developing and maintaining computer software are recorded in the income statement in the period they occurred. Expenditures that are in the possession of the Group, which can be directly attributed to detectable and proprietary software products and which will provide economic benefits over cost over a period of one year are considered as intangible assets. Costs include some of the costs of employees who develop the software. Computer software development costs, which are fixed assets that are amortized over their useful lives (maximum 5 years).

2.8 Financial assets

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise:

- Cash,
- A contractual right to receive cash or another financial asset from another enterprise,
- A contractual right to exchange financial instruments from another enterprise under conditions that are potentially favourable or
- An equity instrument of another enterprise.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

A financial asset or liability is calculated over the transaction costs which is the fair value given first (for a financial asset) and acquired (for a financial liability), and if any, by the addition of the transaction expenses. Following the initial recognition, financial assets are valued without deduction of the transaction costs to occur in case of a sale over fair value. Fair value describes the price for the purchase-sale of a financial instrument between the applicant parties in a current transaction, except for the obligatory sale and liquidation. Quoted market price, if any, is the value which best reflects the fair value of a financial instrument. Estimated fair values of the financial instruments are determined by the Group by using the available market information and appropriate valuation methods.

The Group recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of the financial asset. The Group derecognizes a financial liability when liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired. All the usual financial asset purchase and sales are recognized on the date of transaction, in other words, on the date on which the Group undertakes to purchase or sell the financial asset. The mentioned purchases or sales are generally the purchases and sales that require the delivery of the financial asset within the period determined by the practices and arrangements in the market.

Current financial assets

The Group classifies its financial assets as available-for-sale financial assets, financial assets at fair value through profit or loss (for trading purposes), and loans and receivables from main operations and financial investments of the life insurance policy holders..

a) Available-for-sale financial assets:

Available for sale financial assets are non-derivatives that are either designated as Available for sale or are not classified as (1) loans and receivables, (2) held-to-maturity investments or (3) financial assets at fair value through profit or loss.

Financial investments of the Group:

i) Public securities:

A part of the government bonds and treasury bills at the Group's risk is classified as Available for sale financial assets. Available for sale financial assets are valued over their fair values. In determination of the fair values of the government bonds, treasury bills, asset-backed securities and private sector bonds, the best purchase order prices waiting among the current orders published on the balance sheet date by İstanbul Stock Exchange Market (Borsa İstanbul) as based on the letter of the Undersecretariat of Treasury no 12741 dated 3 March 2005, are used. The differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the amortized cost method are presented in the financial assets valuation account under equity.

The interest income received is presented under the investment income in the income statement.

ii) Foreign currency Eurobonds:

Foreign currency Eurobonds at the Group's own risk are classified as available for sale financial assets and are valued over their fair values. The Group subjects the foreign currency Eurobonds to valuation over the rates of exchange announced by Central Bank of Turkish Republic (TCMB) as of the date of the balance sheet. Eurobonds are valued by the purchase quotation of the over the counter market at 16:15 - 16:45 on the Bloomberg screen on the balance sheet dates. The differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the amortized cost method are presented in the financial assets valuation account under equity.

The interest income received is presented in the investment income in the income statement.

The Group recognizes the foreign exchange gains and losses Eurobonds under the investment income and expense accounts in the accompanying consolidated income statement.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(b) Financial investments with risks on policyholders classified as available for sale:

Financial investments with risks on policyholders consist of public securities, foreign currency Eurobonds, and time deposits.

i) Public securities:

Government bonds and treasury bills at the policyholders' own risk are classified as available for sale financial assets within the financial assets at the policyholders' own risk. Available for sale financial assets are valued over their fair values. In determination of the fair values of the government bonds, treasury bills, the best purchase order prices waiting among the current orders published on the balance sheet date by Borsa İstanbul, are used. The portion of the differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the amortized cost method, belonging to the insuree, is recognized under Insurance Technical Provisions - Life Mathematical Provisions account, as indicated by the Undersecretariat of Treasury.

ii) Foreign currency Eurobonds:

Foreign currency Eurobonds at the Group's own risk are classified as available for sale financial assets and are valued over their fair values. The Group subjects the foreign currency Eurobonds to valuation over the rates of exchange announced by Central Bank of Turkish Republic (TCMB) as of the date of the balance sheet.

Eurobonds are valued by the purchase quotation of the over the counter market at 16:15 - 16:45 on the Bloomberg screen on the balance sheet dates. The differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the amortized cost method are presented in the financial assets valuation account under equity. The interest income received is presented in the investment income in the income statement.

The Group recognizes the foreign exchange gains and losses Eurobonds under the investment income and expense accounts in the accompanying consolidated income statement.

c) Financial assets held for trading

Financial assets held for trading are the assets that are acquired in order to provide profit from the fluctuations in the prices and similar issues in the short term in the market or, apart from the reason of acquisition, these are the assets that are a part of the portfolio that is for providing profit in the short term.

i) Public securities:

A part of the government bonds and treasury bills at the Group's risk is classified as financial assets held for trading. After initial recognition, securities held for trading are measured at fair value by considering the best purchase order among the current orders in the stock market with respect to the concerned securities.

All the realized and unrealized profit and losses related to the financial investments for trading purposes are included in the income statement in the relevant period.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

c) Financial assets held for trading (Continued)

ii) Other securities:

The private sector bonds and asset-backed securities at the Group's own risk are classified as financial assets held for trading. After initial recognition, the private sector bonds are measured at the fair value by considering the best purchase order among the current orders in the stock market with respect to the concerned securities. All the realized and unrealized profit and losses related to the financial investments for trading purposes are included in the income statement in the relevant period.

Other non-current financial assets

As of the balance sheet date, other non-current financial assets of the Group are the investments classified as available for sale financial assets, but which are invested in the financial instruments in an active market for which fair value cannot be measured reliably (Note 45.2). The mentioned investments are measured at the acquisition costs adjusted according to the inflation until 31 December 2004, if any, free shares received as a result of addition of the revaluation fund onto the capital are deducted..

By the end of the period, the investment acquisition cost is compared with the net realizable value and in case the net realizable value is lower than the acquisition cost, then the value loss provision is provided.

Financial assets to be held to maturity:

Financial assets to be held to maturity include funding capability, which is held with the intention of keeping it to maturity. for financial conditions that are not classified as financial records reflected in the record income and are not shown ready for sale in the records. These assets are first recorded at acquisition cost and this value is accepted as reasonable value. Reasonable value for the values to be held until maturity is excluded. Financial assets held to maturity are valued at their 'discounted value'. Share revenues regarding the ideas to be held until maturity are reflected in the income statement.

The Group does not allocate impairment based on short-term market fluctuations on the condition that there is no collection risk in securities representing borrowing which is classified under financial assets to be held until maturity. Its difference is considered, the amount of the financial asset, the value of the financial asset is compared with the amount of the financial asset.

Loans and receivables

The loans and receivables created by the receivables from the main operations are the financial assets which have fixed or determinable payments and are not traded in an active market and which the Group did not classify as available for sale or held for trading. The receivables arising from insurance activities are classified under this group. These assets are presented over their carrying values.

If there is any objective evidence that the matured receivables from insurance activities cannot be collected, then provision is allocated for the receivable. In case receivables which are not possible to be collected are detected, these are completely written-off.

Loans to the policyholders

Following the expiry of the period of three years in life policies, the insuree can demand a part of the accumulated amount as a loan. The Group provides loans for the policy holders who completed their 3rd years up to the specific ratio of the accumulated amount with profit share on that date on the surrender table of the relevant tariff.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

Loans to the policyholders (Continued)

The Group does not apply loan interest to the policies and receives the reimbursement over the unit price on the collection date. The Group applies loan interest for the accumulated life policies other than these policies. The loan interest rate applied is determined at a rate over the annual profit share rate.

The surrender payments for the policies for which a loan is used are recorded as an expense and the relevant policy is closed. The technical provisions allocated to the closed policy are recognized as revenue and closed.

Pension System Accounts

Receivables from pension operations

Pension business receivables consist of ‘receivable from pension investment funds for fund management fees’, ‘entry fee receivable from participants’ and ‘receivables from clearing house on behalf of the participants. ‘Receivables from Pension Operations’ classified within non-current assets are composed of the receivables from the custodian Group and shows the receivables on fund-basis from the custodian Group on behalf of the participants and it operates together with the payables to the participants account under the debts from the retirement activities where the fund-basis obligations belonging to the participants are presented under liabilities.

Individual Retirement government participation share is the amount paid to the individual retirement account of the participant by the government in compliance with the additional 1st article of the Law no 4632. Twenty-five percent of the contribution share paid on the basis of participants on behalf of the citizens of Turkish Republic and those who are Turkish Republic citizens and lost Turkish citizenship by taking permission for ceasing to be a citizen according to the 28th article of Turkish Citizenship Law no 5901 dated 29 May 2009 and their descendants and transferred as cash to the Group accounts, is paid by the government as the government share to the participant's individual retirement account in compliance with the additional 1st article of the Law no 4632, on condition not to exceed the annual total gross minimum wage determined for the relevant calendar year.

Payables from pension operations

‘Payables from Pension Operations’ presented under the current liabilities are composed of the participants’ temporary account, payables to the individual retirement intermediaries, payables to the custodian Group, portfolio management Group and pension monitoring centre. The Participants Temporary Account, is the account item which enables the follow-up of the money not directed to an investment yet on behalf of the participants and the amounts to be paid to the participants or to be transferred to another Group, in case the participant leaves the system or transfers his investment to another Group, following the disposal of the fund shares of the participant and after deduction of the entrance fees and similar deductions, if any, arising from the mentioned disposal. This account is credited if collection is made from the participants or in case the money from the disposal of the fund shares of the participants are transferred to the Group account. The account is debited and closed after the money is directed to the fund or the person leaves, or it is transferred to another Group.

‘Payables from Pension Operations’ classified within the non-current liabilities are composed of the debts to the participants. It shows the liabilities of the Group on fund-basis on behalf of the participant (the amounts deposited by the participants for the funds which shall be paid to the participant when due).

If the retirement agreement is not rejected by the Group, following the completion of the blocking period, if any, it comes into force on the date of entry of the first payment made as contribution share, into the Group accounts as cash. If the proposal is rejected by the Group, then the payment instructions given are cancelled and if any, all the payments effected are returned to the payer within five business days without any deduction.

The participant has the right to withdraw within sixty days following the signing of the proposal form or approval of the proposal. The payment instructions given are cancelled following the delivery of the notification of withdrawal to the Group and all the payments effected are returned to the payer within ten business days, if any, together with the investment income, without any deduction, except the fund total expense deduction.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of Assets

Impairment of non-financial assets:

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are subject to impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets:

The impartial indicators related to the impairment of a financial asset or financial asset group include the following:

- a) Issuer or undertaker being under a considerable financial trouble,
- b) Violation of the agreement,
- c) Due to economic or legal reasons related to the financial trouble of the debtor, the creditor grants a privilege to the debtor, which would not be granted under any other condition,
- d) High probability of the debtor for bankruptcy or any other financial restructuring,
- e) Elimination of the active market related to the mentioned financial asset due to the financial difficulties.

The Group assesses its financial assets at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

According to IAS 39, financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. Moreover, in case there is an impartial indication with respect to the decrease of value, accumulated impairment amount arising from the difference between the cost value and the current value, which is created under the shareholders equity, is anticipated to be removed from the shareholders equity and recognized as a loss in the income statement.

In case there is an impartial indication that there is a decrease of value loss in the loans and receivables, then the relevant loss is recognized in the income statement. Moreover, the Group reserves a provision for doubtful receivables arising from the main activities for the doubtful receivables related to its agencies and insurees, which are under administrative and legal follow-up and for uncollectible amounts or the amounts which do not have the possibility of collection anymore.

Total mortgages or guarantees on assets are disclosed in Note 17.1, doubtful receivables for overdue and not overdue balances disclosed in Note 12, accruals and expenses for the period are presented in Note 47.4.

2.10 Derivative financial instruments

The Group recognizes the fair value gains on the short-term currency forward and swap transactions under the income on derivative instruments.

Derivative contracts are classified as fair value through profit and loss instruments in accordance with IAS 39, 'Financial Instruments': Recognition and Measurement (Note 13).

2.11 Offsetting of financial assets

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Cash and cash equivalents

Cash and cash equivalent, which is a base for the preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having original maturity less than 3 months which are ready to be used by the Group or not blocked for any other purpose. Cash and cash equivalent are presented at their acquisition costs.

The basis of cash flow statement, cash, and cash equivalents are as follows:

	31 December 2020	31 December 2019
Bank deposits	665,739,196	190,080,031
Cheques given and payment orders	(168,867)	(41,388)
Other cash and cash equivalents (*)	328,470,720	208,489,233
Cash and cash equivalents total	994,041,049	398,527,876
Blocked time deposits	(147,266,248)	(98,984,103)
Interest accrual	(1,657,313)	(1,348,651)
Time deposits with a maturity of three months	(142,018,062)	(17,820,600)
Total	703,099,426	280,374,522

(*) The other cash and cash-equivalent assets are composed of the receivables for which the approval is obtained as of the balance sheet date but not yet transferred to the current accounts since the blockage term has not expired.

2.13 Share capital

As at 31 December 2020 and 31 December 2019, the share capital and ownership structure of the group are as follows:

Name of shareholder	31 December 2020		31 December 2019	
	Share rate (%)	Share amount (TRY)	Share rate (%)	Share amount (TRY)
Hacı Ömer Sabancı Holding A.Ş.	40.00	72,000,006.72	40.00	72,000,006.72
Aviva International Holdings Ltd.	40.00	72,000,006.72	40.00	72,000,006.72
Public	19.91	35,833,960.15	19.91	35,833,960.15
Other	0.09	166,026.41	0.09	166,026.41
Paid Capital	100.00	180,000,000.00	100.00	180,000,000.00

As of 31 December 2020 The Group's nominal capital amounts to TRY180,000,000 and the Group's nominal capital consists of 18,000,000,000 equity shares having a nominal par value of TRY0.01 each (31 December 2019: The Group's nominal capital amounts to TRY180,000,000 and the Group's nominal capital consists of 18,000,000,000 equity shares having a nominal par value of TRY0.01 each).

The Group has adopted the registered capital system in accordance with the provisions of the Capital Markets Law No: 6362 and switched to the system based on approval of the Capital Markets Board dated 1 September 2014 numbered 1756/8617. As of 31 December 2020, and 31 December 2019 the Group's registered capital is TRY300,000,000 and divided into 30,000,000,000 shares each with a nominal value of TRY0.01.

The transaction approved at the Extraordinary General Meeting on 16 October 2014 and the meeting record has been registered and published in Turkey Trade Registry Gazette dated 23 October 2014 numbered 8679.

Aviva Europe SE and Hacı Ömer Sabancı Holding A.Ş. sold nominal shares amounting TRY7,037,348 in the capital of AvivaSA Emeklilik ve Hayat A.Ş. which constitute 19.67% of the issued and outstanding share capital of the Group for TRY330,755,356 and the shares started being traded on Borsa İstanbul A.Ş. on 13 November 2014. After price stabilization activities, the Group's main shareholders' share became 41.28% each.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Share capital (Continued)

Aviva Europe SE has transferred 1,477,063,650 shares each worth TRY0.01 with a nominal value of TRY14,770,636.50 to Aviva International Holdings Limited on 15 July 2015. After this transfer, the share of Aviva Europe SE became 0%, while the share of Aviva International Holdings Ltd. has been increased to 41.28%.

Hacı Ömer Sabancı Holding A.Ş. sold its shares with the nominal value of TRY458,956 in BIST on 5 August 2015 and after this sale its share in AvivaSA Emeklilik ve Hayat A.Ş. decreased to 40%.

Aviva International Holdings Ltd. sold its share with the nominal value of TRY458,956 in BIST on 5 August 2015 and after this sale, its share in AvivaSA Emeklilik ve Hayat A.Ş. decreased to 40%.

Capital increases made during the period: None (1 January - 31 December 2019: None).

The Group's capital does not include any preferred shares (31 December 2019: None).

There are no equity shares held by the Group, its affiliates or its subsidiaries (31 December 2019: None).

There are no treasury shares acquired by the Group (31 December 2019: None).

There are no share-based payment transactions (31 December 2019: None).

Other information regarding the Group's share capital are disclosed in Note 15.

2.14 Insurance and investment contracts - classification

Insurance contract: It is defined as a contract in which the Group accepts a considerable insurance risk by agreeing to compensate the loss of the policy holder in case of realization of a predefined future uncertain event causing the policy holder to be influenced negatively (the event covered by the insurance). Insurance risk includes all the risks, except the financial risk. All the premiums collected within the frame of insurance contracts are recognized as income under written premiums account.

The contracts in which the variable is not specific to any one of the parties of the contract, which takes into account a non-financial variable, which anticipates payment as based on only the changes in a certain interest rate, financial instrument price, product price, foreign exchange rate, interest or price indexes, credit score or credit index or one or more other variables, are classified as investment contracts. Main policies produced by the Group; are the life policies, the personal accident policies, and individual retirement contracts.

Main contracts produced by the Group; personal accident and life policies and individual pension contracts.

The Group issues individual retirement contracts within the individual retirement system that is structured in order to provide a reliable saving for the individuals, to direct, regulate and encourage these savings.

The contributions received related to individual retirement contracts are recognized as liabilities under payables to the participants account and the same amount is presented as receivables under the receivables from custodian Group account.

Reinsurance contracts

Reinsurance provides the transfer of a part or all the responsibility undertaken by the insurance Group, to the reinsurer Group. This is as a guarantee or a protection measure for the insurance companies.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Insurance and investment contracts - classification (Continued)

Reinsurance contracts (Continued)

It accommodates functions such as spreading the risk, increase, support of the work acceptance capacities and flexibilities of the insurance companies, control of the catastrophic damages to be caused by the surplus of the accumulations. Reinsurers transfer their knowledge and experience, which they acquired in time as a result of working with different insurance companies and markets, to the insurance companies as technical information.

Since it is required that all the details of the transactions and processes should be included in the reinsurance contracts, it is required to clearly indicate the scope, identification, technical details of the work to be transferred to the reinsurer, work acceptance and compensation evaluation method, general and special conditions, the legal aspects of the contract, and the parties explicitly as the cedent and reinsurer.

2.15 Insurance contracts and investment contracts with discretionary participation feature ('DPF')

The feature of voluntary participation in the insurance and investment contracts is a right that is based on the contract with respect to the additional benefits listed below as well as the guaranteed benefits:

- (i) A candidate to constitute a significant part of the total benefits as based on the contract,
- (ii) In which the amount and timing is in discretion of the issuer as based on the contract and
- (iii) It is based on the following as a requirement of the contract:
 - (1) The performance of a certain pool of contracts or a type of certain contract type,
 - (2) Realized and/or unrealized investment income of a certain asset pool held by the issuer or
 - (3) Profit or loss of the group, fund or any other entity issuing the contract.

As of the balance sheet date, the Group does not have insurance contracts and investment contracts with discretionary participation feature.

2.16 Investment contracts without DPF

None.

2.17 Financial liabilities

Financial liabilities mean the liabilities which are created as a result of the transactions that shall require giving cash or disposing any other financial assets to another entity. The financial liabilities are presented in the financial statements of the group over the costs amortized according to effective interest method. This financial liability is derecognized when it is paid.

2.18 Income taxes

Corporate Tax

The corporate tax rate of 20% in accordance with the Provisional Article 10 added to the Corporate Tax Law is 22% for the corporate income of the corporations for the 2018, 2019 and 2020 taxation periods (the accounting periods starting for the related year for the institutions assigned for the special accounting period) shall apply. This rate is applied to the tax base which will be found as a result of the inclusion of expenses that are not accepted as a result of the tax laws to the commercial income of the institutions, the exception to the tax laws (such as the participation earnings exception) and other discounts (such as investment incentives). No further tax is paid if the profit is not distributed.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Income taxes (Continued)

Corporate Tax (Continued)

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

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

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. As of balance sheet date, the Group has not had any losses.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 30th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Deferred Tax

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

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

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

2.19 Employee benefits

Provisions for Employee Termination Benefits

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2020, TRY7,117 (31 December 2019: TRY6,380).

The Group reserved for employee severance indemnities using actuarial method in compliance with the IAS 19, 'Employee Benefits'. The major actuarial assumptions used in the calculation of the total liability as at 31 December 2020 and 31 December 2019 are as follows (Note 22):

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

Provisions for Employee Termination Benefits (Continued)

	31 December 2020	31 December 2019
Expected Rate of Salary/Limit Increase	8.50%	8.67%
Discount Rate	13.50%	13.60%

Other employee Benefits

The Group pays a compulsory social insurance premium to Social Insurance Institution. The Group has no liability as long as the premiums are paid. These premiums are recognized as personnel expenses.

This provision calculated for accrued but for the unused vacation and accounted in short-term liabilities (Note 23).

2.20 Provisions

Provisions, contingent liabilities and contingent assets

Provision is provided for an existing obligation resulted from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the balance sheet date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as 'contingent' and disclosed in the footnotes to the consolidated financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset (Note 23).

Technical provisions

The technical reserves within the technical insurance accounts in the financial statements and the reinsurer share of such reserves are recognized in compliance with the following principles and in compliance with the 'Regulation on the Technical Reserves of the Insurance and Reinsurance and Retirement Companies and Assets in which such Reserves shall be invested' ('Technical Reserves Regulations') published by the Undersecretariat of Treasury in the Official Gazette no 26606 dated 7 August 2007 prepared as based on the 16th article of the Insurance Law no 5684 dated 14 June 2007 and 8th article of the Individual Retirement Savings and Investment System Law no 4632 dated 28 March 2001, with 'Regulation on the Amendment of the Regulation on the Technical Reserves of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested' (Technical Reserves Amendment Regulation) published in the Official Gazette no: 27655 dated 28 July 2010 and entered into force as of 31 December 2010 and with 'Sector Declaration on Regulation on the Amendment of the Regulation on the Technical Reserves of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested' no 2012/13 dated 18 July 2012 and with the other declarations and announcements made related to this issue.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

Reserve for unearned premiums

In accordance with the 9th article of the ‘Communiqué Related to Changes in the Communiqué on Technical Reserves for Insurance, Reinsurance and Private Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves’ issued on 28 July 2010 dated 27655 numbered Official Gazette and entered into force on 31 December 2010, reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the balance sheet date for all short- term insurance policies. In the case of annual life insurance and life insurance which of the renewal date exceeds one year, reserve for unearned premiums is calculated for the portion of the remaining part which is left after deducting savings from gross premium written for the period.

Unearned premium reserves; The commencement date and expiry date of insurance is considered as a half day in the calculation of unearned premium reserves in accordance with the Undersecretariat of Treasury’s Communiqué on Technical Reserves.

In Technical Provisions Regulation, it is stated that the part corresponding to the future period or periods, of the commissions paid to the intermediaries on condition that accrual is made as based on the production, the commissions taken due to the premiums transferred to the reinsurer, production expense shares and the amounts paid for non-proportional reinsurance contracts and the variable production expenses for the preparation and sale of the tariffs and insurance contracts and the payments for support services, shall be recognized under deferred income and deferred expenses accounts and other relevant accounts. As of 31 December 2020, the gross amount of unearned premiums reserve is TRY64,925,125 (31 December 2019: TRY95,871,371), (Note 17.15).

Deferred commission expense and income

In accordance with the Circular 2007/25 dated 28 December 2007 issued by the Undersecretariat of Treasury, it is stated that the part corresponding to the future period or periods, of the commissions paid to the intermediaries on condition based on the production, the commissions taken due to the premiums transferred to the reinsurer, shall be recognized in the balance sheet under prepaid expenses and other deferred income and expense accruals and in the income statement under netted off operating expenses.

As of 31 December 2020, deferred commission income is TRY1,681,106 (31 December 2019: TRY2,722,115) and deferred production commission expense amount is TRY23,152,652 (31 December 2019: TRY33,622,434).

Ongoing risk provision

In accordance with the Communiqué on Technical Reserves, in each accounting period, the companies while providing reserve for unearned premiums should perform adequacy test covering the preceding 12 months in regard with the probability of future claims and compensations of the outstanding policies will arise in excess of the reserve for unearned premiums already provided. In performing this test, it is required to multiply the reserve for unearned premiums, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (reserve for outstanding claims, net + claims paid, net - reserve for outstanding claims carried forward, net) to earned premiums (written premiums, net + reserve for unearned premiums carried forward, net - reserve for unearned premiums, net) In the calculation of earned premiums; deferred commission expenses paid to the agencies and deferred commission income received from the reinsurance firms which were netted off from reserve for unearned premiums both at the beginning of the period and at the end of the period are not taken into consideration.

In compliance with the ‘Regulation on the Amendment of the Regulation on the Technical Provisions of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested’ published in the Official Gazette no 28356 dated 17 July 2012, the Undersecretariat of Treasury, if the estimated claim premium ratio exceeds 95% in future periods for the estimated claim premium ratio of insurance branches, the amount calculated multiplying ratio exceeding 95% by net unearned premiums reserve is called net provision for unexpired risk reserve, and the amount calculated multiplying ratio exceeding 95% by gross unearned premiums reserve is called gross provision for unexpired risk reserve. The Undersecretariat of Treasury can change this test method as of the branches, can have qualification tests with different test methods and can request the allocation of provisions for the continuing risks within the frame of this test method.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

Ongoing risk provision (Continued)

As at 31 December 2020 and 31 December 2019, related test has not resulted any deficiency in the premiums of the group.

Outstanding claims reserve

In accordance with the Communiqué on Technical Reserves, outstanding claims reserve is provided for outstanding claims incurred and calculated but not actually paid in the prior or current period, or outstanding claims for which the related amount is not calculated, carried at estimated value incurred but not reported.

In compliance with the insurance legislation and technical reserves regulation of the Undersecretariat of Treasury, the Group accounts for outstanding claim reserve for the damage and compensations incurred, but not reported yet (IBNR). According to the 'Circular on Outstanding Claim Reserves' no 2014/16 IBNR is calculated by the group actuary for each branch separately. Compensations that have been filed before the accounting period but have been reported after such dates are compensations that have been incurred but not reported.

According to 26.08,2014 and 2014/1 communiqué of the Union of Insurance, Reinsurance and Pension Companies of Turkey, the Insurance Information and Surveillance Center conducts inquiries on MERNIS in February and August of every year. With this inquiry, the insured who died within the period in which the life insurance policies with death coverage are in effect are identified, and the insurance companies are notified about the compensation assessments of these persons. Following the notification due to the aforementioned communiqué, in the event that the beneficiary or first-degree relatives' return claim to the relevant insurance company, the outstanding claims reserve is set aside for the mentioned compensation. At the end of 2016, the IBNR calculation in the life branch was recalculated for the death and accidental death guarantees according to the rate of rejection and the return of the notification.

In the life branch, in the calculation of IBNR for supplementary collaterals, compensations at the end of the account period are considered to cover the last 12 months. During the calculation of IBNR, concerning these payments in the last 5 or more years; the weighted average found by the compensations that have been happened before these dates but reported later divided by the average annual collateral for the previous year. The average guarantee is calculated by dividing the sum of the end-of-period and the beginning-of-period collateral amounts by the 'average collateral' for one year (four quarters) before in the interim period calculations for years on collateral basis. The amount of compensation that has been incurred but not reported for the current accounting period is calculated by multiplying the weighted average calculated in the above-mentioned manner by the average annual guarantee amount as of the current year. In these calculations subtracted income, salvage and similar income items are reduced. Claim files that have been reported in the current accounting period or reported in the previous accounting periods that are not included in the current period's outstanding claims due to any reason during the current accounting period but which have been reworked in the following year are also included in the related uncompensated compensation accounts.

As stated in Article 7 of the Technical Reserves Regulation, the winning rate was calculated by using the Company's statistics for the last five years, based on the case value for the outstanding claims at the litigation stage. As stated in the Circular No. 2011/23 on Explanations Regarding Calculation of Realized But Not Reported Compensation Provisions, a 25% court win discount was applied to the total amount of the outstanding claims reserve allocated for the life branch files in the litigation process.

IBNR compensations in the personal accident branch are calculated over the claims (outstanding and paid claims total). The group does not have any substantial damages which shall be subject to substantial damage elimination method. As a result of the calculation made for the personal accident branch, Loss-Premium method is used.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

Outstanding claims reserve (Continued)

As of 31 December 2020, the Group has provided TRY14,223,226 (31 December 2019: TRY16,411,569) of net outstanding claims provision in relation to IBNR claims in its financial statements in total, including TRY13,562,839 for life branch (31 December 2019: TRY15,219,008) and TRY660,387 for non-life branch (31 December 2019: TRY1,192,561). Net total outstanding claims including IBNR as of 31 December 2020 is TRY72,664,186 (31 December 2019: TRY62,320,097) of which life branch covers TRY65,357,315 (31 December 2019: TRY53,523,284) and non-life branch covers TRY7,306,871 (31 December 2019: TRY8,796,813).

Mathematical provisions and provision for profit share

In accordance with the Communiqué on Technical Reserves, companies performing in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on an actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal accident insurance contracts.

If the mathematical provisions are undertaken with the actuarial mathematical provision calculated separately as based on the technical principles in the tariff for each policy in force, then it is composed of the total of the profit share provisions allocated for the insureds from the income obtained from the direction of such provisions to investment.

Actuarial mathematical provisions are the difference between the cash values of the premiums received for the risk undertaken by the companies and the liabilities to the insureds and beneficiaries. Actuarial mathematical provisions are allocated as based on the formulas and principles given in the technical principles of the tariffs for the life insurances with a term longer than one year. Actuarial mathematical provisions, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Group meets in future and the current value of premiums paid by policyholder in future (prospective method).

Provision for profit sharing consist of profit sharing calculated in previous years and a certain percentage of current period's income, determined in the approved profit sharing tariffs, obtained from the financial assets backing liabilities of the Group against the policyholders and other beneficiaries for the contracts which the Group is liable to give profit sharing.

31 December 2020 and 31 December 2019, total amount of actuarial mathematical provisions and profit sharing have been approved by the actuary. Total mathematical reserve is TRY2,066,132,182 as of 31 December 2020 (31 December 2019: TRY1,293,865,592). As of 31 December 2020, there is a reinsurer share amounting to TRY1,510,791 (31 December 2019: TRY1,997,764). As of 31 December 2020, the loans to policyholders amounting TRY204,739,575 (31 December 2019: TRY177,037,400) and the fair value reserve of financial investments with risk at policyholders amounting TRY(6,507,405) (31 December 2019: TRY(15,541,493)) (Note 17.2 and 17.15).

The mathematical and profit share provisions of the policies written in the unit price-based funds of the group are evaluated daily according to TRY, USD and EUR profit share technical principles approved by TR Undersecretariat of Treasury and Foreign Trade on 14 January 1993 and 12 September 1996. The income from the investments belonging to the insured is distributed as the income of the investment instrument related to the interest method accrued daily.

Daily Profit Share System according to Profit Share Technical Principles and Life Insurances Regulation of TR Prime Ministry Undersecretariat of Treasury Insurance General Directorate approved on 1 November 1999 is applied for the life, mathematical and profit share of the accumulated policies written in the other funds of the group (profit share based). Profit share values calculated according to the profit share ratios calculated as based on the daily proceeds of TRY, USD and EUR investment instruments are reflected onto the insureds' accounts daily.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

Equalization reserves

As a requirement of the Technical Provisions Regulation, the companies are required to provide equalization reserves at the rate of 12% of the net premiums corresponding to each year, for the credit and earthquake coverage in order to balance the fluctuations in the compensation rates to occur in the subsequent accounting periods and cover the catastrophic risks. The reserve is provided until it reaches the 150% of the highest net premium written in the last five years.

In ‘Sector Declaration Related to the Application of Relevant Legislation Concerning Technical Provisions’ no 2009/9 published by Undersecretariat of Treasury on 27 March 2009, it is indicated that the insurance companies are required to provide equalization reserves for the tariffs in which they provide additional earthquake coverage for death and disabilities due to earthquake, and in life and accident branches, and the method of calculation of the equalization reserves is re-determined under ‘Regulation on the Amendment of the Regulation on the Technical Provisions of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested’ no 27655 published by the Undersecretariat on 28 July 2010. In the 5th paragraph of the 9th article ‘Equalization Reserve’ of the mentioned Regulation, it is stated that the companies shall use their own statistical data during the calculation of the equalization reserves in the life insurances in which death coverage is provided, and that the companies which do not have the data set required for the calculation shall assume 11% of the death net premium (expense share included) as the earthquake premium and shall allocated reserves at the rate of 12% of this amount.

Within this scope, the Group calculated equalization reserve at the rate of 12% of the amount which is obtained by assuming 11% of the death net premium as the earthquake premium, including the expense share.

As of 31 December 2020, the gross amount of equalization reserve of the Group is TRY46,200,983 (31 December 2019: TRY36,203,502) and the net amount is TRY45,021,691 (31 December 2019: TRY35,155,741) (Note 17.15)

2.21 Revenue recognition

Written premiums

Written premiums represent the policies on cancellations from prior years and premiums ceded to reinsurers and after-tax deduction in addition to the policies written in the current year. Annual policies are accounted according to the accrual basis, long term policies are accounted according to the cash basis.

The commissions received and paid

The commissions received and paid are composed of the commissions paid in relation to the written premiums and the commissions received in relation to the premiums transferred to the reinsurance companies. The Group recognizes the commissions received and paid on accrual basis. The commission expenses paid to the intermediaries with respect to the production of the insurance policies and the commission income received from the reinsurers are explained under unearned premiums reserves note.

The Group evaluated the expenses that can be subject to deferral with respect to the Individual Retirement System as outside the scope of IFRS 4 and handled these within the scope of IAS 39 and IAS 18. The commissions paid with respect to the Individual Retirement System are not subjected to deferral as of the reporting period..

Interest income

Interest income is recognized on an accrual basis using effective interest rate method.

Dividend income

Dividend is recognized as income when the right to collection arise.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

Income from pension operations

Fund operation income which is in consideration of the management and representation of the funds and the equipment, personnel and accounting services allocated to the funds are recognized as income in the group accounts and are shared between the group and the group managing the retirement funds (Manager) within the frame of the ratios set forth in the agreement. The whole fees mentioned are recognized as fund operation income within the technical income of the group and the part belonging to the Manager is recognized as the amount paid in consideration of fund operation within the technical expenses of the group. In this context, the ratio related to the total of the expenses to be incurred by the fund are determined in the fund's internal regulations in a way not to exceed the maximum rates indicted on the fund group basis, including the deduction related to the fund operation expenses. The mentioned accounts are shown in the retirement technical income/expense accounts of the income statements attached.

In compliance with the 2nd article of 'Amendment Regulation of Regulation on Individual Retirement System' on 25 May 2015, in case of interruption of the payment in compliance with the 14th article of the same regulation, additional administrative expense deduction can receive from the accumulation of the participant during the interruption period.

In the payment amounts and collection process were made regulation pursuant to 'Amendment Regulation of Regulation on Individual Retirement System' came into force dated 1 January 2016. Deductions were able to receive from the accumulation of the participant with this regulation during five years within the scope of limits and rules. For agreements which came into force dated before 1 January 2016, there will be no deduction from the agreements which filled 5 years as of the effective date even defined.

For contracts entered into force before 1 January 2016,

- Even if it is defined from contracts which have completed 5 years from the effective date, no deduction will be made from this date.
- For the agreements which did not fill 5 years as of the effective date, if there is deduction over the annual limit, there will be no deduction until the anniversary, if there is deduction over 5 years limit, there is not any deduction as of this date. There can be entrance fee and administrative expense deduction in the first five years, exit without mandatory reasons, in case of leaving provided that defined to the product within the limits as of the effective date of agreement.
- For the agreements which came into force dated after 1 January 2016; there can reduce 'Deferred Entrance Fee' in the first five years, exit without mandatory reasons in case of leaving provided that defined to the product from the accumulation of the participant within the limits of regulation and rules.

2.22 Leasing transactions

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

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

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Dividend distribution

The Dividend Distribution Policy of group is determined within the frameworks of the Turkish Commercial Code, Capital Markets Legislation and other related legislations and the article concerning profit distribution of Articles of Association; in accordance with the group's medium and long term strategies and investment and financial plans, taking into consideration the situation of the national economy and the sector and protecting balance between the expectation of the shareholders and the needs of the group.

In line with the decision taken at the General Assembly, the determination of the dividends amount to be distributed to the shareholders are adopted; distribution of 50% of the distributable profit to the shareholders as cash and/or bonus share is adopted as a principle.

The Group does not distribute advance dividends.

2.24 Related parties

Related party of the Group that is associated with a person or entity that prepares financial statements

- (a) A person or a close member of the family of that person considered related to Group if;
- (i) controls is controlled by or is under common control with the Group,
 - (ii) has an interest in the Group that gives it significant influence over the Group,
 - (iii) the party is a member of the key management personnel of the Group and its parent.
- (b) Parties are considered related to the Group if;
- (i) The Group and the reporting Group are the members of the same group (in other words, each main partnership, subsidiary and other subsidiaries are related to the others),
 - (ii) The Group is the participation or business partnership of the other entity (or the member of the group in which the other entity is a member),
 - (iii) Both Companies are the business partnership of the same third party,
 - (iv) One of the Companies is the business partnership of a third Group and the other Group is the participation of the mentioned third Group,
 - (v) The Group has benefit plans provided for the employees of the reporting Group or a Group related to the reporting Group when they leave work. If the reporting Group has such a plan, then the sponsoring employees are also related to the reporting Group,
 - (vi) The Group is controlled or is under common control by a person defined in the article (a),
 - (vii) A person defined in paragraph (i) of the article (a) has a significant effect on the Group or is a member of the key executive personnel of the mentioned Group (or the main partner of this Group),
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The transaction with the related party is the transfer of the sources, services or liabilities between the reporting Group and the related party regardless of whether there is a consideration for such transfer or not.

In the financial statements as of 31 December 2020 and 31 December 2019 and the relevant explanatory footnotes, the companies included in Aviva Group and Sabancı Holding, other than the shareholders and the Group Management are defined as the other related parties (Note 45).

2.25 Earnings per share

Earnings per share are calculated by dividing the net profit for the period distributable to the shareholders into the weighted average number of the shares within the year.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Other monetary balance sheet items

Reflected in the balance sheet at their book values..

2.27 Subsequent events

Post-balance sheet events that provide additional information about the Group's position at the balance sheet dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the Notes when material.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Preparation of financial statements requires the Group make use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Realized results can be different from the estimations. Estimations are regularly reviewed, and the required corrections are carried out and are reflected onto the income statements in the period in which they are realized. The estimations used are mainly related to insurance outstanding claims and compensation reserves, life mathematical reserves, calculation of the fair values of the financial assets, provision for severance pay, impairment provision for the assets, other provisions for expenses and deferred tax assets and the significant assumptions and evaluations by consideration of the main sources of the interpretations that can have significant effect on the amounts reflected onto the financial statements and the estimations available on the balance sheet date or to occur in future, are as follows:

- a) The severance pay liability is determined using actuarial calculations which are based on making assumptions about discount rates, future salary increases and employee turnover. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. The details for the provisions for employee benefits are given in Note 2.19 and Note 22.
- b) Provisions for doubtful receivables reflect the amounts which the group management believes shall compensate the future losses related to the receivables which are available as of the balance sheet date, but which has a risk of non-collection within the frame of the current economic conditions. When evaluating whether the receivables are impaired or not, the past performances of the debtors, other than the related entity, their credibility in the market and their performances from the balance sheet date until the approval date of the financial statements and renegotiated conditions are also taken into consideration. The provisions for doubtful receivables as of the relevant balance sheet date are given in Note 12.1.
- c) Deferred tax assets are recognized to the extent that it is strongly probable to benefit from the temporary differences and accumulated loss by obtaining profit which is subject to future taxation. When determining the amount of the deferred tax assets to be recognized, it is required to make significant estimations and judgments related to the future taxable profits (Note 21).
- d) While allocating provisions for lawsuits, the probability of losing such lawsuits and the results to be borne if lost are evaluated within the direction of the opinions of the legal advisors of the Group and the Group Management makes their best forecasts by use of the available data and allocates the required provisions accordingly (Note 42). With respect to the technical and other provisions, other estimations and assumptions of the Group are explained in detail in the relevant footnotes.
- e) Investment costs amounting to TRY14,754,297 (31 December 2019: TRY14,745,065), which are followed in the project 'advances on intangible assets' account as of 31 December 2020, expenses related to the modernization of the existing systems of basic insurance application and environmental systems it consists. With the decision of the Board of Directors dated 19 April 2017, the Group decided to implement the software transformation of existing applications (called Modernization and BAU program) and the software developments to be made in line with new business needs with agile scrum methodology. All costs related to the system development will be activated, starting from the time the system improvements are completed and used within the context of the Modernization and BAU program, including expenditures already tracked as investments made (Note 8).

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

4. INSURANCE AND FINANCIAL RISK MANAGEMENT

The Group has developed and implemented a risk management structure to protect it against events that undermine sustainable performance, solvency or the achievement of strategic objectives. The risk management system is a fundamental part of the daily operations and ongoing performance of the Group. By identifying, analysing, measuring, controlling, managing, reporting and mitigating risks that may arise in the course of its operations in a timely manner, the Group intends to, among other things, comply with applicable legislative and regulatory requirements, meet its obligations towards its customers and counterparties and maintain capital adequacy.

The Group's approach to risk management is based on the following elements:

Ensuring compliance with legal obligations and the Group's risk management policies;

- Identifying all structural risks, the Group is exposed to and defining risk acceptance criteria and
- Designing and applying internal control mechanisms and actions to seek to address these risks and assuring the transparent reporting of such risks to the Board of Directors.

The Group's Board of Directors has overall responsibility for setting and monitoring the Group's risk appetite, risk strategy, risk management and internal control systems.

Early Risk Detection Committee

Pursuant to the Regulation on Internal Systems and a resolution of Group's Board of Directors dated 15 July 2011 and numbered 2011/29, Group established a risk committee. Subsequently, pursuant to a resolution of Group's Board of Directors dated 17 October 2014 and numbered 2014/62, the risk committee was restructured to replace the former risk committee in compliance with the Corporate Governance Principles (the Early Risk Detection Committee). Pursuant to the Corporate Governance Communique, an early risk detection committee is to be responsible for the preliminary detection of risks that may endanger the existence, development, and continuity of a public Group. Such committee is also responsible for supervising the implementation of appropriate remedial measures and the performance of risk management activities, during which it must monitor, at least once a year, the risk management systems of the Group.

Risk Management Framework

The Group aim to maximize Market Consistent Embedded Value (MCEV) and Shareholders' expectations within the risk appetite framework. It is provided by consistent and strong risk management process are applied Group wide.

The Group's Risk Management Framework is complementary elements of Management, process of the Board of Directors and decision-making framework. The key elements of the Group's risk management framework comprise risk appetite, risk governance including risk policies and business standards, risk oversight committees and roles and responsibilities and the processes we use to identify, measure, manage, monitor and report '(IMMMR)' risks.

The Group's risk management model is based on a 'three lines of defense' principle and consists of:

- *First line of defense - Group Management:* Primary responsibility for risk identification, measurement, management, monitoring and reporting lies with management. The first-line management is responsible for the implementation and practice of risk management, as well as establishing internal control systems.
- *Second line of defense - Risk Management and Internal Control:* Risk and Internal Control function is accountable for oversight and challenge of the IMMMR process and for developing the risk management framework.
- *Third line of defense - Internal Audit:* Internal Audit function provides an independent assessment of the risk framework and internal control processes.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

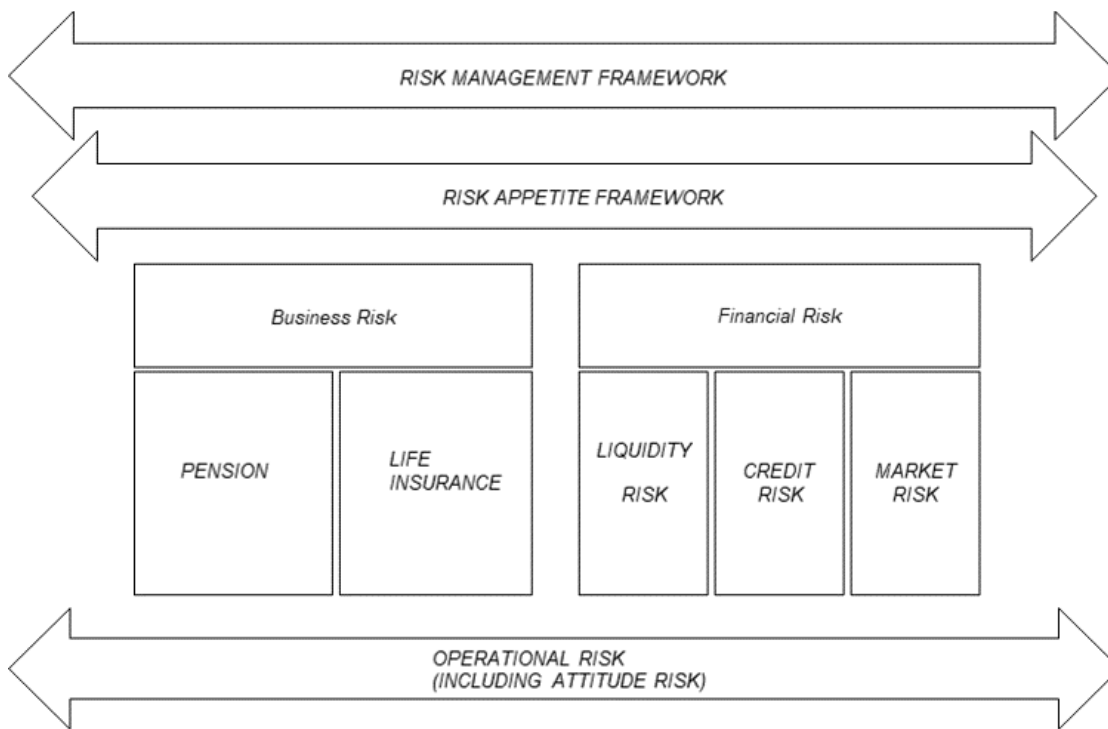
(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

4. INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

The Group's risk management model identifies risk classes, which are then further highlighted under risk management policies and standards. These risk management policies and standards act as practical guides explaining how the Group can manage any financial, operational and nominal losses in the most appropriate way, by identifying the risks inherent in the life insurance and private pension industry, analysing measurable data concerning these risks and establishing limits for such risks for the Group.

The following diagram sets out the Group's risk policy framework.



The Group also adheres to the following business policies and standards as regards risk management:

Risk policy

The risk management policies set the basic principles and standards for the risk management system and process. The policies are approved by the Board of Directors and the amendments require the Board of Directors approval. The Group's Risk Management Policies cannot be changed without the Board of Directors approval.

The tools required to determine, measure, manage, monitor and report the risk vary by the risk type. Therefore, the risk policy framework includes seven risk policies, including the Risk Management Framework Policy, special to each risk type to which the Group is exposed: life insurance and private pension, credit, market, liquidity, operational and conduct risk. All risk policies must be considered together, due to the risks that the Group is exposed cannot be classified in only one category.

Business standards

The Group recognizes the importance of consistent and controlled business processes as a form of risk management. Each risk policy is therefore supported by a number of associated business standards which sets out the requirements for operating consistent processes across our most important business activities.

Primary risks facing the Group are Insurance Risk, Market Risk and Credit Risk.

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

Insurance risk

This is the risk that the insurance premiums allocated by the Group may not meet the claim liabilities and profit share payments and any payment in relation to claims and damages may exceed the expectations of the Group. Life insurance risk, mortality risk, disability, riders related to accident, critical illness risks are included.

Life insurance

Life insurances are offered as individual and group contracts in annual and long-term periods. Mortality risk (the risk that more than expected insured die) disability, riders related to accident, critical illness risks play an important role in the life insurance businesses of the Group. All life insurance risks mentioned above, and riders related risks of the Group have been partly reinsured; the most important contracts are with Swiss Re, Scor Global Life, Cardif Hayat ve Emeklilik, Munich Re and RGA. The Group has signed reinsurance agreements with Scor Global Life against catastrophic loss risks.

The life insurance businesses are also exposed to lapse risk and persistency risk. Persistency risk is defined as the risk of a sustained increase in lapse rates, unexpected volatility in lapse rates and mass lapses. Whether policyholders terminate or renew (explicitly or through automatic renewal) their insurance policies depend on consumer expectations and developments in the financial markets. Managing the attractiveness of life insurance products for customers and intermediaries as well as close monitoring of developments in the portfolio are key to mitigating this risk.

Regarding life insurance including savings premium, in case of investment return being below the guaranteed technical rate, an investment risk arise which belongs to the Group.

Personal accident (Non-Life)

The risk related to personnel accident insurance include accidental death, disability due to the accident, lapse and customer retention risks are also within personal accident branch risks.

Involuntary loss of employment benefit is provided as an additional benefit in both life and personal accident, this benefit is totally ceded to reinsurer.

Pensions

The pensions business is also exposed to lapse risk, which is the risk of cancelling contracts, transfers out to competitors and termination of pension policies at maturity (i.e., retirement).

The investment risk under pension contracts is borne by the customer. The customer evaluates its pension fund investments according to its own preferences.

Assessment and claims settlement

In order to assess insurance risk, and accordingly manage the claim and premium balance, determine liabilities accurately and ensure sufficient provisioning to meet liabilities, the Group performs the following analyses:

- Estimate claims to be paid based on realizations in the past,
- Persistency reports on lapses and transfer outs,
- MCEV analysis of change.

Claims handling is organized in a specialized department within the operations division of the Group, handling both individual and corporate policies, and the assessment and settlement of incurred claims take place on a monthly basis. Further, the Group has underwriting at the claim stage specifically for critical illness claims.

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

Management of insurance risk

Management of Insurance risk aims to manage the risks arising from insurance contract and policies and minimization of such risks.

Insurance risk is defined as a risk transferred by insuree to the insurer, apart from financial risk. Transferred risk is about an uncertain future incident. Uncertainty arises from a lack of information about whether the incident is going to happen or not or about its size or timing.

The ratio of premiums collected by the insurer to indemnities paid out to insuree denotes a Group's capacity to cover insurance risk.

As at 31 December 2020 and 31 December 2019, Group's claims/premium ratios in relevant branches are given below. It is observed that premiums collected provide a capacity to cover any incurred claims.

Expected net claims ratio	31 December 2020	31 December 2019
Life	5%	4%
Personal Accident (Casualty)	3%	5%

As at 31 December 2020, that part of insurance risk which is ceded to reinsurers is given below on a risk coverage basis:

Life							
Death by natural cause	Accidental death	Accidental disability	Sickness Disability	Dangerous Diseases	Public Transport	Unemployment	Accident-Caused Treatment Costs
7.66%	15.41%	3.18%	2.89%	54.79%	15.18%	100.00%	1.10%
Accidental							
Accidental Death	Disability	Accident-Caused Treatment Costs			Unemployment		
7.00%	11.50%	0.02%			100.00%		

As at 31 December 2019, that part of insurance risk which is ceded to reinsurers is given below on a risk coverage basis:

Life							
Death by natural cause	Accidental death	Accidental disability	Sickness Disability	Dangerous Diseases	Public Transport	Unemployment	Accident-Caused Treatment Costs
8.42%	12.98%	27.27%	33.48%	50.49%	16.16%	100.00%	1.99%
Accidental							
Accidental Death	Disability	Accident-Caused Treatment Costs			Unemployment		
14.27%	22.58%	0.06%			100.00%		

Sensitivity to insurance risk

The Group's policy production strategy is based on optimal distribution of risk to reinsurance companies according to policy type, as well as to kind and size of risk taken. At 31 Decemer 2020 and 31 December 2019 Group has both proportional and non-proportional reinsurance treaties.

Outstanding claims are reviewed and updated periodically by claims department of the Group.

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity to Insurance Risk (Continued)

The Group executes insurance contracts in life insurance and personal accident branches. Accordingly, in such insurance contracts, insurance risk concentration according to nature of the subject-matter of insurance are summed up below in gross and net figures (net of reinsurance):

31 December 2020	Total gross risk liability	Share of reinsurer in total risk liability	Net risk liability
Life	64,035,368,614	4,907,509,190	59,127,859,424
Personal Accident	28,358,639,571	2,562,790,806	25,795,848,765
Total	92,394,008,185	7,470,299,996	84,923,708,189

31 December 2019	Total gross risk liability	Share of reinsurer in total risk liability	Net risk liability
Life	50,688,699,110	4,268,272,016	46,420,427,094
Personal Accident	40,278,781,382	7,247,054,261	33,031,727,121
Total	90,967,480,492	11,515,326,277	79,452,154,215

The Group's gross outstanding claims at 31 December 2020 and 31 December 2019 are given in the table below (Note 17.15).

Outstanding Claim	31 December 2020	31 December 2019
Life	71,284,964	60,490,381
Personal Accident	7,572,909	9,131,358
Total	78,857,873	69,621,739

Financial Risk

Financial risk arises from the financial instruments used by the group, such as cash, time bank deposits, government bonds, treasury bills, private sector bonds and Eurobonds. The financial risks arising from such instruments and insurance contract liabilities are as follows:

a) Market Risk

Market risk refers to the risk of incurring financial losses as a result of fluctuations in the fair value of a financial instrument or expected future cash flows from a financial instrument and the risk that fair value of cash flows resulting from liabilities (including insurance liabilities) will change due to fluctuations in the level or the volatility of market variables. Market risk consists of equity risk, inflation risk, property risk, commodity risk and, more importantly for the Group, interest rate risk and currency risk.

i) Currency Risk

Currency risk primarily arises from assets and liabilities carried by the Group in foreign currencies and from variations in exchange rates applied while converting them into TRY from relevant foreign currencies.

As at 31 December 2020, on condition that all variables remain constant, the effect of a 20% appreciation/devaluation of Eurobonds against TRY on shareholders' equity is TRY7,633,800/(7,633,800).

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

Financial Risk (Continued)

As at 31 December 2020:

Liabilities and assets in foreign currency Exchange rate variation (*)	Effect on income/(expense)		
	USD	EUR	GBP
20%	18,583,186	(389,650)	(11,500)
-20%	(18,583,186)	389,650	11,500

As at 31 December 2019, on condition that all variables remain constant, the effect of a 20% appreciation/devaluation of Eurobonds against TRY on shareholders' equity is TRY623,088 (623,088).

As at 31 December 2019:

Liabilities and assets in foreign currency Exchange rate variation (*)	Effect on income/(expense)		
	USD	EUR	GBP
20%	(1,125,642)	(761,372)	(204)
-20%	1,125,642	761,372	204

(*) Relevant amounts denote TRY converted value of currencies.

ii) Interest Rate Risk

Interest risk denotes variations in fair values of financial assets or in future (prospective) cash flows which arise from fluctuations in market interests. The Group closely monitors interest rate risk by monitoring market conditions and appropriate valuation methods.

The table below shows the effects of 100 base points and 500 base points increase/decrease in market interest rates on securities, provided that all other variables remain constant. The underlying logic in this projection is that a discount interest rate applicable for each year with effect of the stresses set in different rates by respective years is found using the upward-downward variation which might occur in average market interest rates and that market value of securities are then discounted at such rate in connection with their respective maturity period.

The Group regularly conducts stress tests and scenarios studies for interest rate risk and creates an action plan by considering these studies while determining the distribution of strategic assets.

As at 31 December 2020:

Market interest increase/(decrease)	Effect on Profit/Profit Reserve		
	TRY	USD (*)	EUR (*)
5% Trading and available for sale financial assets	(27,463,974)	(25,746,612)	(20,467)
-5% Trading and available for sale financial assets	27,463,974	25,746,612	20,467
1% Trading and available for sale financial assets	(5,492,795)	(51,493,223)	(40,934)
-1% Trading and available for sale financial assets	5,492,795	51,493,223	40,934

(*) Interest rate risk has been calculated according to the change of + -0.5 point since 5 points change in US Dollar and Euro interest rates is not meaningful due to the movements of interest rates

As at 31 December 2019:

Market interest increase/(decrease)	Effect on Profit/Profit Reserve		
	TRY	USD (*)	EUR (*)
5% Trading and available for sale financial assets	(26,328,462)	(18,034,162)	(4,449)
-5% Trading and available for sale financial assets	27,790,025	11,340,308	4,472
1% Trading and available for sale financial assets	(6,241,926)	(33,740,633)	(8,875)
-1% Trading and available for sale financial assets	5,260,443	27,839,858	8,966

(*) Interest rate risk has been calculated according to the change of + -0.5 point since 5 points change in US Dollar and Euro interest rates is not meaningful due to the movements of interest rates.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

4. INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk

Credit risk refers to the risk of adverse financial impact resulting from fluctuations in the credit quality of third parties, including financial losses as a result of defaulting counterparties, rating transition and credit spread movements.

The Group does not view credit risk as one of its main risks as its financial assets consist mainly of government debt securities which are not deemed to have high credit risk and bank deposits kept in financial institutions in Turkey which are not deemed to have high credit risk.

c) Liquidity risk

The Group faces the risk that its short-term assets are insufficient to meet its short-term obligations (such as claims arising from insurance contracts) as they fall due. To mitigate this risk, the Group uses liquidity coverage ratio (LCR) to monitor its liquidity risk profile on a 12-month basis.

The company develops and monitors strategies, policies and procedures to ensure that liquidity risk is effectively managed in line with the liquidity risk appetite and that sufficient liquidity is maintained consistently due to the worldwide coronavirus (COVID-19) outbreak.

The table below indicates the distribution of the Group's contractual financial and insurance liabilities, by their respective expected time-to-maturity, as of balance sheet date:

As at 31 December 2020, maturity distribution of undiscounted trading payables and financial payables of the Group by their respective maturity dates are as follows.

	0 - 3 months	3 - 6 months	6 months - 1 years	1- 3 years	More than 3 years	Total
Trade payables	3,259,514	2,701,863	5,372,603	29,325,668	8,894,234	49,553,881
Payables from insurance operations	32,213,493	-	-	-	-	32,213,493
Payables from pension operations	304,074,321	-	-	-	-	304,074,321
Payables from other main operations	158,333	-	-	-	-	158,333
Due to related parties	71,803,237	-	-	-	-	71,803,237
Other payables	22,612,506	-	-	-	-	22,612,506
Total	434,121,403	2,701,863	5,372,603	29,325,668	8,894,234	480,415,771

As at 31 December 2019, maturity distribution of undiscounted trading payables and financial payables of the Group by their respective maturity dates are as follows:

	0 3 months	3 - 6 months	6 months - 1 years	1- 3 years	More than 3 years	Total
Trade payables	3,980,535	3,868,035	7,687,544	27,449,278	16,598,568	59,583,960
Payables from insurance operations	43,940,869	-	-	-	-	43,940,869
Payables from pension operations	230,271,710	-	-	-	-	230,271,710
Payables from other main operations	158,334	-	-	-	-	158,334
Due to related parties	5,858,395	-	-	-	-	5,858,395
Other payables	12,888,556	-	-	-	-	12,888,556
Total	297,098,399	3,868,035	7,687,544	27,449,278	16,598,568	352,701,824

Fair value of the financial instruments

Fair value of financial instruments is the trading transaction done between market participants according to market conditions or the liabilities decided by the parties.

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the group in a current market transaction.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

c) Liquidity risk (Continued)

Fair Value Levels

Fair value is the market price would be received to trade financial instruments between market participants, except compulsory sales and liquidation. Where it exists, quoted prices in active markets are the most actual value. Fair value measurement classification as follows:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	31 December 2020			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Available for sale financial assets (Note 11)	112,389,182	-	-	112,389,182
Financial assets held for trading (Note 11)	241,385,756	-	-	241,385,756
Financial investments with risks on policyholders classified as available for sale (Note 11) (*)	809,537,851	-	-	809,537,851
Financial investments of investors classified as financial assets held to maturity (Note 11)	1,063,932,884	-	-	1,063,932,884
Total financial assets	2,227,245,673	-	-	2,227,245,673

(*) Time deposits of TRY2,717,820 is not included. Book values of time deposits approximate their fair values due to their short-term nature (Note 11.1 and 11.4).

Classification of representation at fair value

	31 December 2019			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Available for sale financial assets (Note 11)	193,245,501	-	-	193,245,501
Financial assets held for trading (Note 11)	383,015,032	-	-	383,015,032
Financial investments with risks on policyholders classified as available for sale (Not 11) (*)	786,949,157	-	-	786,949,157
Financial investments of investors classified as financial assets held to maturity (Note 11)	129,000,000	-	-	129,000,000
Financial investments with risk of life policy holders classified as held-to-maturity financial assets (Note 11)	248,895,397	-	-	248,895,397
Total financial assets	1,741,105,087	-	-	1,741,105,087

(*) Time deposits of TRY30,641,677 is not included. Book values of time deposits approximate their fair values due to their short-term nature (Note 11.4).

d) Operational risks

Operational risks consist of all other risks that may cause financial loss or loss of reputation to the Group and may result from the potential failure of the people, processes, and technology employed in taking and managing risks. Operational risks that the Group faces include the following:

- Regulatory reporting defects regarding pension and life,
- Defects due to incapability of the IT infrastructure and
- Deficiencies in internal control systems.

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4. INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

d) Operational risks (Continued)

The Group regards tight control over its IT systems as a strategic necessity. The Group aims to strengthen its central IT organization and the strategic information management function to increase the effectiveness of the general IT controls and to reduce costs through, for example, the improvement of existing IT systems. The IT systems require many ongoing adjustments because of legislative changes and chain integration.

Operational risks are detailed in the Group's risk tracking system, called OPERA, which is updated to reflect changes in the operating environment and its business processes.

Capital Management

Capital adequacy is computed within the framework of 'Regulation on Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies' of Undersecretariat of Treasury promulgated on Official Gazette 23 August 2015, Nr. 29454 at semi-annual periods. Primary purpose set for the Group's capital management is to build up a strong capital structure for handling and keeping up operations of the Group, as well as to maximize the contribution made to its shareholders.

The Group has a strong capital structure and a long-term sustainable profitability target. In this period, which frequently faces market fluctuations, the Group's capital adequacy ratio is also closely monitored and regularly subjected to stress tests.

As at 31 December 2020 and 31 December 2019, the Group has an adequate amount of shareholders' equity against losses which might arise on account of its current liabilities as well as of potential risks. As of 31 December 2020 and 31 December 2019, the required shareholders' equity (as computed under the above-mentioned Regulation) and of current capital adequacy analysis is as follows:

	31 December 2020	31 December 2019
Total shareholders' equity	722,469,731	547,413,447
Required minimum capital reserves	369,206,991	235,572,317
Capital surplus	353,262,740	311,841,130

5. SEGMENT REPORTING

Segment reporting is presented based on the Group's operations. Since Turkey is the main geographical area that Group operates, segment reporting is not related to the geographical areas. Balance sheet items are not subject to segment reporting and while allocating the income statement to the segments, management reporting used in the performance evaluation of the Group were taken into consideration. Technical profit is the profit that the Group derives from providing insurance coverage, exclusive of the income it derives from investments. Management considers that this information provides the most appropriate way of reviewing the performance of the business. The Group's business segments are composed of four segments namely life protection, life savings, personal accident, and pension.

Life Protection

The Group's life insurance business is principally related to life protection insurance, including credit-linked life and non-credit-linked life policies, such as term life, return of premium, critical illness, disability, accidental benefits and unemployment.

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5. SEGMENT REPORTING (Continued)

Life Protection (Continued)

The Group offers both long-term and short-term credit-linked life insurance. Credit-linked life insurance has the largest share of the Group's life insurance business. Long-term credit-linked life insurance includes insurance policies relating to mortgages or consumer loans for terms greater than one year. Short-term credit-linked life insurance includes yearly renewable insurance policies relating to consumer loans with accidental disability and optional unemployment covers check credit life and SME credit life.

Non-credit-linked (term) life insurance policies provide life protection insurance for a certain period. These insurances provide protection against the risks. These insurance products provide guarantees against the risks of death and protection as the result of accident, unemployment and critical illness specified the conditions in the contract. In the event of death, the beneficiary receives the amount insured. Individual protection insurance may be recognized as only with regular premium instalments in amounts pre-determined for the entire contract period. The Group offers customizable life insurance riders including involuntary unemployment, critical illness, accidental death, and disability due to accident or sickness in its non-credit-linked product portfolio.

Life Savings

Live savings products are generally written for a contract period, during which the insuree makes regular premium payments into a unit, in return for a unit-price guaranteed.

Personal Accident

Personal accident policies provide coverage against disability due to accident, death due to accident, medical expenses due to accident and unemployment. The insurance covers the insuree's life. In the event of a defined accident, the beneficiary receives the amount insured. Individual protection insurance may be recognized as a single premium or with regular premium instalments in amounts pre-determined for the entire contract period.

Pension

The Group offers both individual and corporate pension plans within the framework of the private pension system.

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5 SEGMENT REPORTING (Continued)

1-January - 31 December 2020	Pension	Life Protection	Life Savings	Personal Accident	Unallocated	Total
Gross premiums written	-	1,257,321,113	9,046,391	65,504,790	-	1,331,872,294
Premium ceded to reinsurers	-	(15,703,657)	(554,346)	(2,191,422)	-	(18,449,425)
Premium written net of reinsurance	-	1,241,617,456	8,492,045	63,313,368	-	1,313,422,869
Change in mathematical reserves	-	(531,442,957)	(269,012,780)	-	-	(800,455,737)
Investment income	-	-	933,532,876	-	-	933,532,876
Other technical income (as the reinsurer share is deducted)	-	-	38,220,022	-	-	38,220,022
Investment expense	-	-	(649,051,587)	-	-	(649,051,587)
Investment Income Transferred to non-technical divisions	-	-	(187,086)	-	-	(187,086)
Net change in mathematical reserves	-	(531,442,957)	53,501,445	-	-	(477,941,512)
Net change in provision for unearned premiums reserves (+/-)	-	19,854,852	14,254	7,805,759	-	27,674,865
Equalization reserve	-	(9,238,205)	-	(627,745)	-	(9,865,950)
Net premiums earned	-	720,791,146	62,007,744	70,491,382	-	853,290,272
Claim paid and change in outstanding claims	-	(150,455,741)	(58,091,572)	(2,545,256)	-	(211,092,569)
Commission income, net	-	8,574,112	2,051,658	2,051,658	-	10,878,811
Commission expense, net	-	(212,433,459)	-	(37,073,590)	-	(249,507,049)
Net change in provision for unearned premiums reserves	-	80,695,688	1,844,986	82,540,674	-	165,081,348
Life & personal accident technical profit	-	447,171,746	4,169,213	34,769,180	-	486,110,139
Pension income	441,855,128	-	-	-	-	441,855,128
Fund management charge	339,781,947	-	-	-	-	339,781,947
Management fee	2,103,743	-	-	-	-	2,103,743
Account management fee	74,710,364	-	-	-	-	74,710,364
Entry fee	-	-	-	-	-	-
Deferred fee	24,761,198	-	-	-	-	24,761,198
Premium holiday	497,876	-	-	-	-	497,876
Pension expenses	(180,541,751)	-	-	-	-	(180,541,751)
Fund management charge	(37,215,192)	-	-	-	-	(37,215,192)
Commission expense	(121,364,008)	-	-	-	-	(121,364,008)
Other income/(expense), net	(21,962,551)	-	-	-	-	(21,962,551)
Pension technical profit	261,313,377	-	-	-	-	261,313,377
Total technical profit	261,313,377	447,171,746	4,169,213	34,769,180	-	747,423,516
General and administrative expenses	-	-	-	-	(430,256,366)	(430,256,366)
Net technical profit after overhead expenses	-	-	-	-	-	317,167,150
Foreign exchange gain/(loss), net	-	-	-	-	6,153,638	6,153,638
Investment income/(expense), net	-	-	-	-	57,803,714	57,803,714
Net financial income	-	-	-	-	63,957,352	63,957,352
Profit before taxes	-	-	-	-	-	381,124,502
Tax expense	-	-	-	-	(86,175,774)	(86,175,774)
Net Profit	-	-	-	-	-	294,948,728

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5 SEGMENT REPORTING (Continued)

	1 January - 31 December 2019	Pension	Life Protection	Life Savings	Personal Accident	Unallocated	Total
Gross premiums written	-	896,374,365	-	8,947,121	82,432,727	-	987,754,213
Premium ceded to reinsurers	-	(21,773,562)	-	(267,891)	(5,523,970)	-	(27,565,423)
Premium written net of reinsurance	-	874,600,803	-	8,679,230	76,908,757	-	960,188,790
Change in mathematical reserves	-	(449,214,021)	-	(95,556,631)	-	-	(544,770,652)
<i>Investment income</i>	-	-	-	203,077,972	-	-	203,077,972
<i>Other technical income</i>	-	-	-	23,977,342	-	-	23,977,342
<i>Investment expense</i>	-	-	-	(87,190,680)	-	-	(87,190,680)
<i>Investment Income Transferred to non-technical divisions</i>	-	-	-	(415,758)	-	-	(415,758)
Net change in mathematical reserves	-	(449,214,021)	-	43,892,245	-	-	(405,321,776)
Net change in provision for unearned premiums reserves (+/-)	-	28,407,922	-	36,333	(3,185,900)	-	25,258,355
Equalization reserve	-	(8,935,538)	-	-	(753,490)	-	(9,689,028)
Net premiums earned	-	444,859,166	-	52,607,808	72,969,367	-	570,436,341
Claim paid and change in outstanding claims	-	(71,458,268)	-	(48,113,214)	(4,277,098)	-	(123,848,580)
Commission income, net	-	9,420,211	-	226,236	1,571,141	-	11,217,588
Commission expense, net	-	(189,815,560)	-	(36,400)	(35,620,670)	-	(225,472,630)
Net change in provision for unearned premiums reserves	-	(957,158)	-	-	(87,473)	-	(1,044,631)
Life & personal accident technical profit	-	192,048,391	-	4,684,430	34,555,267	-	231,288,088
Pension income	369,248,585	-	-	-	-	-	369,248,585
Fund management charge	254,941,638	-	-	-	-	-	254,941,638
Management fee	6,603,275	-	-	-	-	-	6,603,275
Account management fee	71,050,230	-	-	-	-	-	71,050,230
Entry fee	50	-	-	-	-	-	50
Deferred fee	35,045,925	-	-	-	-	-	35,045,925
Premium holiday	1,607,467	-	-	-	-	-	1,607,467
Pension expenses	(125,877,879)	-	-	-	-	-	(125,877,879)
Fund management charge	(27,257,008)	-	-	-	-	-	(27,257,008)
Commission expense	(77,894,793)	-	-	-	-	-	(77,894,793)
Other income/(expense), net	(20,726,078)	-	-	-	-	-	(20,726,078)
Pension technical profit	243,370,706	-	-	-	-	-	243,370,706
Total technical profit	243,370,706	192,048,391	-	4,684,430	34,555,267	-	474,658,794
General and administrative expenses	-	-	-	-	-	(356,214,503)	(356,214,503)
Net technical profit after overhead expenses	-	-	-	-	-	-	118,444,291
<i>Foreign exchange gain/(loss), net</i>	-	-	-	-	-	4,182,400	4,182,400
<i>Investment income/(expense), net</i>	-	-	-	-	-	154,053,502	154,053,502
Net financial income	-	-	-	-	-	-	158,235,902
Profit before taxes	-	-	-	-	-	-	276,680,193
Tax expense	-	-	-	-	-	(62,018,071)	(62,018,071)
Net Profit	-	-	-	-	-	-	214,662,122

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6. TANGIBLE ASSETS

6.1 Depreciation and amortization for the period:

1 January - 31 December 2020: TRY39,430,982 (1 January - 31 December 2019: TRY30,801,197).

6.1.1 Depreciation expense:

1 January - 31 December 2020: TRY18,589,092 (1 January - 31 December 2019: TRY16,562,111).

6.1.2 Amortization and depletion expenses:

1 January - 31 December 2020 : TRY20,841,890 (1 January - 31 December 2019: TRY14,239,086).

6.2 Changes in the method of calculation of depreciation and amortization expense for the period, related the increase (+) or decrease (-): Disclosed in Note 2.5. There are no changes.

6.3 Fixed asset movements in the current period:

6.3.1 Purchased, produced or constructed cost of tangible and intangible fixed assets:
1 January - 31 December 2020 : TRY68,138,395 (1 January - 31 December 2019: TRY34,198,189).

6.3.2 Cost of sold or scrapped tangible and intangible fixed assets:
1 January - 31 December: TRY2,126,043 (1 January - 31 December 2019: TRY10,266) .

6.3.3 Revaluation increases during the period: None.

6.3.3.1 Cost of fixed asset (+): None.

6.3.3.2 Accumulated depreciation (-): None.

6.3.4 Construction in progress nature, amount, start and end date, completion rate As explained in Note 3, the Group has started a Modernization project to improve its existing systems as of 2017, and within this scope, projects that are determined to provide economic benefits to the Group in the future are capitalized. As of 31 December 2020, the Company has reviewed its capitalized but not yet completed projects and expensed the amount of assets that it concluded that it would not provide economic benefits to the Company in the future (footnote 8).

As of 31 December 2020, the group is continuing its efforts to modernize its existing systems. Due to the fact that some of the costs included in the investments accounted for as of 31 December 2019 have become ready for use, they have been transferred to other intangible fixed assets in the current period and amortization started.

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

Cost				31 December
	1 January 2020	Additions	Disposals	2020
Machinery and equipment	13,296,320	4,376,775	(1,629,086)	16,044,009
Furniture and fixtures	21,007,774	2,137,701	(496,957)	22,648,518
Other tangible assets	29,640,700	1,036,439	-	30,677,139
Motor vehicle	1,721,735	-	-	1,721,735
Right of use assets	42,063,298	3,554,013	-	45,617,311
Total	107,729,827	11,104,928	(2,126,043)	116,708,712
Accumulated depreciation (-)				
	1 January 2020	Additions	Disposals	31 December 2020
Machinery and equipment	(9,308,787)	(2,334,959)	1,627,143	(10,016,603)
Furniture and fixtures	(13,148,826)	(2,586,832)	422,139	(15,313,519)
Other tangible assets	(15,501,314)	(3,072,205)	-	(18,573,519)
Motor vehicle	(271,867)	(344,347)	-	(616,214)
Right of use assets	(9,172,556)	(10,250,749)	-	(19,423,305)
Total	(47,403,350)	(18,589,092)	2,049,282	(63,943,160)
Net book value	60,326,477			52,765,552

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6. TANGIBLE ASSETS (Continued)

6.3 Fixed asset movements in the current period (Continued):

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

Cost	1 January 2019	Additions	Disposals	Impairment	31 December 2019
Machinery and equipment	12,217,595	1,078,725	-	-	13,296,320
Furniture and fixtures	19,598,506	1,419,534	(10,266)	-	21,007,774
Other tangible assets	28,709,137	1,061,636	-	(130,073)	29,640,700
Motor vehicle	-	1,721,735	-	-	1,721,735
Right of use assets	38,805,375	3,257,923	-	-	42,063,298
Total	99,330,613	8,539,553	(10,266)	(130,073)	107,729,827

Accumulated depreciation (-)	1 January 2019	Period charge	Disposals	Impairment	31 December 2019
Machinery and equipment	(7,237,964)	(2,070,823)	-	-	(9,308,787)
Furniture and fixtures	(11,054,726)	(2,100,231)	6,131	-	(13,148,826)
Other tangible assets	(12,554,680)	(2,946,634)	-	-	(15,501,314)
Motor vehicle	-	(271,867)	-	-	(271,867)
Right of use assets	-	(9,172,556)	-	-	(9,172,556)
Total	(30,847,370)	(16,562,111)	6,131	-	(47,403,350)

Net book value	68,483,243				60,326,477
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7. INVESTMENT PROPERTIES

None.

8. INTANGIBLE ASSETS

Movement in intangible assets and accumulated amortization for the period ended 31 December 2020 is presented below:

Cost	1 January 2020	Additions	Transfers	Deleted during the period from active	31 December 2020
Software	101,306,352	41,653,430	14,441,647	-	157,401,429
Construction in progress	14,745,065	18,934,050	(14,441,647)	(4,483,171)	14,754,297
Total	116,051,417	60,587,480	-	(4,483,171)	172,155,726

Accumulated amortization (-)	1 January 2020	Period charge	Transfers		31 December 2020
Software	(57,516,287)	(20,841,890)	-	-	(78,358,177)
Total	(57,516,287)	(20,841,890)	-	-	(78,358,177)

Net book value	58,535,130				93,797,549
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8. INTANGIBLE ASSETS (Continued)

Movement in intangible assets and accumulated amortization for the period ended 31 December 2019 is presented below:

Cost	1 January 2019	Additions	Transfers	Deleted during the period from active	31 December 2019
Software	73,999,388	17,054,542	10,252,422	-	101,306,352
Construction in progress	18,838,796	11,862,018	(10,252,422)	(5,703,327)	14,745,065
Total	92,838,184	28,916,560	-	(5,703,327)	116,051,417

Accumulated amortization (-)	1 January 2019	Period charge	Transfers		31 December 2019
Software	(43,277,201)	(14,239,086)	-	-	(57,516,287)
Total	(43,277,201)	(14,239,086)	-	-	(57,516,287)
Net book value	49,560,983				58,535,130

9. SUBSIDIARIES

As of 31 December 2020, and 2019, Group does not have subsidiary companies.

10. REINSURANCE ASSETS

Outstanding reinsurance balances of the Group presented on balance sheet and in the income statement, arising from existing reinsurance contracts as of 31 December 2020 and 31 December 2019 are as follows:

Reinsurance assets

	31 December 2020	31 December 2019
Reinsurance share of unearned premiums reserve (Note 17.15)	3,245,140	6,516,521
Reinsurance share of outstanding claim reserve (Note 17.15)	6,193,687	7,301,642
Reinsurers' share of equalization provision (Note 17.15)	1,179,292	1,047,761
Reinsurance companies' current account (net) (*)	3,449,321	(1,936,358)
Reinsurers' share of mathematical provisions (Note 17.15)	1,510,791	1,997,764
Total reinsurance assets/(liabilities)	15,578,231	14,927,330

(*) As of 31 December 2020, receivables from reinsurance companies amounting to TRY5,394,336 (31 December 2019: TRY923,063); liability amounting is TRY1,945,015 (31 December 2019: TRY2,859,421).

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

	1 January - 31 December 2020	1 January - 31 December 2019
Ceded premiums to reinsurers (Note 24)	(18,449,425)	(27,565,423)
Commissions received from reinsurers (Note 32)	10,878,811	11,217,587
Reinsurance share of claims paid	2,953,876	3,314,392
Reinsurance share of outstanding claim reserve (Note 17)	(1,107,955)	1,015,300
Reinsurance shares of unearned premium reserve (Note 17)	(3,271,381)	1,980,218
Reinsurers' share of equalization provision (Note 17)	131,531	157,401
Reinsurers' share of mathematical provisions (Note 17.15)	(486,972)	936,123
Total reinsurance income/(expense)	(9,351,515)	(8,944,402)

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11. FINANCIAL ASSETS

11.1 Subclassifications of the items presented in accordance with the activity of the organization

As of 31 December 2020, and 31 December 2019 in line with operations, sub-classifications of presented items:

31 December 2020	With risk on policyholders			Group portfolio		
	Blocked	Non-blocked	Total	Blocked	Non-blocked	Total
Financial assets available-for-sale						
Gov. Bond and Treasury bill	36,255,179	-	36,255,179	44,752,220	-	44,752,220
Private sector bonds	-	-	-	11,033,320	56,603,642	67,636,962
Eurobond	773,282,672	-	773,282,672	-	-	-
Time deposits	2,717,820	-	2,717,820	-	-	-
Financial assets held for trading						
Gov. Bonds and Treasury bills	-	-	-	73,791,783	95,250,202	169,041,985
Private sector bonds	-	-	-	-	3,993,011	3,993,011
Eurobond	-	-	-	-	39,401,594	39,401,594
Investments Funds	-	-	-	-	23,232,675	23,232,675
Derivative instruments	-	-	-	-	5,716,491	5,716,491
Financial assets held for maturity date						
Eurobond	1,063,932,884	-	1,063,932,884	-	-	-
Total	1,876,188,555	-	1,876,188,555	129,577,323	224,197,615	353,774,938
31 December 2019						
Financial assets available-for-sale						
Gov. Bond and Treasury bill	41,884,722	-	41,884,722	133,760,523	30,065,932	163,826,455
Private sector bonds	-	-	-	-	29,419,046	29,419,046
Eurobond	745,064,435	-	745,064,435	-	-	-
Time deposits	30,641,677	-	30,641,677	-	-	-
Financial assets held for trading						
Gov. Bonds and Treasury bills	-	-	-	-	33,291,862	33,291,862
Private sector bonds	-	-	-	-	17,228,803	17,228,803
Investments Funds	-	-	-	-	332,494,367	332,494,367
Financial assets held for maturity date						
Eurobond	248,895,397	-	248,895,397	-	-	-
Reverse repo	-	-	-	-	129,000,000	129,000,000
Total	1,066,486,231	-	1,066,486,231	133,760,523	571,500,010	705,260,533

11.2 Marketable securities except equity shares issued during the year: None.

11.3 Debt securities redeemed during the year: None.

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11. FINANCIAL ASSETS (Continued)

11.4 Fair values of securities and other financial assets carried at cost on the balance sheet and cost of securities and other financial assets carried at fair value on the balance sheet:

Assets/bonds:

	31 December 2020			31 December 2019		
	Cost	Book value	Fair value	Cost	Book value	Fair value
Financial assets available-for-sale						
- Group portfolio						
Gov. Bonds and Treasury bills (TRY)	42,585,039	44,752,220	44,752,220	165,679,396	163,826,455	163,826,455
Private sector bonds	59,399,160	67,636,962	67,636,962	24,760,000	29,419,046	29,419,046
Eurobond (USD)	-	-	-	-	-	-
	101,984,199	112,389,182	112,389,182	190,439,396	193,245,501	193,245,501
Financial assets held for						
Gov. Bonds and Treasury bills (TRY)	162,587,639	169,041,985	169,041,985	33,419,418	33,291,862	33,291,862
Private sector bonds	3,800,000	3,993,011	3,993,011	14,725,321	17,228,803	17,228,803
Eurobond (USD) (*)	36,936,845	39,401,594	39,401,594	-	-	-
Investment funds	16,969,101	23,232,675	23,232,675	320,669,768	332,494,367	332,494,367
Derivatives	5,716,491	5,716,491	5,716,491	-	-	-
	226,010,076	241,385,756	241,385,756	368,814,507	383,015,032	383,015,032
Financial assets held for maturity date						
Reverse repo	-	-	-	129,000,000	129,000,000	129,000,000
	-	-	-	129,000,000	129,000,000	129,000,000
Financial investments with						
Risks on policy holders						
Gov. Bonds and Treasury bills (TRY)	42,405,896	36,255,179	36,255,179	48,045,996	41,884,722	41,884,722
Eurobond (ABD Doları) (*)	739,032,143	772,301,793	772,301,793	786,601,906	742,449,400	742,449,400
Eurobond (EUR)	872,726	980,879	980,879	2,556,328	2,615,035	2,615,035
Time Deposits (TRY)	2,500,000	2,717,820	2,717,820	5,000,000	5,001,429	5,001,429
Time Deposits (USD)	-	-	-	25,637,903	25,640,248	25,640,248
	784,810,765	812,255,671	812,255,671	867,842,133	817,590,834	817,590,834
Financial assets held for maturity date-						
with risks on policy holders						
Eurobond (USD) (*)	1,048,614,471	1,063,932,884	1,172,236,850	245,059,725	248,895,397	262,808,276
	1,048,614,471	1,063,932,884	1,172,236,850	245,059,725	248,895,397	262,808,276
Total	2,161,419,511	2,229,963,493	2,338,267,459	1,801,155,761	1,771,746,764	1,785,659,643

(*) Financial assets related to the Refundable Life Insurance product are included in the financial investments belonging to the owners of the risk life policy.

The Group's non-current financial assets are carried at cost (Note 45.2).

For the periods ended as of 31 December 2020 and 31 December 2019, movement of available for sale financial assets and financial assets at risk of policyholders are as follows:

	2020	2019
1 January	1,771,746,764	843,339,644
Purchases	6,063,378,645	5,380,630,263
Disposal (*)	(4,703,843,692)	(4,508,574,570)
Valuation (decrease)/increase	48,832,854	(15,733,128)
Amortized over the period (*)	(936,984,543)	(99,817,704)
Unrealized foreign exchange gain/(loss)	(68,019,725)	103,232,880
The amount recognized in shareholders' equity	46,329,344	49,803,989
The amount recognized in mathematical reserves	8,523,846	18,865,390
31 December	2,229,963,493	1,771,746,764

(*) Sales of securities purchased in foreign currency are shown with the exchange rate on the first day of purchase. In the cash flow statement, it is included with the exchange rate of the day of sale/redemption.

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11. FINANCIAL ASSETS (Continued)

11.4 Fair values of securities and other financial assets carried at cost on the balance sheet and cost of securities and other financial assets carried at fair value on the balance sheet (Continued):

Financial assets' maturity date analysis:

	31 December 2020						Total
	Demand deposit	0 - 3 month	3 - 6 month	6 month - 1 year	1 year - 3 year	More than 3 years	
Gov. Bonds and Treasury bill	-	-	-	-	135,724,732	114,324,652	250,049,384
Eurobond	-	-	-	-	15,575,411	1,444,398,905	1,459,974,316
Eurobond Özel Sektör	-	-	-	-	176,252,040	240,390,794	416,642,834
Private sector Eurobond	-	4,056,317	11,565,136	33,300,015	7,682,174	15,026,331	71,629,973
Private sector bonds	23,232,675	-	-	-	-	-	23,232,675
Time deposits	-	2,717,820	-	-	-	-	2,717,820
Derivative instruments	5,716,491	-	-	-	-	-	5,716,491
Total	28,949,166	6,774,137	11,565,136	33,300,015	335,234,357	1,814,140,682	2,229,963,493

	31 December 2019						Total
	Demand deposit	0 - 3 month	3 - 6 month	6 month - 1 year	1 year - 3 year	More than 3 years	
Gov. Bonds and Treasury bill	-	14,883,872	-	-	130,785,216	93,333,951	239,003,039
Investment fund	332,494,367	-	-	-	-	-	332,494,367
Eurobond	-	-	29,098,763	-	58,475,675	702,883,433	790,457,871
Eurobond Özel Sektör	-	-	-	-	30,497,290	173,004,671	203,501,961
Private sector Eurobond	-	527,229	-	-	39,595,759	6,524,861	46,647,849
Time deposits	-	30,641,677	-	-	-	-	30,641,677
Reverse repo	-	129,000,000	-	-	-	-	129,000,000
Total	332,494,367	175,052,778	29,098,763	-	259,353,940	975,746,916	1,771,746,764

Analysis of the financial assets in foreign currency:

	31 December 2020				Amount TRY
	Currency Type	Currency Amount	Exchange Rate		
Financial assets available-for-sale	TRY	-	-	-	112,389,182
Total					112,389,182
Financial assets held for trading	TRY	-	-	-	201,984,162
	USD	5,367,699	7,3405	-	39,401,594
Total					241,385,756
Financial investments with risks on policy holders	USD	250,151,172	7,3405	-	1,836,234,677
	EUR	108,891	9,0079	-	980,879
	TRY	-	-	-	38,972,999
Total					1,876,188,555
Total					2,229,963,493

	31 December 2019				Amount TRY
	Currency Type	Currency Amount	Exchange Rate		
Financial assets available-for-sale	TRY	-	-	-	193,245,501
Total					193,245,501
Financial assets held for trading	TRY	-	-	-	383,015,032
Total					383,015,032
Financial Assets held for maturity date	TRY	-	-	-	129,000,000
Total					129,000,000
Financial investments with risks on policy holders	USD	171,203,839	5,9402	-	1,016,985,045
	EUR	393,203	6,6506	-	2,615,035
	TRY	-	-	-	46,886,151
Total					1,066,486,231
Total					1,771,746,764

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11. FINANCIAL ASSETS (Continued)

11.5 The amounts of the securities included within the securities and long-term securities group, which are issued by the shareholders, affiliates and subsidiaries of the group and the issuers:

None

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

	31 December 2020	31 December 2019	31 December 2018
Financial assets available-for-sale	10,404,983	2,806,105	(5,409,723)
Financial assets held for trading	15,375,680	14,200,525	19,431,028
Financial investments with risks on policy holders	27,444,906	(50,251,299)	(100,342,426)
Financial assets held for maturity date	123,622,379	17,748,551	-
Total	176,847,948	(15,496,118)	(86,321,121)

Value increases reflect the difference between the book value and cost of the financial assets as at the period end.

12. PAYABLES AND RECEIVABLES

12.1 Classifications of receivables as trade receivables from customers, receivables from related parties, advance payments (short-term and long-term payments) and others:

	31 December 2020	31 December 2019
Loans to the policyholders	204,739,575	177,037,400
Receivables from pension operations (*)	27,539,314	14,787,668
Receivables from insurance operations (**)	35,330,094	37,011,109
Receivables from related parties	1,589,357	3,143,495
Other receivables	507,082	520,027
Deposits and guarantees given	13,543	17,413
Total	269,718,965	232,517,112

(*) TRY30,455,901,992 amounted pension investment fund is not included to total (31 December 2019: TRY23,120,735,777).

(**) As of 31 December 2020, reinsurance receivables amount is TRY6,531,167 (31 December 2019: TRY1,425,110). As of 31 December 2020, receivables amount from brokers is TRY4,372,396 (31 December 2019: TRY3,120,405) and TRY2,630,293 (31 December 2019: TRY2,630,293) amount is reserved for lawsuit provision.

Aging details of receivables due from insurance operations are presented below:

	31 December 2020	31 December 2019
Receivables from policyholders		
0 - 3 months	6,100,353	8,736,266
3 - 6 months	4,080,780	5,651,573
6 - 9 months	2,499,183	3,789,420
9 - 12 months	808,809	1,179,789
Total	13,489,125	19,357,048

Receivables from reinsurance companies are presented below:

	31 December 2020	31 December 2019
0 - 3 months	9,957,112	11,799,488
3 - 6 months	183,073	585,835
6 - 9 months	119,886	207,997
9 - 12 months	63,454	162,526
More than 1 year	613,881	352,699
Total	10,937,406	13,108,545
General Total	24,426,531	32,465,593

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12. PAYABLES AND RECEIVABLES (Continued)

12.1 Classifications of receivables as trade receivables from customers, receivables from related parties, advance payments (short-term and long-term payments) and others (Continued):

As of 31 December 2020, receivables total from reinsurance companies and brokers is TRY10,903,563 (31 December 2019: TRY4,545,516).

Distribution of loans to policyholders:

	31 December 2020	31 December 2019
Demand deposits	204,739,575	177,037,400
Total	204,739,575	177,037,400

There is no provision for the receivables from insurance operations.

12.2 The Group's receivables from and payables to its shareholders, affiliates and subsidiaries:

	31 December 2020				31 December 2019			
	Receivables		Payables		Receivables		Payables	
	Commercial	Non-Commercial	Commercial	Non-Commercial (*)	Commercial	Non-Commercial	Commercial	Non-Commercial
Shareholders	547,351	-	103,557	60,319,021	23,568	-	21,884	242,351
Hacı Ömer Sabancı Holding A.Ş.	-	-	103,557	24,000,002	-	-	21,884	-
Aviva International Holdings Ltd.	547,351	-	-	24,000,002	23,568	-	-	-
Other	-	-	-	12,319,017	-	-	-	242,351
Total	547,351	-	103,557	60,319,021	23,568	-	21,884	242,351

(*) Group, at General Assembly on 11 March 2020, is reserved legal reserve TRY25,245,658.45 and extraordinary reserves TRY23,891,597 from net period profit TRY209,137,255 of 2019 financial year operations. Group decided that 160,000,000 total gross profit shares to divided in accordance with 'Profit Dividend Statement' which was published on PDP. Payments will be paid in cash with 2 instalments. First instalment will be paid on 25 March 2020 as TRY100,000,000 and second instalment will be paid on 25 March 2020 as 60,000,000. By adding the 'provisional article 13' to the Turkish Commercial Code with the Law No. 7244 published in the Official Gazette dated 17.04.2020, it has been stated that the amount of cash dividends that Capital companies can distribute until 30.09.2020 cannot exceed twenty-five percent of the net profit for the year 2019.

With the President's decision numbered 2948 published in the Official Gazette on September 18, 2020, the period specified as September 30, 2020 was postponed for three months. The second installment dividend payment planned to be made on September 28, 2020, said Provisional Article 13 and "Provisional 13 of the Turkish Commercial Code No. Communiqué on the Procedures and Principles Regarding the Application of the Third Article "was made on 6 January and 8 January 2021 due to the expiry of the effective date of the regulations, and as of 31 December 2020, the second installment dividend amounts are included in the accounts payable to the partners in the financial statements.

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

Total amount of mortgages and other guarantees obtained for receivables as follows:

	31 December 2020				31 December 2019			
	USD	EUR	TRY	Total (TRY)	USD	EUR	TRY	Total (TRY)
Guarantees and securities								
Letters of guarantee	440,430	-	19,863,500	20,303,930	356,412	-	14,206,330	14,562,742
Mortgage deeds	-	-	309,700	309,700	-	-	309,700	309,700
Other guarantees and securities	809,447	24,888	97,800	932,135	533,963	18,375	222,686	775,024
Total	1,249,877	24,888	20,271,000	21,545,765	890,375	18,375	14,738,716	15,647,466

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12. PAYABLES AND RECEIVABLES (Continued)

12.4 Receivables and payables denominated in foreign currencies with unguaranteed foreign exchange rates, amount of foreign currencies in assets and their TRY conversion rates:

Assets	31 December 2020			31 December 2019		
		Rate	TRY amount		Rate	TRY amount
Cash and cash equivalents						
USD	2,040,811	7,3405	14,980,573	3,646,160	5,9402	21,658,929
EUR	15,851,277	9,0079	142,786,713	4,874	6,6506	32,412
GBP	6,782	9,9438	67,437	107	7,7765	835
Total			157,834,723			21,692,166
Financial assets and financial investments at risk policyholders						
USD	255,518,871	7,3405	1,875,636,271	171,203,839	5,9402	1,016,985,045
EUR	108,891	9,0079	980,879	393,203	6,6506	2,615,035
Total			1,876,617,150			1,019,600,080
Receivables from main operations						
USD	21,877,818	7,3405	160,594,123	22,773,077	5,9402	135,276,631
EUR	(2,025)	9,0079	(18,241)	1,218	6,6506	8,099
Total			160,575,882			135,284,730
Other current assets						
USD	36	7,3405	264	485	5,9402	2,881
EUR	76,330	9,0079	687,573	0	6,6506	-
GBP	-	10,0309	-	36	7,7765	282
Total			687,837			3,163
Other receivables						
USD	200	7,3405	1,468	200	5,9402	1,188
Total			1,468			1,188
Liabilities						
Financial Liabilities						
EUR	22,894	9,0079	206,227	770,787	6,6506	5,126,196
Total			206,227			5,126,196
Payables from main operations						
USD	769,851	7,3405	5,651,091	1,131,236	5,9402	6,719,767
EUR	483	9,0079	4,351	123	6,6506	821
Total			5,655,442			6,720,588
Payables from related parties						
USD	581,213	7,3405	4,266,394	125,877	5,9402	747,735
EUR	10,063	9,0079	90,646	0	6,6506	-
GBP	-	9,9438	-	274	7,7765	2,131
Total			4,357,040			749,866
Other payables						
USD	134,903	7,3405	990,255	147,208	5,9402	874,445
EUR	345,320	9,0079	3,110,608	39,208	6,6506	260,757
GBP	12,563	9,9438	124,924	1	7,7765	8
Total			4,225,787			1,135,210
Provision for outstanding claims						
USD - (effective sales rate)	114,036	7,3647	839,841	239,582	5,9598	1,427,859
USD	1,564,812	7,3405	11,486,502	846,381	5,9402	5,027,675
EUR - (effective sales rate)	39,609	9,0376	357,970	44,682	6,6725	298,140
Total			12,684,313			6,753,674
Deferred income and accrued expenses						
USD	300,268	7,3405	2,204,117	79,951	5,9402	474,923
EUR	282	9,0079	2,540	-	6,6506	-
Total			2,206,657			474,925
Life mathematical reserve						
USD - effective sales rate)	209,773,871	7,3647	1,544,921,628	141,105,247	5,9598	840,959,049
USD	52,848,845	7,3405	387,936,947	54,429,383	5,9402	323,321,420
EUR - (effective sales rate)	57,252	9,0376	517,421	110,749	6,6725	738,976
Avro	8,586	9,0079	77,342	5,642	6,6506	37,522
Total			1,933,453,338			1,165,056,967

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13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts are classified as fair value through profit and loss instruments in accordance with IAS 39 - Financial Instruments: Recognition and Measurement.

The Group recognizes short-term swap and forward contracts incomes and provisions for net income from derivative instruments. As of 31 December 2020, the Group collected net expense from derivative transactions amounting to TRY11,853,445 (1 January - 31 December 2019: 49,577,413).

14. CASH AND CASH EQUIVALENTS

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

	31 December 2020	31 December 2019
Bank deposits	665,739,196	190,080,031
Cheques given and payment orders	(168,867)	(41,388)
Other cash and cash equivalents	328,470,720	208,489,233
Total	994,041,049	398,527,876
	31 December 2020	31 December 2019
Foreign currency cash and cash equivalents	157,834,723	21,692,167
- Demand deposits	2,071,465	1,791,284
- Time deposits	155,763,258	19,900,883
TRY cash and cash equivalents	836,206,326	376,835,709
- Demand deposits	19,422,791	20,808,958
- Time deposits	488,481,682	147,578,906
- Cheques given and payment orders (-)	(168,867)	(41,388)
- Credit card collections	328,470,720	208,489,233
Total	994,041,049	398,527,876

The weighted average interest rates of time deposits:

	31 December 2020	31 December 2019
	Annual Interest Rate (%)	Annual Interest Rate (%)
EUR	2.07%	-%
USD	2.71%	2.22%
TRY	17.82%	11.49%

As of 31 December 2020, maturity dates of TRY deposits are changes as 4 January 2021 and 25 March 2021 and for maturity dates of foreign currency deposits changes as 4 January 2021 and 8 December 2021.

As of 31 December 2019, TRY deposit's maturities vary between 2 January and 9 March 2020, foreign currency deposits maturity vary between 6 January and 1 April 2020.

Demand and time deposits in foreign currency:

	31 December 2020				31 December 2019			
	Foreign Currency		TRY amount		Foreign Currency		TRY amount	
	Time	Demand	Time	Demand	Time	Demand	Time	Demand
USD	1,843,958	196,853	13,535,575	1,444,997	3,350,204	295,956	19,900,883	1,758,036
EUR	15,789,216	62,060	142,227,683	559,031	-	4,874	-	32,413
GBP	-	6,782	-	67,437	-	107	-	835
Total			155,763,258	2,071,465			19,900,883	1,791,284

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15. SHARE CAPITAL

15.1 Distributions to the shareholders, the amounts of the transactions concluded by the entity with the partners, under the own wills of the partners:

As of 31 December 2020, and 31 December 2019 more detailed information regarding the Group's shareholders and Group's share capital are disclosed in Note 2.13.

In the General Assembly meeting dated March 11, 2020, after the taxation, the net profit is TRY209,137,255 for the year, which is disturbed as TRY25,245,658 for general legal reserves and TRY23,891,597 for extraordinary reserves that are the distribution of the total gross TRY160,000,000 dividend within the framework of the 'Profit Distribution Table' published on the Public Disclosure Platform and 100,000,000 of the payments on 25 March 2020 and TRY60,000,000 of the payments on 28 September 2020. It was decided to make it in cash in two instalments, and the first instalment payments were made. The first instalment dividend payments were made on 25 March and 27 March 2020. By adding the 'provisional article 13' to the Turkish Commercial Code with the Law No. 7244 published in the Official Gazette dated 17.04.2020, it has been stated that the amount of cash dividends that Capital companies can distribute until 30.09.2020 cannot exceed twenty-five percent of the net profit for the year 2019.

With the President Decision No. 2948 published in the Official Gazette on 18.09.2020, the period specified as 30/09/2020 was postponed for three months. The dividend payment of the second installment planned to be made on September 28, 2020 could not be made on the stipulated date due to the aforementioned Provisional Article 13 and the "Communiqué on the Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Turkish Commercial Code No. 6102"

Due to the expiration of the effective date of the said regulations, the second installment dividend payments were made on January 6 and January 8, 2021, and as of December 31, 2020, the second installment dividend amounts are included in the accounts payable to the shareholders in the financial statements.

15.2 Capital and profit reserves:

Profit reserves:

As of 31 December 2020, the Group's profit reserves are as follows; TRY80,315,165 (31 December 2019: TRY54,794,243) from legal reserves, TRY11,494 (31 December 2019: TRY11,494) from statutory reserves, TRY110,043,954 (31 December 2019: TRY80,922,342) from extraordinary reserves, TRY36,602,809 (31 December 2019: TRY294,093) consists of the valuation of financial assets and other profit reserves amounting to TRY13,711,975 (31 December 2019: TRY11,150,630).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ('TCC'). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% until the total reserve reaches 20% of the Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Capital reserves:

As of 31 December 2020, TRY837,095 of the Group's share capital reserves (31 December 2019: TRY837,095) is the difference between the pre-merger nominal capital of TRY82,320,000 and the capital increase amount of Ak Emeklilik amounting to TRY15,779,197 and TRY66,028,020 from the remaining balance after the capital has been added to the capital; TRY324,312 (31 December 2019: TRY324,312) consists of share capital increase.

Valuation of financial assets:

Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets accounted for under 'Valuation of Financial Assets'.

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15. SHARE CAPITAL (Continued)

15.2 Capital and profit reserves (Continued)

Valuation of financial assets (Continued)

Valuation of financial assets during the period are as follows:

	2020	2019
1 January	(294,093)	(39,141,204)
Fair value gain/(loss), net	36,896,902	38,847,111
31 December	36,602,809	(294,093)

15.3 Share capital movement

For the period between 31 December 2020 and 31 December 2019 paid capital amount is TRY180,000,000 and it is consisted of 18,000,000,000 shares which costs 1Kr each.

16. OTHER PROVISIONS AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION ('DPF')

Details of other reserves in shareholders' equity is disclosed in Note 15.

17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS

17.1 Guarantees to be provided for life and non-life branches and guarantees provided for life and non-life branches based on assets is presented below:

Branch	31 December 2020		31 December 2019		Required Guarantee (*)	Current Blockage (nominal)
	Required Guarantee (*)	Current Blockage (nominal)	Required Guarantee (*)	Current Blockage (nominal)		
Life (*)	2,122,378,119	2,076,010,674	2,201,852,445	1,344,490,615	1,172,852,283	1,281,099,832
Non-Life	6,052,172	14,066,247	13,999,248	8,736,192	10,659,846	10,659,845
Total	2,128,430,291	2,090,076,921	2,215,851,693	1,353,226,807	1,183,512,129	1,291,759,677

(*) In accordance with Specification 4 of the "Regulation on the Financial Structure of Insurance and Reinsurance and Pension Companies" which is published in the Official Gazette dated 7 August 2007 and numbered 26606, the insurance companies and pension companies operating in the life and is obliged to establish the Minimum Guarantee Fund amount, which corresponds to one third of the required equity amount, as collateral during the capital adequacy account period

Total mortgages or guarantees on assets:

	31 December 2020	31 December 2019
Securities portfolio (nominal values)		
TRY	310,335,421	272,749,693
Foreign currency	1,779,741,500	910,762,436
Total	2,090,076,921	1,183,512,129

Assets mentioned above have been blocked in favour of the Treasury.

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.2 Number of life insurance policies, additions, disposals in the current period, and current life policy holders and their mathematical reserves are presented below:

Change includes increases and decreases in existing portfolio, and the existing policies which are exempt from paying premium and policies entered into force.

	31 December 2020		31 December 2019	
	Unit	Mathematical Reserve TRY	Unit	Mathematical Reserve TRY
Opening, 1 January	1,229,532	1,293,865,592	1,281,983	761,252,272
Additions	1,288,327	225,958,651	1,666,333	253,134,894
Disposal	(1,252,606)	(123,813,104)	(1,718,784)	(56,423,593)
Change (*)	-	670,121,043	-	335,902,019
Period end	1,265,253	2,066,132,182	1,229,532	1,293,865,592

- (1) Mathematical provisions are calculated in accordance with its own technical principles for each product.
- (2) As of 31 December 2020, there is no provision for cancelled policies (31 December 2019: None).
 - a) Mathematical reserves belonging to the policies those were in effect in the beginning of the period but were cancelled during the period were presented within disposals, but policies which were signed and cancelled during the period are not presented within additions and disposals.
 - b) As of 31 December 2020, mathematical reserves provided for the loans to policyholders amounting TRY204,739,575 (31 December 2019: TRY177,037,400) and mathematical reserves related to the fair value reserve of financial investments with risk at policyholders amounting TRY6,507,405 (31 December 2019: TRY15,541,493) are excluded in additions.
 - c) As of 31 December 2020, TRY1,510,791 life mathematical provision of reinsurers' share was not deducted from mathematical provision amount (31 December 2019: 1,997,764).

17.3 Insurance coverage given to non-life insurance branches TRY92,394,008,185 (31 December 2019: TRY90,967,480,492).

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.4 Pension investment funds established by the Group and their unit prices:

As of 31 December 2020, there are 35 (31 December 2019: 35) pension fund established by the Group.

Fund name	Unit price 31 December 2020 (TRY)	Unit price 31December 2019 (TRY)
AvivaSA Emeklilik ve Hayat A.Ş.Karma Emeklilik Yatırım Fonu	0,076493	0,067292
AvivaSA Emeklilik ve Hayat A.Ş.Agresif Değişken Emeklilik Yatırım Fonu	0,086102	0,068523
AvivaSA Emeklilik ve Hayat A.Ş.Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0,111049	0,081676
AvivaSA Emeklilik ve Hayat A.Ş.Orta Vadeli Borçlanma Araçları Emeklilik Yatırım Fonu	0,075780	0,069291
AvivaSA Emeklilik ve Hayat A.Ş.İkinci Para Piyasası Emeklilik Yatırım Fonu	0,067066	0,060725
AvivaSA Emeklilik ve Hayat A.Ş.İkinci Değişken Emeklilik Yatırım Fonu	0,056049	0,044009
AvivaSA Emeklilik ve Hayat A.Ş.Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0,103873	0,075714
AvivaSA Emeklilik ve Hayat A.Ş.Temettü Ödeyen Şirketler Hisse Senedi Emeklilik Yatırım Fonu	0,055259	0,039786
AvivaSA Emeklilik ve Hayat A.Ş.Birinci Para Piyasası Emeklilik Yatırım Fonu	0,071246	0,064583
AvivaSA Emeklilik ve Hayat A.Ş.Borçlanma Araçları Emeklilik Yatırım Fonu	0,074153	0,067676
AvivaSA Emeklilik ve Hayat A.Ş.Dinamik Değişken Emeklilik Yatırım Fonu	0,087894	0,072374
AvivaSA Emeklilik ve Hayat A.Ş.Birinci Değişken Emeklilik Yatırım Fonu	0,074442	0,057673
AvivaSA Emeklilik ve Hayat A.Ş.Hisse Senedi Emeklilik Yatırım Fonu	0,104001	0,079650
AvivaSA Emeklilik ve Hayat A.Ş.Borçlanma Araçları Grup Emeklilik Yatırım Fonu	0,063157	0,056961
AvivaSA Emeklilik ve Hayat A.Ş.Muhafazakar Değişken Emeklilik Yatırım Fonu	0,069529	0,062578
AvivaSA Emeklilik ve Hayat A.Ş.Hisse Senedi Grup Emeklilik Yatırım Fonu	0,104392	0,079023
AvivaSA Emeklilik ve Hayat A.Ş.Karma Grup Emeklilik Yatırım Fonu	0,029622	0,025836
AvivaSA Emeklilik ve Hayat A.Ş.Dengeli Değişken Emeklilik Yatırım Fonu	0,026674	0,022559
AvivaSA Emeklilik ve Hayat A.Ş.Katkı Emeklilik Yatırım Fonu	0,019657	0,017636
AvivaSA Emeklilik ve Hayat A.Ş.Standart Emeklilik Yatırım Fonu	0,018873	0,016918
AvivaSA Emeklilik ve Hayat A.Ş.Altın Emeklilik Yatırım Fonu	0,048681	0,031091
AvivaSA Emeklilik ve Hayat A.Ş.B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu	0,044239	0,036447
AvivaSA Emeklilik ve Hayat A.Ş.Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu	0,023930	0,021498
AvivaSA Emeklilik ve Hayat A.Ş.Başlangıç Emeklilik Yatırım Fonu	0,017444	0,015744
AvivaSA Emeklilik ve Hayat A.Ş.Başlangıç Katılım Emeklilik Yatırım Fonu	0,016607	0,015026
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	0,019810	0,015257
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	0,020111	0,014647
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	0,022647	0,014808
AvivaSA Emeklilik ve Hayat A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu	0,015447	0,013879
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu	0,015899	0,013394
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Değişken Emeklilik Yatırım Fonu	0,016001	0,013228
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu	0,015674	0,012519
AvivaSA Emeklilik ve Hayat A.Ş. OKS Standart Emeklilik Yatırım Fonu	0,014828	0,013127
AvivaSA Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	0,016079	0,013826
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	0,015885	0,012677

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.4 Pension investment funds established by the Group and their unit prices (Continued):

Participation certificates in circulation	31 December 2020		31 December 2019	
	Unit	Amount (TRY)	Unit	Amount (TRY)
AvivaSA Emeklilik ve Hayat A.Ş. Karma Emeklilik Yatırım Fonu	735,071,945	56,227,858	919,780,373	61,893,861
AvivaSA Emeklilik ve Hayat A.Ş. Agresif Değişken Emeklilik Yatırım Fonu	1,059,512,876	91,226,178	1,224,191,665	83,885,285
AvivaSA Emeklilik ve Hayat A.Ş. Dış Borçlanma Araçları Emeklilik Yatırım Fonu	25,643,370,957	2,847,670,701	25,574,352,579	2,088,810,821
AvivaSA Emeklilik ve Hayat A.Ş. Orta Vadeli Borçlanma Araçları Emeklilik Yatırım Fonu	1,933,916,637	146,552,203	2,570,204,158	178,092,016
AvivaSA Emeklilik ve Hayat A.Ş. İkinci Para Piyasası Emeklilik Yatırım Fonu	1,657,064,489	111,132,687	2,269,124,573	137,792,590
AvivaSA Emeklilik ve Hayat A.Ş. İkinci Değişken Emeklilik Yatırım Fonu	4,295,383,861	240,751,970	2,996,048,181	131,853,084
AvivaSA Emeklilik ve Hayat A.Ş. Uzun Vadeli Dış Borçlanma Araçları Emeklilik Yatırım Fonu	24,386,450,173	2,533,093,739	22,319,183,776	1,689,874,680
AvivaSA Emeklilik ve Hayat A.Ş. Temettü Ödeyen Şirketler Hisse Senedi Emeklilik Yatırım Fonu	1,654,135,899	91,405,896	1,545,678,790	61,496,376
AvivaSA Emeklilik ve Hayat A.Ş. Birinci Para Piyasası Emeklilik Yatırım Fonu	39,875,098,015	2,840,941,233	44,560,624,084	2,877,858,785
AvivaSA Emeklilik ve Hayat A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu	38,755,798,162	2,873,858,701	44,963,909,999	3,042,977,573
AvivaSA Emeklilik ve Hayat A.Ş. Dinamik Değişken Emeklilik Yatırım Fonu	27,532,739,952	2,419,962,645	31,197,177,070	2,257,864,493
AvivaSA Emeklilik ve Hayat A.Ş. Birinci Değişken Emeklilik Yatırım Fonu	18,588,114,111	1,383,736,391	18,890,575,604	1,089,476,167
AvivaSA Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	15,113,731,517	1,571,843,192	14,276,379,004	1,137,113,588
AvivaSA Emeklilik ve Hayat A.Ş. Borçlanma Araçları Grup Emeklilik Yatırım Fonu	5,044,760,691	318,611,951	6,000,565,928	341,798,236
AvivaSA Emeklilik ve Hayat A.Ş. Muhafazakar Değişken Emeklilik Yatırım Fonu	2,138,467,880	148,685,533	2,671,654,722	167,186,809
AvivaSA Emeklilik ve Hayat A.Ş. Hisse Senedi Grup Emeklilik Yatırım Fonu	1,339,619,319	139,845,540	1,487,617,507	117,555,998
AvivaSA Emeklilik ve Hayat A.Ş. Karma Grup Emeklilik Yatırım Fonu	1,019,832,900	30,209,490	1,223,066,798	31,599,154
AvivaSA Emeklilik ve Hayat A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu	327,146,863	8,726,315	298,504,533	6,733,964
AvivaSA Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu	185,137,728,419	3,639,252,328	171,874,805,093	3,031,184,063
AvivaSA Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu	10,754,076,849	202,961,692	12,758,499,674	215,848,297
AvivaSA Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu	153,307,402,012	7,463,157,637	109,028,024,914	3,389,790,323
AvivaSA Emeklilik ve Hayat A.Ş. B.R.I.C Ülkeleri Yabancı Değişken Emeklilik Yatırım Fonu	4,145,922,080	183,411,447	4,325,544,077	157,653,105
AvivaSA Emeklilik ve Hayat A.Ş. Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu	3,267,547,474	78,192,411	2,180,121,926	46,868,261
AvivaSA Emeklilik ve Hayat A.Ş. Başlangıç Emeklilik Yatırım Fonu	4,290,174,844	74,837,810	5,474,213,980	86,186,025
AvivaSA Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	3,019,542,473	50,145,542	4,407,819,172	66,231,891
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	451,972,660	9,089,622	231,060,160	3,384,338
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	702,528,596	15,910,165	196,605,779	2,911,338
AvivaSA Emeklilik ve Hayat A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu	599,506,315	9,260,574	404,753,636	5,617,576
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu	707,473,424	11,248,120	363,266,002	4,865,585
AvivaSA Emeklilik ve Hayat A.Ş. OKS Dinamik Değişken Emeklilik Yatırım Fonu	804,388,912	12,871,027	361,063,887	4,776,153
AvivaSA Emeklilik ve Hayat A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu	1,040,921,238	16,315,399	424,502,584	5,314,348
AvivaSA Emeklilik ve Hayat A.Ş. OKS Standart Emeklilik Yatırım Fonu	35,772,782,543	530,438,820	30,041,107,993	394,349,625
AvivaSA Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	18,010,785,501	289,595,420	14,557,251,183	201,268,555
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	878,427,920	13,953,828	1,732,990	21,969
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	335,911	6,654	392,848	5,994
	633,991,733,418	30,455,130,719	581,619,405,242	23,120,140,926

Contribution documents at founder	31 December 2020		31 December 2019	
	Unit	Amount (TRY)	Unit	Amount (TRY)
AvivaSA Emeklilik ve Hayat A.Ş. Katılım Standart EYF	38,933,510	771,273	38,988,726	594,851
	38,933,510	771,273	38,988,726	594,851

17.5 Total units and portfolio amounts of additions, disposals, reversals and current individual and group private pension participants:

	31 December 2020		31 December 2019	
	Contract Unit	Portfolio Amount (TRY)	Contract Unit	Portfolio Amount (TRY)
Individual				
Additions	49,203	933,244,795	83,254	934,242,885
Disposals	132,578	3,183,612,360	175,793	3,297,112,868
Available	815,133	25,639,901,614	881,972	19,466,973,233
Group				
Additions	351,319	60,531,735	450,607	81,579,542
Disposals	318,413	606,679,931	259,941	557,467,749
Available	948,194	4,815,229,105	914,036	3,653,167,693
Total portfolio amount	1,763,327	30,455,130,719	1,796,008	23,120,140,926

Law No. 6740 amending the Individual Pension Savings and Investment System Law No. 4632 was published in the Official Gazette dated 25.08.2016, numbered 29812 and entered into force on 01.01.2017. With this arrangement, employees are automatically included in a retirement plan.

The above numbers and portfolio values also include contracts under automatic participation.

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.6 Valuation methods used in profit share calculation of life insurances with profit shares:

The life mathematical reserves for the accumulated policies written from the Group's accumulated funds are valued daily in compliance with TRY and USD profit share technical principles approved by Turkish Undersecretariat of Treasury Foreign Trade on 14 January 1993 and 12 September 1996. The revenue of the mentioned investments is distributed as the revenue of the relevant investment instrument with the daily accrued interest method.

Daily Profit Share System is applied to the life mathematical reserves for the accumulated life policies written from the Group's other funds in compliance with Profit Share Technical Principles and Life Insurance Regulation approved on 1 November 1999 by Turkish Prime Ministry, Undersecretariat of Treasury General Directorate of Insurance. Profit share values calculated according to the profit share rates calculated according to the daily yields of TRY, USD and EUR investment instruments are reflected onto the accounts of the insurees daily.

17.7 Total units of additions and their group or individual gross and net share participations in the current period:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Unit	Participation Share (Gross) TRY	Participation Share (Net) TRY	Unit	Participation Share (Gross) TRY	Participation Share (Net) TRY
Individual	49,203	823,282,510	823,282,510	83,254	670,515,907	670,515,866
Corporate	351,319	53,753,180	53,752,957	450,607	61,157,768	61,157,086
Total	400,522	877,035,690	877,035,467	533,861	731,673,675	731,672,952

The contracts become effective and ceased in the period, and contributions collected regarding these contracts are shown in gross contribution share. Contributions transferred in from other companies are not included in the tables above. The government participation is not included the amounts.

17.8 Total units of additions from the other companies and their group or individual gross and net share participations in the current period:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Unit adedi	Participation Share (Gross) TRY	Participation Share (Net) TRY	Unit adedi	Participation Share (Gross) TRY	Participation Share (Net) TRY
Individual	3,175	3,805,216	3,805,216	5,498	4,790,568	4,790,568
Corporate	2,101	396,268	396,268	8,851	1,884,721	1,884,721
Total	5,276	4,201,484	4,201,484	14,349	6,675,289	6,675,289

Transferred contribution from another group participant and charged contribution during this period have been explained in report but transferred contribution from foundation are not shown. Contribution from another group combined with an established agreement and new contributions from the amount of the transfer is a topic the above table. The government participation is not included the amounts.

17.9 Total units of transfers from the Group's life portfolio to private pension portfolio and their group or individual gross and net share participations:

Legal period for the transfer from life portfolio to pension portfolio has ended as of 7 October 2006, there were no transfers in the current and previous periods.

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17. SİGORTA BORÇLARI VE REASÜRANS VARLIKLARI (Devamı)

17.10 Total units of transfers from the Group's private pension portfolio to other company or not, and together their personal and corporate allocation and gross and net share participations

	1 January - 31 December 2020			1 January - 31 December 2019		
	Unit	Participation Share (Gross) TRY	Participation Share (Net) TRY	Unit	Participation Share (Gross) TRY	Participation Share (Net) TRY
Individual	132,578	2,029,268,031	2,016,644,547	175,793	2,282,166,835	2,261,627,751
Corporate	318,555	440,729,862	440,654,317	260,045	376,701,277	376,560,454
Total	451,133	2,469,997,893	2,457,298,864	435,838	2,658,868,112	2,638,188,205

Unit: Shows the number of participants left the Groups.

Participation Share (Gross): Represents several contributions as a result of exits.

Participation Share (Net): Represent the sum gross contributions as a result of exits after deductions.

The government participation is not included the amounts mentioned above.

17.11 Total units of additions of life insurances and their group or individual allocation and gross and net premiums:

	1 January - 31 December 2020		1 January - 31 December 2019	
	Net Premium amount	Net Premium amount	Net Premium amount	Net Premium amount
	Unit (*)	TRY (**)	Unit (*)	TRY (**)
Individual	1,072,544	662,704,795	965,420	565,329,629
Group	215,065	29,751,384	700,913	83,942,422
Toplam	1,287,609	692,456,179	1,666,333	649,272,051

(*) Only new post life insurance details are shown in the table above; re-enacted and renewal life insurance policies are not taken into consideration..

(**) For TRY and USD unit-based policies, policy transaction for entering and existing in the same period are not included.

17.12 Total units of disposals of life insurances and their group or individual allocation and gross net premiums and net mathematical reserves:

	1 January -31 December 2020		1 January - 31 December 2019	
	Unit	Mathematical reserve TRY	Unit	Mathematical reserve TRY
Individual	827,809	123,813,104	674,617	56,003,765
Group	424,797	-	1,044,167	419,828
Total	1,252,606	123,813,104	1,718,784	56,423,593

There is no mathematical provision calculated for annual life policies for exists.

For TRY and USD unit based on policies, policy transaction for entering and exiting in the same period are not included.

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.13 Profit share distribution rate of life insurances:

	Profit Share Distribution rate (%) December 2020	Profit Share Distribution rate (%) December 2019
TRY (unit-based)	7.49%	7.36%
USD (unit-based)	4.47%	3.59%
TRY (other)	12.29%	9.49%
USD (other)	4.21%	3.92%
EUR (other)	4.90%	4.59%

17.14 Balance arising from insurance contracts:

	31 December 2020	31 December 2019
Gross insurance liabilities		
Reserve for unearned premiums	64,925,125	95,871,371
Provision for outstanding claims	78,857,873	69,621,739
Equalization provision	46,200,983	36,203,502
Mathematical provisions (*)	2,066,132,182	1,293,865,592
Total	2,256,116,163	1,495,562,204
Reinsurance assets		
Reserve for unearned premiums	3,245,140	6,516,521
Provision for outstanding claims	6,193,687	7,301,642
Equalization provision	1,179,292	1,047,761
Mathematical provisions (*)	1,510,791	1,997,764
Total	12,128,910	16,863,688
Net insurance liabilities		
Reserve for unearned premiums	61,679,985	89,354,850
Provision for outstanding claims	72,664,186	62,320,097
Equalization provision	45,021,691	35,155,741
Mathematical provisions	2,064,621,391	1,291,867,828
Total	2,243,987,253	1,478,698,516

(*) Movements of mathematical provisions are disclosed in Note 17.2 Provisions are calculated on a net basis as described in Note 2.20

As of 31 December 2020, mathematical provisions for loan amounting to TRY204,739,575 (31 December 2019: TRY177,037,400) and fair value loss of financial assets at insuree's risk amounting to TRY6,507,405 (31 December 2019: TRY15,541,493) have not been included in the above mentioned.

Movements in the outstanding claims reserve during the period:

Life	31 December 2020			31 December 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	60,490,381	(6,967,097)	53,523,284	61,639,681	(5,813,091)	55,826,590
Claims paid	(9,633,654)	472,346	(9,161,308)	(6,775,461)	431,860	(6,343,601)
Increase/(decrease)						
- Outstanding claims for the period	24,143,381	(849,241)	23,294,140	11,730,134	(1,363,092)	10,367,042
- Previous years' outstanding claims	(3,715,144)	1,416,343	(2,298,801)	(6,103,973)	(222,774)	(6,326,747)
31 December	71,284,964	(5,927,649)	65,357,315	60,490,381	(6,967,097)	53,523,284
Reported claims	56,370,710	(4,576,234)	51,794,476	43,569,054	(5,264,778)	38,304,276
Incurred but not reported	14,914,254	(1,351,415)	13,562,839	16,921,327	(1,702,319)	15,219,008
Total	71,284,964	(5,927,649)	65,357,315	60,490,381	(6,967,097)	53,523,284

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.14 Balance arising from insurance contracts (Continued):

Movements in the outstanding claims reserve during the period:

Non-life	31 December 2020			31 December 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	9,131,358	(334,545)	8,796,813	10,452,319	(473,251)	9,979,068
Claims paid	(1,760,995)	221,017	(1,539,978)	(2,994,751)	320,406	(2,674,345)
Increase/(decrease)						
- Outstanding claims for the period	2,123,891	(171,000)	1,952,891	2,571,677	(286,842)	2,284,835
- Previous years' outstanding claims	(1,921,345)	18,490	(1,902,855)	(897,887)	105,142	(792,745)
31 December	7,572,909	(266,038)	7,306,871	9,131,358	(334,545)	8,796,813
Reported claims	6,912,522	(266,038)	6,646,484	7,938,797	(334,545)	7,604,252
Incurred but not reported	660,387	-	660,387	1,192,561	-	1,192,561
Total	7,572,909	(266,038)	7,306,871	9,131,358	(334,545)	8,796,813
General total	78,857,873	(6,193,687)	72,664,186	69,621,739	(7,301,642)	62,320,097

Movements in the provision for equalization during the period:

Equalization reserve	31 December 2020			31 December 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	36,203,502	(1,047,761)	35,155,741	26,357,074	(890,360)	25,466,714
Net change	9,997,481	(131,531)	9,865,950	9,846,428	(157,401)	9,689,027
31 December	46,200,983	(1,179,292)	45,021,691	36,203,502	(1,047,761)	35,155,741

Movements in the provision for unearned premium during the period:

Reserve for unearned premiums	31 December 2020			31 December 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	95,871,371	(6,516,521)	89,354,850	119,149,509	(4,536,303)	114,613,206
Increase/(decrease)						
- Current year reserve for unearned premiums	64,870,955	(3,224,000)	61,646,955	95,817,858	(6,456,835)	89,361,023
- Prior years' reserve for unearned premiums	(95,817,201)	6,495,381	(89,321,820)	(119,095,996)	4,476,617	(114,619,379)
Net change	(30,946,246)	3,271,381	(27,674,865)	(23,278,138)	(1,980,218)	(25,258,356)
31 December	64,925,125	(3,245,140)	61,679,985	95,871,371	(6,516,521)	89,354,850

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.14 Balance arising from insurance contracts (Continued):

As of 31 December 2020 and 31 December 2019, net technical provisions denominated foreign currency are as follows:

	31 December 2020			31 December 2019		
	Foreign Currency	Rate	TRY amount	Foreign Currency	Rate	TRY amount
Mathematical provisions						
TRY			282,164,898			240,625,762
USD	209,773,871	7,3647	1,544,921,628	141,105,247	5,9598	840,959,051
USD	32,289,138	7,3405	237,018,417	35,275,587	5,9402	209,544,042
EUR	57,252	9,0376	517,421	110,749	6,6725	738,973
EUR	(108)	9,0079	(973)	-	6,6506	-
			2,064,621,391			1,291,867,828
Reserve for unearned premiums						
TRY			61,679,985			89,354,850
			61,679,985			89,354,850
Provision for outstanding claims						
TRY			59,979,873			55,566,423
USD	114,036	7,3647	839,841	239,582	5,9598	1,427,861
USD	1,564,812	7,3405	11,486,502	846,381	5,9402	5,027,672
EUR	39,609	9,0376	357,970	44,682	6,6725	298,141
			72,664,186			62,320,097
Equalization reserve						
TRY			45,021,691			35,155,741
			45,021,691			35,155,741

As of 31 December 2020 claims development table is as follows:

Period of claims	2013 and earlier	2014	2015	2016	2017	2018	2019	2020	Total
Current estimate of claims									
The year of claims	7,463,038	2,277,564	3,682,162	5,568,507	4,513,726	5,848,200	2,485,075	24,805,391	56,643,663
1 year later	303,787	653,435	746,887	688,736	1,253,245	1,083,777	1,094,766	-	5,824,633
2 years later	13,730	-	99,636	197,714	13,001	201,276	-	-	525,357
3 years later	-	4,995	19,626	54,797	131,978	-	-	-	211,396
4 years later	-	-	41,370	-	-	-	-	-	41,370
5 years later	-	-	7,076	-	-	-	-	-	7,076
6 years later	-	-	-	-	-	-	-	-	-
7 years later	29,737	-	-	-	-	-	-	-	29,737
8 years later	-	-	-	-	-	-	-	-	-
Total outstanding damage based on the damage progress chart	7,810,292	2,935,994	4,596,757	6,509,754	5,911,950	7,133,253	3,579,841	24,805,391	63,283,232
Incurred but not reported claims									15,574,641
Total gross provision for outstanding claims as at 31 December 2019									78,857,873

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17. INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (Continued)

17.14 Balance arising from insurance contracts (Continued):

As of 31 December 2019, claims development table is as follows.

Period of claims	2012 and earlier	2013	2014	2015	2016	2017	2018	2019	Total
Current estimate of claims									
The year of claims	3,265,507	4,700,993	3,884,552	4,027,782	5,829,895	4,869,959	5,664,402	11,241,309	43,484,399
1 year later	117,632	335,643	1,237,939	729,744	818,815	1,289,702	2,107,395	-	6,636,870
2 years later	-	4,200	2,067	138,939	194,255	487,378	-	-	826,839
3 years later	13,080	-	13,882	57,126	54,797	-	-	-	138,885
4 years later	-	43	10,895	69,138	-	-	-	-	80,076
5 years later	-	-	38,660	-	-	-	-	-	38,660
6 years later	-	-	-	-	-	-	-	-	-
7 years later	302,122	-	-	-	-	-	-	-	302,122
8 years later	-	-	-	-	-	-	-	-	-
Total outstanding damage based on the damage progress chart	3,698,341	5,040,879	5,187,995	5,022,729	6,897,762	6,647,039	7,771,797	11,241,309	51,507,851
Incurred but not reported claims									18,113,888
Total gross provision for outstanding claims as at 31 December 2019									69,621,739

18. INVESTMENT CONTRACT LIABILITIES

None.

19. TRADE AND OTHER PAYABLES AND DEFERRED INCOME

Trade and other payables of the Group as at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Payables from main operations	336,446,147	274,370,913
Payables from pension operations	304,074,321	230,271,710
Payables from insurance operations	32,213,493	43,940,869
Other payables from main operations	158,333	158,334
Payables to related parties	71,803,237	5,858,395
Due to other related parties	11,047,722	5,073,195
Due to shareholders	60,422,578	264,235
Due to personnel	332,937	520,965
Other payables (Note 47.1)	22,612,506	12,888,556
Deferred income and accrued expenses related to future months	2,592,987	3,513,311
Deferred commission income	1,681,106	2,722,115
No claim refund of premiums	596,647	383,763
Other general and administrative expenses	313,179	405,378
Other Incomes	2,055	2,055
Total	433,454,877	296,631,175

(*) Pension investment funds amounting to TRY30,455,130,719 are not included (31 December 2019: TRY23,120,140,926)

As at 31 December 2020 and 31 December 2019, trade and other payables denominated in foreign currencies are disclosed in Note 12.4.

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20. LIABILITIES

The total lease obligations of the Group in relation to TFRS 16 - Leases standard are as follows:

	31 December 2020	31 December 2019
Short-term lease obligations	11,333,979	14,740,592
Long-term lease obligations	38,219,902	44,843,368
Discount amount with alternative borrowing rate	(19,211,506)	(23,850,415)
Total lease obligations	30,342,375	35,733,545

Movement of lease obligation of the group is as follows:

	31 December 2020	31 December 2019
Total lease obligations as of 1 January	35,733,545	38,805,375
IFRS 16 transition effect	3,554,013	3,257,922
Lease payments (property + motor vehicle)	(16,960,928)	(14,098,485)
Fix valuation	1,026,263	725,327
Interest payments	6,989,482	7,043,406
Total lease obligations as of the balance sheet date	30,342,375	35,733,545

21. DEFERRED TAX

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for International Accounting Standards (IAS) purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IAS. The details of deferred taxes are presented in the following tables.

	Deferred Tax Assets/(Liabilities) 31 December 2020	Deferred Tax Assets/(Liabilities) 31 December 2019	Deferred tax income/(expense) 31 December 2020	Deferred tax income/(expense) 31 December 2019
Deferred tax assets				
Expense accruals	8,866,807	6,103,086	2,763,721	319,545
Equalization reserve	9,004,338	7,734,263	1,270,075	2,131,586
Provisions for lawsuits	2,209,152	2,084,118	125,034	133,066
Employee termination benefits	4,208,063	3,513,802	53,924	(250,879)
Staff allowance	1,084,397	1,077,399	6,998	20,599
Advancement commission	402,323	373,835	28,488	59,950
Deposits internal rate of return-linear interest rate difference	51,691	22,476	29,215	(54,188)
Portfolio value difference held for sale	11,302	(10,075)	21,377	(10,075)
Rights of use assets	826,960	611,124	215,836	611,124
Previous year expenses	-	(4,309)	4,309	(4,309)
Total tax assets	26,665,033	21,505,719	4,518,977	2,956,419
Deferred tax liabilities				
The net difference between the registered values of the tangible assets and their tax bases	(7,276,014)	(2,817,816)	(4,458,198)	(2,916,669)
Derivative instruments valuation	(1,143,298)	-	(1,143,298)	870,013
Eurobond internal yield-linear interest	(403,218)	(1,691,191)	1,287,973	(1,601,052)
Total tax liabilities	(8,822,530)	(4,509,007)	(4,313,523)	(3,647,708)
Deferred tax and liabilities (net)	17,842,503	16,996,712	205,454	(691,289)
Deferred tax assets/(liabilities) of available for sale financial assets are recognized in shareholders' equity	(7,600,142)	1,086,925	-	-
Stock Exchange-IRR Corporation Tax rate change difference	261,066	261,066	-	-
Total tax liabilities	10,503,427	18,344,703	205,454	(691,289)

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21. DEFERRED TAX (Continued)

	2020	2019
1 January	18,344,703	26,384,809
Cancellation of deferred taxes on available for sale financial assets recognized in shareholders' equity	(1,086,925)	(9,574,754)
Deferred tax income/(expense) (*)	205,454	(691,289)
Deferred tax asset/(liability) on available for sale financial assets recognized in shareholders' equity	(7,600,142)	1,086,925
Deferred tax liability/(liability) accounted for under the equity due to the actuarial loss of retirement benefit obligation	640,337	1,139,012
31 December	10,503,427	18,344,703

(*) Current period adjustments on previous year taxes amounting TRY3,824,080 is presented within deferred tax income in the income statements (2019: TRY5,218,121).

As of 31 December 2020, Group has no accumulated losses which can be deducted from future taxable profits (31 December 2019: TRY19,197).

22. RETIREMENT BENEFITS OBLIGATIONS

Under the Turkish Labour Law, the Group is required to pay employee termination benefits to each employee who has qualified for such payment. The termination benefit to be paid is subject to upper limit of TRY7,117 as at 31 December 2020 (31 December 2019: TRY6,018).

According to IAS 19, actuarial calculations are required to calculate the liabilities of the Group, the provision has been calculated and accounted for in the accompanying financial statements by using 'Projection Method' and based on the Group's past experience in the employee's rate of eligibility for retirement pay. Provision for employee termination benefits is calculated estimating the present value of the future probable obligation of the Group arising from the retirement of employees. As of 31 December 2020 and 31 December 2019, actuarial assumptions used to calculate liabilities are presented below:

	31 December 2020	31 December 2019
The estimated rate of salary increases	8.50%	8.67%
Discount rate	13.5%	13.6%

Movement of provision for employee termination benefits during the period is presented below:

	2020	2019
1 January	15,971,826	11,934,859
Payments	(2,024,847)	(4,134,244)
Service cost	1,735,710	1,369,556
Interest cost	2,155,943	1,624,329
Actuarial loss	3,201,683	5,177,326
31 December	21,040,315	15,971,826

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23. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

23.1 Provisions related to social security related employee benefits, and others: None.

23.2 Provisions for other risks:

Expense accruals of the Group are as follows:

	31 December 2020	31 December 2019
Provision for personnel bonuses	27,035,574	18,604,271
Provision for sales team	7,467,324	2,680,744
Provision for commissions	6,967,007	6,016,000
Total	41,469,898	27,301,015

Other short-term liabilities consist of unused vacation provisions amounting to TRY 6,467,738 (31 December 2019: TRY5,943,026).

Detail of the provision for long-term payable and expense accruals are disclosed in Note 47.

23.3 Total commitment amount which is not included in liabilities:

	31 December 2020				31 December 2019			
	USD	EUR	TRY	Total	USD	EUR	TRY	Total
Guarantees and collaterals given								
Letter of guarantee	-	-	9,217,397	9,217,397	-	-	9,723,771	9,723,771
Total	-	-	9,217,397	9,217,397	-	-	9,723,771	9,723,771
Insurance guarantee								
Life	33,977,105,985	25,687,666	30,032,574,963	64,035,368,614	24,729,871,416	13,991,501	25,944,836,193	50,688,699,110
Personal accident	-	-	28,358,639,571	28,358,639,571	-	-	40,278,781,382	40,278,781,382
Total	33,977,105,985	25,687,666	58,391,214,534	92,394,008,185	24,729,871,416	13,991,501	66,223,617,575	90,967,480,492

24. NET INSURANCE PREMIUM INCOME

For the periods of 1 January-31 December 2020 and 2019 net premiums are as follows:

	1 January -31 December 2020			1 January -31 December 2019		
	Gross	Reinsurance share	Gross	Reinsurance share	Gross	Reinsurance share
Non-life	65,504,790	(2,191,422)	63,313,368	82,432,727	(5,523,970)	76,908,757
Life	1,266,367,504	(16,258,003)	1,250,109,501	905,321,486	(22,041,453)	883,280,033
Total premium income	1,331,872,294	(18,449,425)	1,313,422,869	987,754,213	(27,565,423)	960,188,790

25. INCOME FROM PENSION BUSINESS

Revenue generated from private pension business for the periods of 1 January - 31 December 2020 and 1 January - 31 December 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Fund management income	353,125,399	269,507,649
Management fee	76,814,107	77,653,505
Entry fees	24,761,198	35,045,975
Premium holiday charges	497,876	1,607,467
Revaluation of capital allocation advance	195,903	131,689
Total	455,394,483	383,946,285

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26. INVESTMENT INCOME

The investment incomes of the Group for the fiscal periods of 1 January - 31 December 2020 and 2019 are as follows.

	1 January - 31 December 2020	1 January - 31 December 2019
Dividend Income	64,230	96,062
Income on Financial Investments	152,754,218	111,622,462
Held-to-maturity financial assets net realized gain/(loss)	32,875,183	4,047,144
Financial assets held for trading net realized gain/(loss)	30,164,288	30,441,714
Available-for-sale financial assets, net realized gain/(loss)	63,341,980	40,224,613
Available-for-sale financial assets - interest income on deposits	26,372,767	36,908,991
Income on Sales of Financial Investments	16,865,010	13,420,785
Financial Assets Held for Trading	6,889,729	13,420,785
Financial Assets Available-for-Sale	9,975,281	-
Investment Income transferred from Life Technical Division	187,086	415,758
Available-for-sale financial assets	187,086	415,758
Income from derivatives	19,238,956	50,251,913
Total	189,109,500	175,806,980

27. UNREALIZED GAINS ON FINANCIAL ASSETS

	1 January - 31 December 2020	1 January - 31 December 2019
Financial Assets Held for Trading	(48,630)	(5,230,506)
Financial Assets Available-for-Sale	21,703,321	(7,706,444)
Financial Assets held for maturity date	11,482,740	3,835,672
Total	33,137,431	(9,101,278)

28. ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

Disclosed in Note 26..

29. INSURANCE RIGHTS AND CLAIMS

Disclosed in Note 17.

30. INVESTMENT AGREEMENT RIGHTS

None.

31. OTHER EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
Operation expenses which are categorized under technical part		
Non-life	58,031,905	62,356,508
Life	335,845,862	291,030,492
Pension	366,400,661	271,358,509
Total	760,278,428	624,745,509

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32. OPERATING EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
Production commission	366,895,547	302,756,222
Personnel expenses	256,462,210	214,737,469
Management expenses	40,215,803	44,809,177
Outsourced benefits and services	93,516,311	67,653,674
Marketing and sales expenses	10,019,800	5,087,938
Reinsurance commissions	(10,878,811)	(11,217,587)
Other operating expenses	4,047,568	918,616
Total	760,278,428	624,745,509

33. EMPLOYEE BENEFIT EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
Wages and salaries	139,352,694	120,807,914
Commissions and promotions expenses	50,111,711	36,294,305
Other wage expenses	26,618,718	16,251,892
Social security expenses	26,509,805	23,260,517
Other personnel expenses	10,888,913	11,906,148
Termination benefits expenses	2,024,847	4,137,885
Unused vacation pays expenses	177,009	777,526
Unused vacation pays expenses	778,513	1,301,282
Total	256,462,210	214,737,469

34. FINANCE COSTS

34.1 Finance expenses of the period: None (31 December 2019: None)

34.2 Finance expense related to the shareholders, affiliates and subsidiaries (Amounts exceeding 20% of the total amount will be presented separately): None.

34.3 Sales and purchases related to shareholder, affiliates and subsidiaries (Amounts exceeding 20% of the total amount will be presented separately): None.

	1 January - 31 December 2020	1 January - 31 December 2019
Service purchased		
Hacı Ömer Sabancı Holding A.Ş.	171,370	32,301
	171,370	32,301
Service provided		
Hacı Ömer Sabancı Holding A.Ş.	522,487	452,585
Aviva Europe SE	563,407	221,825
	1,085,894	674,410

34.4 Interest rent and other similar income/expense received/paid from/to shareholders, subsidiaries and affiliates (Amounts exceed 20% of the total amount will be presented separately): 31 December 2020: None (31 December 2019: None).

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35. INCOME TAXES

The Group is subject to the tax legislation and applications in force in Turkey.

In Turkey, the corporation tax rate is 20%. Corporate tax returns are required to be filed until the twenty fifth of the fourth month following the balance sheet date and paid in one instalment until the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts paid are offset against the final corporate tax liability for the year.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The dividend payments effected except to those joint stock companies settled in Turkey which are not liable for the corporate tax and income tax and which are exempted from these, and to those real entities which are settled or not settled in Turkey and to those legal entities which are not settled in Turkey, are subject to 15% income tax. The dividend payments from the joint stock companies settled in Turkey to the joint stock companies settled again in Turkey are not subject to income tax. Moreover, income tax is not calculated again in case the profit is not distributed or if added onto the capital.

The dividend earnings of the corporations from participation in the capital of another corporation which is subject to full liability (except the profit shares from the participation certificates of the investment funds and share certificates of the investment partnerships) are exempted from the corporate tax. Moreover, 75% of the earnings arising from the sale of the participation shares, real estates, preferential rights, founder shares and dividend shares of the corporations, which are included within their assets at least for a period of two full years, are exempted from the corporate tax, in order to benefit from the exemption, the mentioned earning is required to be kept in a fund account under liabilities and not to be withdrawn for a period of 5 years, and the sales price is required to be collected by the end of the second calendar year following the year in which the sale is made.

The tax income and expenses included in the income statement for the periods which ended as at 31 December 2020 and 2019 are summarized below:

	1 January - 31 December 2020	1 January - 31 December 2019
Current period corporate tax	(90,440,439)	(70,716,096)
Tax effect of available for sale's valuation	235,131	4,171,193
Deferred tax income/(expense) (*)	4,029,534	4,526,832
Total tax expense	(86,175,774)	(62,018,071)

(*) Deferred tax expense of TRY4,029,534 includes; TRY205,454 of current period deferred tax expense and TRY3,824,080 of current period adjustments to previous year income taxes (1 January - 31 December 2019: Deferred tax income of TRY4,526,832 includes; TRY691,289 of current period deferred tax income and TRY5,218,121 of current period adjustments to previous year income taxes).

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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35. INCOME TAXES (Continued)

As of 31 December 2020 and 31 December 2019, deferred tax assets/(liabilities) on the balance sheets are summarized below:

	December 20	December 19
Deferred tax assets	26,665,033	22,853,710
Deferred tax liabilities	(16,161,606)	(4,509,007)
Deferred tax assets/(liabilities) - Net	10,503,427	18,344,703

Reconciliation of current tax expense is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Profit/loss before tax	381,124,502	276,680,193
Tax rate	22%	22%
Tax calculated	(83,847,390)	(60,869,642)
Income/(expense) not subject to tax	(1,203,474)	(1,148,429)
Corporation tax rate difference	(1,124,910)	-
Tax provision expenses (-)	(86,175,774)	(62,018,071)

The Group has prepaid tax amounting to TRY77,072,087 (31 December 2019: TRY59,267,484).

	31 December 2020	31 December 2019
Provision for taxes	90,440,439	70,716,096
Prepaid taxes	(75,963,442)	(57,531,047)
The amount of withholding tax to be deducted	(1,108,645)	(1,736,437)
Total tax liabilities/(assets)	13,368,352	11,448,612

36. NET FOREIGN EXCHANGE GAINS

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains on financial investments with risk on policyholders	905,700,529	190,109,736
Foreign exchange losses on financial investments with risk on policyholders	(649,051,587)	(87,190,680)
Foreign exchange gains on available-for-sale financial Assets	16,882,131	1,127,650
Foreign exchange losses on available-for-sale financial Assets	(8,517,059)	-
Foreign exchange gains on other transactions (*)	53,315,019	43,082,020
Foreign exchange losses on other transactions (*)	(55,526,457)	(40,634,360)
Foreign exchange gains on derivatives	1,246,051	152,150
Total	264,048,627	106,646,516

(*) It represents the amount of foreign exchange gains/losses in Income and Expenses/Gains and Losses from Other Operations and Extraordinary Operations.

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37. EARNINGS PER SHARE

Earnings per share calculation is as follows.

	1 January - 31 December 2020	1 January - 31 December 2019
Net profit for the period	290,854,780	209,137,255
Number of equities shares outstanding	18,000,000,000	18,000,000,000
Earnings per Share (TRY)	0,0162	0,0116

As the profit distribution is made on solo financial statements, earnings per share is calculated over unconsolidated financial statements

38. DIVIDENDS PER SHARE

The Group's dividend distribution to its shareholders in year 2020 with respect to the profit of the year 2019 is as follows.

	Total Dividends Distributed		Dividends Per Shares with Nominal Value Of 1 TRY	
	Cash (TRY)	Free of charge (TRY)	Cash (TRY)	Share (%)
Gross	160,000,000	-	0,8889	88.89
Net (*)	136,000,000	-	0,7556	75.56

(*) The net calculation assumes that withholding tax is 15%. According to the 2019 Ordinary General Assembly Meeting, the group decided to distribute TRY100,000,000 dividend at 11 March 2020; which dividend is distributed on 25 March 2019 for first instalment; On 28 September 2019, TRY60,000,000 will be paid for second instalment. on 25 March 2020, the first instalment payment was made. By adding the 'provisional article 13' to the Turkish Commercial Code with the Law No. 7244 published in the Official Gazette dated 17.04,2020, it has been stated that the amount of cash dividends that Capital companies can distribute until 17.04,2020 cannot exceed twenty-five percent of the net profit for the year 2019.

With the President's decision numbered 2948 published in the Official Gazette on 18.09.2020, the period specified as 30/09/2020 was postponed for three months. The second installment dividend payments were made on 6 January and 8 January 2021 due to the expiration of the effective date of the regulations introduced with the "Communiqué on Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Law. is included in the account.

39. CASH GENERATED FROM OPERATIONS: The cash flows from operating activities is presented in the accompanying statement of cash flows.

40. CONVERTIBLE BOND: None.

41. REDEEMABLE PREFERENCE SHARES: None.

42. RISKS

The amount of provision required for the lawsuits pending against the Group was accounted for in other long-term debts and expenses in the accompanying financial statements. As at 31 December 2020, total amount included in outstanding claims reserves is TRY37,848,382 (31 December 2019: TRY35,395,807).

43. COMMITMENTS

TRY9,217,397 (31 December 2019: TRY9,723,771) of letters of guarantee were given to suppliers and the Executive Directorate by Group's.

44. BUSINESS MERGERS

None.

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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45. RELATED PARTY TRANSACTIONS

Benefits provided to executive management:

For the periods ended as of 31 December 2020 and 2019, salaries and other benefits provided to key management such as; Chairman and members of the Board of Directors, managing director and assistant managing directors during the period are presented below.

	1 January - 31 December 2020	1 January - 31 December 2019
Benefits provided to executive management	11,059,084	10,607,362
Total	11,059,084	10,607,362
Employer's share of social security	611,849	544,843

As of 31 December 2020 and 31 December 2019, balances with related parties are as follows:

Related Establishment Balances

	31 December 2020	31 December 2019
Akbank T.A.Ş. - credit card receivables	325,956,194	207,104,884
Other cash and cash equivalents	325,956,194	207,104,884
Akbank - T.A.Ş. - bank deposits	187,233,011	37,665,000
Banks	187,233,011	37,665,000

As of 31 December 2020, securities issued by the Group's related parties and classified as trading financial assets in the Group's own securities portfolio are followed:

31 December 2020				Carrying amount
Nominal value	Cost value	Fair value		
<i>Private sector bonds</i>				
Enerjisa Elektrik Dağıtım A.Ş.	12,500,000	12,500,000	19,694,782	19,694,782
Çimsa Çimento Sanayi Ve Ticaret A.Ş.	4,000,000	4,000,000	4,056,317	4,056,317
Financial assets	16,500,000	16,500,000	23,751,099	23,751,099

As of 31 December 2019, securities issued by the Group's related parties and classified as trading financial assets in the Group's own securities portfolio are followed:

31 December 2019				Carrying amount
Nominal value	Cost value	Fair value		
<i>Private sector bonds</i>				
Enerjisa Elektrik Dağıtım A.Ş.	17,000,000	17,000,000	23,917,204	23,917,204
Çimsa Çimento Sanayi Ve Ticaret A.Ş.	4,000,000	4,000,000	4,015,201	4,015,201
Financial assets	21,000,000	21,000,000	27,932,405	27,932,405

	31 December 2020	31 December 2019
Other receivables from related parties		
Akbank T.A.Ş.	-	3,114,021
Aksigorta A.Ş.	1,024,260	-
	1,024,260	3,114,021

AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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45. RELATED PARTY TRANSACTIONS (Continued)

	31 December 2020	31 December 2019
Receivables from insurance operations		
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	199	93,337
Sabancı Üniversitesi	56,163	84,614
Other	(73,999)	(122,365)
	(17,637)	55,586
	31 December 2020	31 December 2019
Business Advances		
Vista Turizm ve Seyahat A.Ş.	687,573	-
	687,573	-
	31 December 2020	31 December 2019
Prepaid Expenses and Income Accruals		
Akbank T.A.Ş.	399,486	-
Total	399,486	-
	31 December 2020	31 December 2019
Other payables to related parties		
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	8,691,273	3,448,562
EnerjiSA Anadolu Yakası Elektrik Perakende Satış A.Ş.	80,931	92,558
TeknoSA İç ve Dış Tic. A.Ş.	126,381	-
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	800,254	-
EnerjiSA Başkent Elektrik Perakende Satış A.Ş.	262	-
Vista Turizm ve Seyahat A.Ş.	(4,529)	143,334
Ak Sigorta A.Ş.	408,050	471,577
Ak Portföy Yönetimi A.Ş.	945,100	917,164
	11,047,722	5,073,195
	31 December 2020	31 December 2019
Payables from main operations		
Akbank T.A.Ş.	29,117,799	42,251,264
Ak Portföy Yönetimi A.Ş.	5,686,009	3,718,833
Emeklilik Gözetim Merkezi A.Ş.	312,857	266,544
	35,116,665	46,236,641
	31 December 2020	31 December 2019
Prepaid Expenses and Income Accruals		
Akbank T.A.Ş.	-	160,000
Aviva International Holdings Ltd.	-	93,318
	-	253,318
	31 December 2020	31 December 2019
Prepaid Expenses and Income Accruals		
Akbank T.A.Ş.	24,088,392	-
	24,088,392	-

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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45. RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 December 2020	1 January - 31 December 2019
Services purchased		
Akbank T.A.Ş.	285,013,503	239,773,562
- Paid commission	283,113,503	237,690,864
- Paid management expense	1,900,000	2,082,698
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	43,071,729	31,178,864
Ak Portföy Yönetimi A.Ş.	38,160,640	27,475,747
Vista Turizm ve Seyahat A.Ş.	1,841,001	7,685,017
AkSigorta A.Ş.	763,994	5,169,769
Emeklilik Gözetim Merkezi A.Ş.	3,780,964	3,262,814
Anadolu Yakası Elektrik Dağıtım A.Ş.	892,308	1,002,355
TeknoSA İç ve Dış Tic. A.Ş.	618,576	452,937
Other	1,609,856	1,180,496
	375,752,571	317,181,561

	1 January - 31 December 2020	1 January - 31 December 2019
Financial income		
Akbank T.A.Ş.	40,811,921	32,250,069
Çimsa Çimento San.ve Tic. A.Ş.	336,540	520,375
Enerjisa Enerji A.Ş.	1,033,150	1,074,450
Ak Finansal Kiralama A.Ş.	-	1,528,500
	42,181,611	35,373,394

	1 January - 31 December 2020	1 January - 31 December 2019
Services provided		
Akbank T.A.Ş ve İştirakleri	13,326,676	12,987,596
Enerjisa Elektrik Dağıtım A.Ş. ve iştirakleri	1,435,443	1,306,668
Kordsa Global Endüstriyel İplik ve Kordbezi San. ve Tic A.Ş.	889,296	744,467
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	722,396	629,690
Temsa Global Sanayi ve Ticaret A.Ş. ve iştirakleri	281,263	480,915
Enerjisa Enerji Üretim A.Ş. ve iştirakleri	393,589	348,569
Çimsa Çimento Sanayi ve Ticaret A.Ş. ve iştirakleri	387,333	329,621
Akçansa Çimento Sanayi ve Ticaret A.Ş. ve iştiraki	302,891	263,786
Aksigorta A.Ş.	286,067	244,830
Other	229,392	239,157
Sabancı Üniversitesi	205,539	195,284
Teknosa İç ve Dış Ticaret A.Ş. ve iştirakleri	210,631	172,347
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	205,267	164,559
Yünsa Yünlü Sanayi ve Ticaret A.Ş.	-	142,297
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	10,548	8,833
	18,886,331	18,258,619
Other expenses		
Hacı Ömer Sabancı Vakfi	11,626,731	8,649,180
	11,626,731	8,649,180

45.1 Partners, investments and its doubtful receivables due to the receivables from the subsidiaries: None.

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45. RELATED PARTY TRANSACTIONS (Continued)

45.2 Details of affiliates and subsidiaries having indirect capital and management relations with the Group; names, amounts and rates of participations in the affiliates and subsidiaries; profit/loss for the period presented in the recent financial statements of such participations; net profit/loss for the period and period covered by the financial statements; information about whether these financial statements are prepared in accordance with the CMB standards; information about whether these financial statements are audited; details of the audit opinion (if the report includes unqualified, adverse or qualified opinion): The Group does not have affiliates or subsidiaries as of 31 December 2020 and 2019 (Note 9).

Details of other financial assets are followed:

	31 December 2020		31 December 2019	
	Participation rate (%)	Amount (TRY)	Participation rate (%)	Amount (TRY)
Non group				
Milli Reasürans A.Ş.	0,1494	575,082	0,1494	575,082
Emeklilik Gözetim Merkezi A.Ş.	5,5553	292,303	5,5553	292,303
Enternasyonal Turizm Yatırım A.Ş.	0,0001	2	0,0001	2
Endüstri Holding A.Ş.	0.0001	625	0,0001	625
Total		868,012		868,012

45.3 Bonus shares obtained from affiliates or subsidiaries through internal resource capital increases: None (31 December 2019: None).

45.4 Rights and their values on immovable: None.

45.5 Guarantees, commitments, guarantee letters, advances and endorsements given in favour of shareholders, affiliates and subsidiaries: None.

46. SUBSEQUENT EVENTS

Explanations related to subsequent events are disclosed in Note 1.10.

47. OTHER

47.1 Items and amounts classified under the ‘other’ account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet:

Other cash and cash equivalents consist of credit card receivables that have been blocked for a period of 1 to 41 days by the bank.

Short-term other receivables consist of withholding tax and other receivables from various organizations.

Other tangible assets consist of leasehold improvements.

Other intangible assets consist of software.

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47. OTHER (Continued)

47.1 Items and amounts classified under the ‘other’ account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet: (Continued)

Other technical provisions and other provisions items consist of equalization reserve.

	31 December 2020	31 December 2019
Other Current Assets		
Advances Given to Personnel	1,881,965	204,482
Business Advances	1,306,315	635,488
Prepaid taxes and liabilities	-	10,838
	3,188,280	850,808
Other payables		
Trade payables	22,038,828	12,375,231
Other payables	573,678	513,325
	22,612,506	12,888,556

	1 January - 31 December 2020	1 January - 31 December 2019
Other expenses and losses		
Exchange loss	55,526,457	40,634,360
Non-deductible expenses	15,087,099	9,997,252
Special communication tax expense	198,122	166,647
Other expenses	558,419	671,632
	71,370,097	51,469,891

	1 January - 31 December 2020	1 January - 31 December 2019
Other income and profit		
Exchange profit	53,315,019	43,082,020
Efficiency sales model income	12,781,714	11,145,175
Other income	2,911,337	6,486,878
	69,008,070	60,714,073

47.2 Total amount of each due to/from personnel items classified under ‘Other Receivables’ and ‘Other Short- and Long-Term Payables’ exceeding one percent of total assets in the balance sheet: None.

47.3 Descriptive disclosure in relation to amounts and resources of prior period income, expenses, and losses:

	1 January - 31 December 2020	1 January - 31 December 2019
Incomes and profits of the previous years		
Other Income	131,046	357,246
Reinsurance revision related to 2019	4,946,822	-
Total	5,077,868	357,246
Expenses and losses of the previous years		
Invoices arriving late	864,132	931,260
Investment cost deleted from asset	-	2,148,590
Total	864,132	3,079,850

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47. OTHER (Continued)

47.4 Other notes should be included

	1 January - 31 December 2020	1 January - 31 December 2019
Reserve for unearned premiums, net	27,674,865	25,258,355
Outstanding claims provision, net	(10,344,089)	3,485,562
Life mathematical provision, net	(800,455,737)	(544,770,652)
Equalization reserve, net	(9,865,950)	(9,689,028)
Provision for employee termination benefits, net	(1,866,807)	1,140,359
Provision for unused vacation, net	(524,712)	27,695
Provision for income taxes	(90,205,308)	(66,544,903)
Provision for deferred tax	4,029,534	4,526,832
General and administrative expenses, net	(4,907,265)	848,641
Commission accruals, net	(211,000)	(1,914,000)
Personnel bonuses, net	(9,171,304)	261,245
Provision for lawsuits	(1,059,616)	142,462
Total	(896,907,389)	(587,227,432)



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