
2018
Annual Report

MAPFRE Sigorta

Table of Contents

007	INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS
011	GENERAL INFORMATION
029	FINANCIAL BENEFITS GRANTED TO THE MEMBERS OF THE GOVERNING BODY AND TO THE SENIOR EXECUTIVES
033	RESEARCH AND DEVELOPMENT ACTIVITIES
037	COMPANY OPERATIONS AND SIGNIFICANT DEVELOPMENTS RELATED TO THE COMPANY OPERATIONS
059	FINANCIAL SITUATION
065	THE RISKS AND ASSESSMENT OF THE GOVERNING BODY
069	OTHER CONSIDERATIONS
073	FINANCIAL STATEMENTS AND NOTES

 **MAPFRE** Sigorta

ANNUAL REPORT FOR THE PERIOD 01.01.2018 – 31.12.2018, PREPARED IN ACCORDANCE WITH THE REGULATION ON THE FINANCIAL STRUCTURES OF INSURANCE & REINSURANCE AND PENSION COMPANIES AND ARTICLE 516 OF TURKISH COMMERCIAL CODE

We hereby submit for your audit and verification the ANNUAL REPORT along with its annexes that we prepared concerning 2018 operations of our company, in accordance with the procedures and principles set out in the Regulation on the Financial Structure of the Insurance, Reinsurance and Pension Companies and Article 516 of Turkish Commercial Code. (March 15, 2019)

Yours sincerely,

MAPFRE SİGORTA A.Ş.



Alfredo Muñoz PEREZ
Deputy Chairman of the Board of Directors
General Manager



Hüsamettin KAVİ
Chairman of the Board



MAPFRE Sigorta

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

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

Opinion

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

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

Basis of the Opinion

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

Auditor's Opinion on The Full Set Unconsolidated Financial Statements

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

Responsibility of the Board of Directors Regarding the Annual Report

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

- a) They prepare the annual report and submit it to the attention of the general assembly within three months following the balance sheet date.
- b) They furnish the annual report in a manner to reflect and include the flow of the Company's operations within the relevant year and all aspects of its financial standing correctly, precisely, straightforwardly, realistically and fairly. The report involves the evaluation of the financial standing according to the financial statements. The report also indicates explicitly the development of the Company as well as the potential risks it may face. The assessment of the Board of Directors in this respect is also included in the report.



MAPFRE Sigorta

c) Besides, the annual report involves the following considerations:


- The events of particular importance that occurred in the Company after the end of the year of operation,
- Research and development activities of the Company,
- Pecuniary benefits such as wages, premiums, bonuses paid to the Board members and executive managers; subsidies, allowances for travel, accommodation and representation expenses, facilities in kind and in cash, insurance and similar warranties provided to them.

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

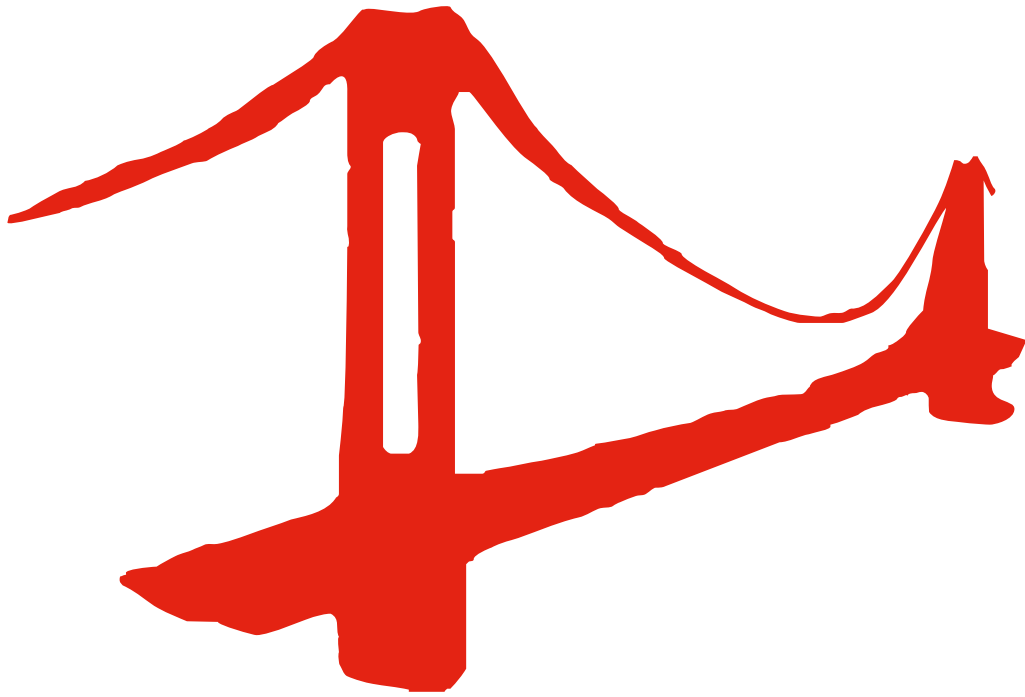
Independent Auditor's Responsibilities regarding the Independent Audit of the Annual Report

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

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



Ali Tuğrul Uzun, ŞMMM
Sorumlu Denetçi
15 Mart 2019
İstanbul, Türkiye



GENERAL INFORMATION

Ⓢ MAPFRE Sigorta

ASSESSMENT OF THE CHAIRMAN AND GENERAL MANAGER ON THE OPERATING PERIOD AND THEIR EXPECTATIONS FOR THE FUTURE

Dear Shareholders,

Our Company's profit before tax for the year 2018 increased by 91.69% compared to the previous year, to TRY 20,671,961 and the profit after tax amounted to TRY 18,766,595.

Our total premium production reached TRY 2,645 million with a fall of 1.3% compared to last year while our market share fell from 6.75% to 5.54%. Accordingly, we closed the year 2018 slipping one rank down to the 5th place in the premium production ranking. The leading factor for this result was the decrease of our premium production in traffic branch by 26.7%. Since our company did not pursue an aggressive strategy in the traffic branch during 2018, it's been the only company showing a decrease in premiums among top 10 companies and our Market share in this branch fell from 9.50% to 5.69%.

In 2018, our company achieved the distinction of being the second most successful company in the engineering branch as it did in 2017, securing a market share of 11% and a production figure of TRY 244.4 million.

Our company increased the number of its branches to 19 and the number of its employees to 806 in 2018.

For non-life branches, the insurance sector closed 2018 with a premium increase of 20.2% which is equal to the inflation rate.

Increasing foreign exchange rates and subsequently rising interest rates in the late Q1 2018 led to a deteriorating outlook in the macroeconomic indicators of country. The consumer price inflation came as 20.3% by the end of 2018, almost doubling the inflation rate of 2017. Similarly, Turkish Lira depreciated against US Dollar by 40%, based on the year-end closing exchange rate. The upward trend in the foreign exchange rates and the inflation led to substantial increase in the costs of the insurance companies. Particularly the prices of spare parts, which increased much higher than the foreign exchange rates, really affected adversely the technical results of auto branches that generate 50% of the sector's premium production.

The companies compensated the unfavorable results of their technical insurance activities by means of the profits derived from their investment incomes. According to the financial statements of the sector not subjected to independent audit, the technical loss of the sector excluding the financial incomes aggregated to TRY 2.327 million (2017: TRY

1.008 million). The total technical loss of the traffic and motor insurance branches alone is TRY 2.810 million (2017: TRY 1.745 million). On the other hand, the increasing interest rates and foreign exchange rates contributed positively to the balance sheets of the companies in terms of return on their investments.

The sector closed 2018 with a net profit before tax of TRY 2.792 million, taking into account all these positive and negative factors (2017: TRY 1.619 million). In other words, our sector made a loss from its main areas of activity but recovered from closing 2018 with a loss figure thanks to financial gains.



MAPFRE Sigorta

In 2018, our financial strength grade was confirmed as AA (Tur) by the international rating agency Fitch Ratings. This grade is the result of an independent evaluation based on our company's financial and technical capability, management structure, risk acceptance policies and reinsurance practices and the internationally recognized assessment criteria.


The year 2019 will be a year in which we will strive to achieve the strategic objectives of our company. We do not doubt that we will achieve these goals with the contributions of all our stakeholders, especially our employees.

In this context, we kindly submit the results of our operations in 2018 for your consideration.

Yours sincerely,



Alfredo Muñoz PEREZ
Deputy Chairman of the Board of Directors
General Manager



Hüsamettin KAVI
Chairman of the Board

 **MAPFRE** Sigorta

A SUMMARY OF THE FINANCIAL INFORMATION RELATING TO THE OPERATING RESULTS

Dear Shareholders,

Our Company's results on the commercial operations for 2018 are presented below for your information.

The total premium production figure of our company is TRY 2,647,752,032.

Broken down by branches, a fall of 15.30% was observed in the auto accident branch which accounts for 48.01% of the total premium production, while the health branch accounting for 21.14% of the total premium production recorded a premium increase of 17.14%.

Our company closed 2018 with a technical loss figure of TRY -120,345,472 (1).

The administrative expenses incurred for our operations amounted to TRY 193,196,776 (2). General expenses, income and profits and expenses and losses from other operations and extraordinary operations amounted to TRY 243,241,279, below the previous year's level.

The investment income was TRY 449,912,132, while the capital expenses were TRY 336,967,251. The income transferred to the non-life technical section was TRY 248,324,342. Finally, the losses incurred due to extraordinary operations was TRY 50,044,504. The net financial results of our company was TRY 141,017,433 (3), above the level registered in the previous year.

Our company's profit before tax for 2018 rose to TRY 20,671,961 and the profit after tax was TRY 18,766,595.

Respectfully submitted for your information.



Alfredo Muñoz PEREZ
Deputy Chairman of the Board of Directors
General Manager



Hüsamettin KAVI
Chairman of the Board

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

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

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

The title and subject of activity of the company

The title of the company is MAPFRE SİGORTA A.Ş. It was established on August 16, 1948, in Istanbul, Turkey, and its main operating field is to design and market insurance services and provide sales and after-sales services for the Loans, Disease/Health, Watercraft Liability, Aircraft Liability, General Damages, Land Vehicles, Rail Vehicles, Air Vehicles, Accident, General Liability, Land Vehicles Liability, Water Vehicles, Transportation, Fire and Natural Disasters, Breach of Trust, Financial Losses and Legal Protection branches.

Historical development of the company and if any, together with their reasons the changes made to the articles of association within the accounting period

T.Genel Sigorta A.Ş. was founded in Sirkeci, Istanbul on August 16, 1948 with the participation of Türkiye Kredi Bankası A.Ş. and businessmen of the time using a capital of TRY 1,000,000. It continues to serve the Turkish insurance industry in its 70th year with a paid capital of TRY 350 million.

The innovations brought to the sector by our Company can be summarized as:

- Bringing insurances called Contractor All Risks to Turkey in 1950,
- The company opened the first branch in Anatolia by opening a liaison office in Adana in 1961,
- Organizing the first seminar for the agencies in 1977,
- In 1985, the works towards transforming the insurance and accounting practices of the agencies into information processing in the most efficient and economical way under the name 'Elite Project',
- Opening the first management trainee program in the insurance market in 1988,
- Launching a dedicated network of repair shops in 1999 to serve exclusively for the damages suffered by the customers of the company.

The Company continued to operate under difficult conditions with the liquidation of Türkiye Kredi Bankası and joined Çukurova Holding A.Ş, which has an important status in the country economy, with a capital change in 1975.

Our company, which experienced a difficult time in 2002 such as the transfer of Pamukbank, which is one of the major partners and the largest production source of the company, to Saving Deposit Insurance Fund (TMSF) has managed to carry out its works and services with the successful outcomes which were realized well above the industry despite the economic crisis.

Genel Sigorta was assessed by an international rating company in 2001 with the A+(Tur) financial strength rating. The company has continued this success to date and Fitch rating agency raised our national financial strength rating to AA (Tur) in 2007, confirming our financial strength rating on July 27, 2018 as AA (Tur).

The transfer of the controlling shares of the Company to Spanish Mapfre Group, which is the biggest insurance group in Spain, was completed as of September 20, 2007 and 280,000,000 shares owned by Mapfre Internacional SA in the Company and representing 80% of the Company's capital were transferred to Mapfre Internacional SA responsible for international investments, as of April 23, 2008.

The shares of Demir Toprak İthalat İhracat ve Tic. A.Ş., representing 10% of the Company capital and amounting to TRY 35,000,000 were transferred to Mapfre Internacional S.A. in accordance with the correspondence of T.R. Prime Ministry Undersecretariat of Treasury no. 51308 dated 03.12.2009 and the transfer process was recorded in the Company's stock ledger. Therefore, the shares of Mapfre Internacional S.A. increased to 99.75%.

The Avor shares amounting to TRY 34,109,046 and representing 9.75% of the capital of the Company were transferred to Mapfre Internacional S.A. and the transfer process was recorded in the share registry after the Company's Board Meeting held on 29 September 2010.

In September 2012, the company purchased the majority share of 51% of the General Service that it had worked with in the form of joint venture for a long time and which owns 6 repair stations across the country.

The company title changed to MAPFRE SİGORTA A.Ş. as of October 12, 2016.

The Board of Directors resolution dated June 1, 2017, no. 31 was taken with respect to the move of the company headquarters to Torun Center, Fulya Mahallesi, Büyükdere Caddesi No. 74 D Blok Mecidiyeköy 34381 Istanbul as of June 19, 2017, and was published on Turkish Trade Registry Gazette dated June 29, 2017 no. 9356.

The company's contact information

The registered headquarters of the company is located at the address Torun Center, Fulya Mahallesi Büyükdere Caddesi No.74 D Blok Mecidiyeköy 34381 Istanbul Turkey. The Company has branch directorates in the cities of Adana, Ankara, Antalya, Bursa, Izmir, Istanbul, Izmit, Mersin, Malatya, Konya, Kayseri, Samsun, Gaziantep, Eskisehir, Çorlu and Denizli.

The contact information for the General Directorate and Regional & Branch Directorates are as set out below.

General Directorate

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

Large Taxpayers Office 879 001 8869
Registry No. : 38676

Istanbul Branch Directorate

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

Ankara Branch Directorate

Cevizlidere Caddesi No:1/13
06520 Balgat Çankaya ANKARA
Phone : 0312 472 75 72
Fax : 0312 472 58 59
e-mail : ankara@mapfre.com.tr

Bursa Branch Directorate

Alaattin Bey Mahallesi İzmir Yolu Caddesi
Uludağ Ticaret Merkezi No:277/H
16120 Nilüfer BURSA
Phone : 0224 441 41 41 pbx
Fax : 0224 441 63 55

Kayseri Branch Directorate

Gültepe Mahallesi Mustafa Kemal Paşa Bulvarı No:52/A
38030 Melikgazi KAYSERİ
Phone : 0352 236 36 30
Fax : 0352 233 20 30
e-mail : kayseri@mapfre.com.tr

Adana Branch Directorate

Cemal Paşa Mahallesi Fuzuli Caddesi
Egemen Apt. No:7/1 01120 Seyhan Adana
Phone : 0322 459 58 58
Fax : 0322 459 58 62
e-mail : adana@mapfre.com.tr

Antalya Branch Directorate

Namık Kemal Bulvarı No:59
07090 Kepez ANTALYA
Phone : 0242 312 12 30 pbx
Fax : 0242 313 06 04
e-mail : antalya@mapfre.com.tr

Izmir Branch Directorate

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

Konya Branch Directorate

Musalla Bağları Mahallesi Ankara Caddesi No:71/A
42060 Selçuklu KONYA
Phone: 0332 235 86 86
Fax: 0332 235 80 00
e-mail : konya@mapfre.com.tr

Samsun Branch Directorate

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

Izmit Branch Directorate

Mehmet Ali Paşa Mah.Bağdat Cad. No: 222
41050 Yenişehir KOCAELI
Phone : 0262 321 50 60
Fax : 0262 321 50 59
e-mail : izmit@mapfre.com.tr

Eskişehir Branch Directorate

Hoşnudiye Mah. Kızılcıklı Mahmut Pehlivan Cad.
No.34/A ESKİŞEHİR
Phone : 0222 240 13 33
Fax : 0222 240 13 38
e-mail : eskisehir@mapfre.com.tr

Çankaya Branch Directorate

Oğuzlar Mahallesi Çetin Emeç Bulvarı No. 62
06680 Çankaya ANKARA
Phone : 0312 441 00 84
Fax : 0312 441 00 87
e-mail : cankayabolge@mapfre.com.tr

Malatya Branch Directorate

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

Trakya Branch Directorate

Kazmiye Mahallesi Aşık Veysel Sok. Çağıl Apt
Dükkan B No. 15 Çorlu
Phone : 0212 708 70 80
Fax : 0212 708 70 81
e-mail : istanbul@mapfre.com.tr

Gaziantep Branch Directorate

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

Denizli Branch Directorate

Saraylar Mah.Saltak Cad. No: 36
20010 Merkezefendi DENİZLİ
Phone : 0258 265 33 83
Fax : 0258 265 33 82
e-mail : denizli@mapfre.com.tr

Beşiktaş Branch Directorate

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

Istanbul Asian Side Branch Directorate

Bağdat Caddesi Murat Apartmanı No. 30
D.7 34728 Kadıköy İSTANBUL
Phone : 0216 368 00 27
Fax : 0216 368 93 09
e-mail : istanbulanadoluyakasi@mapfre.com.tr

Mersin Branch Directorate

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

Capital and shareholding structure of the Company

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

NAME/TITLE OF SHAREHOLDERS	SHAREHOLDING	SHARE RATE %
MAPFRE INTERNATIONAL S.A	349,109,046	%99,75
OTHER	890,954	%0.25
TOTAL	350.000.000	%100

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

Changes in the company's capital and shareholder structure

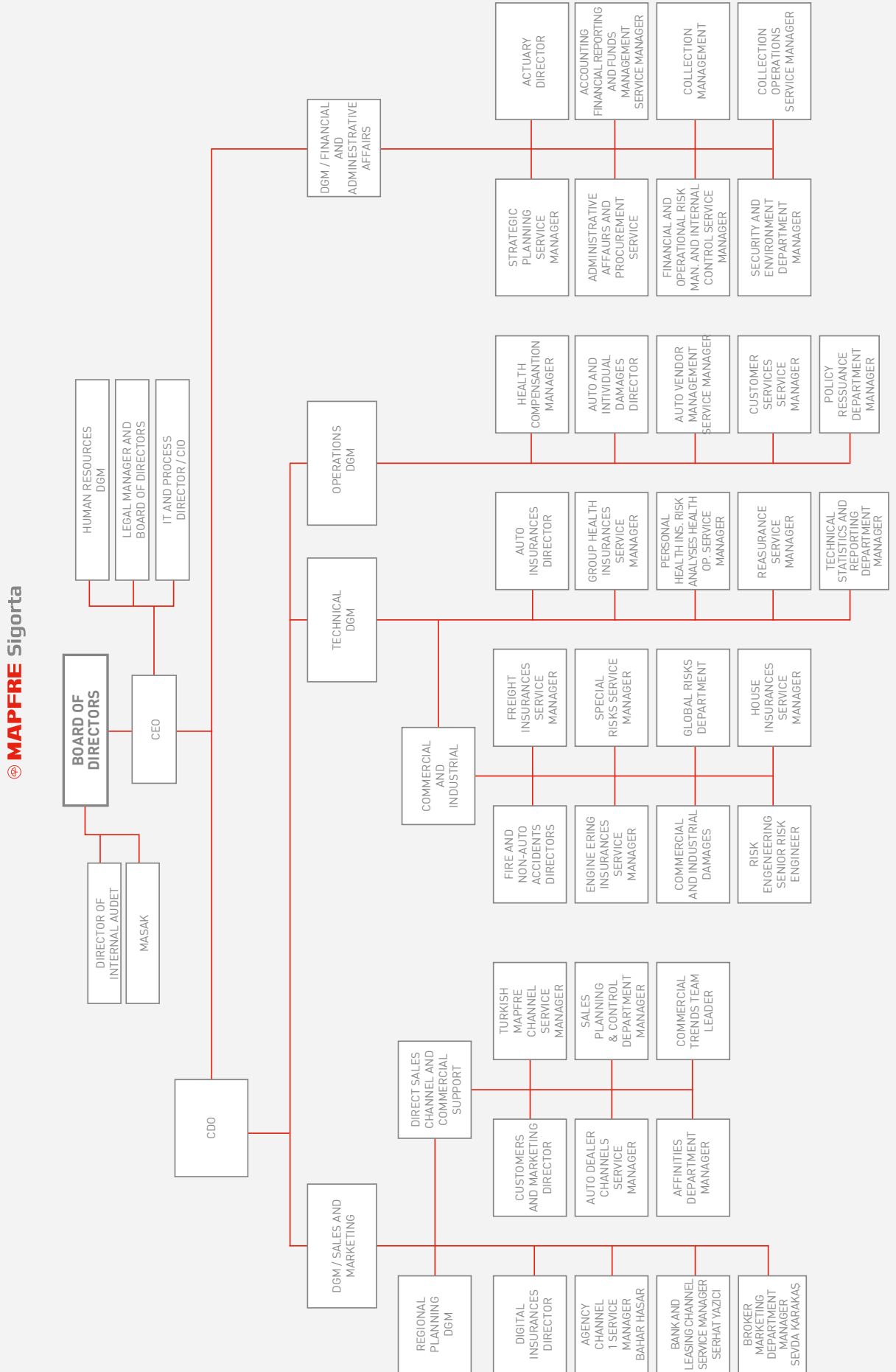
No changes occurred in the capital or shareholder structure of the company as of 31.12.2018.

The company's privileged share and the rights vested to these shares

The company does not have privileged shares or any rights granted to these shares as of 31.12.2018.

Organizational Chart

The company organizational chart is as follows.



Board of Directors

Herein below are the agenda of our company's Extraordinary General Assembly Meeting on August 3, 2018, Board Members elected by virtue of the resolution and new Board of Directors formed according to the distribution of roles. Mr. Ali Güven Aykaç resigned from his position as the Member of the Board of Directors on 06.11.2018 and Mrs. Zeynep Nazan Somer Özelgin was appointed to replace him as of the same date.



DATE OF APPOINTMENT

23.07.2014

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.Ş.
Chairman of the Board

EDUCATIONAL BACKGROUND

ITU Faculty of Civil Engineering
Civil Engineering

TERMS OF OFFICE AND WORK EXPERIENCE

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

Hüsametdin Kavi / Chairman of the Board



DATE OF APPOINTMENT

01.07.2016

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.Ş.

EDUCATIONAL BACKGROUND

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

TERMS OF OFFICE AND WORK EXPERIENCE

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

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



DATE OF APPOINTMENT

29.08.2014

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.Ş.
Member of the Board of Directors

EDUCATIONAL BACKGROUND

University of Liège (Belgium)

TERMS OF OFFICE AND WORK EXPERIENCE

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

Nikolaos Antimisaris / Member of the Board of Directors



DATE OF APPOINTMENT

15.12.2011 - 06.11.2018

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.Ş.
Member of the Board of Directors

EDUCATIONAL BACKGROUND

METU Economics and Administrative
Sciences

TERMS OF OFFICE AND WORK EXPERIENCE

2015 - Autoking CEO
2011 - Mapfre Assistance Deputy Regional Director
2000 Tur Assist LTD. Ş. / General Manager
1999 - 2000 İnter Hayat A.Ş. / Deputy General Manager
1997 - 1999 Nordstern İmtaş Hayat A.Ş. / Deputy General Manager
1990 - 1997 Sark Hayat Sigorta / Sales Manager

Ali Güven Aykaç / Member of the Board of Directors



DATE OF APPOINTMENT

16.09.2015

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.Ş.
Member of the Board of Directors

EDUCATIONAL BACKGROUND

Bilkent University Faculty of Administrative
Sciences Business Administration - Master degree

TERMS OF OFFICE AND WORK EXPERIENCE

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

Süleyman Serdar Çaloğlu / Member of the Board of Directors



DATE OF APPOINTMENT

06.11.2018

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.Ş.
Member of the Board of Directors

EDUCATIONAL BACKGROUND

Boğaziçi University
Business Administration

TERMS OF OFFICE AND WORK EXPERIENCE

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

Zeynep Nazan Somer Özelgin / Member of the Board of Directors

Executive Management

Our company's executive management is composed of a General Manager and 9 Deputy General Managers; the distribution of their duties are set out below.



DATE OF APPOINTMENT

01.07.2016

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.Ş.

EDUCATIONAL BACKGROUND

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

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

2016 - Mapfre Sigorta A.S. General Manager
2014 - Mapfre Sigorta A.Ş Deputy General Manager of Operations
2011 - Mapfre Middlesea p.l.c Chairman and CEO
2005 - 2011 Mapfre Asistencia Deputy General Manager

Alfredo Munoz Perez / General Manager



DATE OF APPOINTMENT

02.01.2009

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.S.
Deputy General Manager for Financial and
Administrative Affairs

EDUCATIONAL BACKGROUND

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

TERMS OF OFFICE AND WORK EXPERIENCE

05.2006 - 01.2009 TSRSB Deputy General Secretary
2005 - 2006 Turkish Prime Ministry Insurance Audit Board / Istanbul
Group Chairman
04.1990 - 05.2006 Turkish Prime Ministry Insurance Audit Board /
Insurance Audit Specialist

Erdiñç Yurtseven / Deputy General Manager



DATE OF APPOINTMENT

02.01.2009

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.S.
Technical Deputy General Manager

EDUCATIONAL BACKGROUND

Yıldız University Civil Engineering
Construction Department

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

10.1997 Mapfre Sigorta A.Ş Group Manager
12.1993-10.1997 Oyak Sigorta A.Ş Assistant Technical Manager
01.1991- 12.1993 Örkap İnşaat Site Manager
10.1990 -01.1991 Kardeşler İnşaat Static Calculation Specialist

Nevzat Volkan Babür / Deputy General Manager



DATE OF APPOINTMENT

10.06.2011

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.Ş.
Deputy General Manager for Health

EDUCATIONAL BACKGROUND

Istanbul Technical University

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

06.2011 - Mapfre Sigorta A.Ş Deputy General Manager
07.2010 - 06.2011 - 06.2011 HDI Sigorta A.Ş. / Deputy General Manager
2007- 06.2010 / Başak Groupama Sig. A.Ş. / Deputy General Manager
1995 - 2007 / Ray Sigorta A.Ş. Deputy General Manager
1994 - 1995 / Milli Reasürans T.A.Ş. / Technical Affairs Manager
1989 - 1994 / Halk Sigorta T.A.Ş. / Assistant Reinsurance Manager
1988 - 1989 / Destek Reasürans T.A.Ş. / Deputy Specialist

Osman Tolga Dağlıer / Deputy General Manager



DATE OF APPOINTMENT

01.10.2012

AREA OF RESPONSIBILITY

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

EDUCATIONAL BACKGROUND

Istanbul Technical University
Environmental Engineering

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

2004.01 / Türkiye Genel Sigorta A.S. Group Manager
1999.01 - 2004.01/Türkiye Genel Sigorta A.Ş. Service Manager
1998.01- 1999.01/Türkiye Genel Sigorta A.Ş. Assistant Manager
1997.01 -1998.01/Türkiye Genel Sigorta A.Ş. Deputy Manager

İlker Sırtıkırmızı / Deputy General Manager



DATE OF APPOINTMENT

01.01.2014

AREA OF RESPONSIBILITY

MAPFRE Sigorta A.S.
Deputy General Manager Responsible for
Regional Marketing

EDUCATIONAL BACKGROUND

Gazi University
Labor Economics and Industrial Relations

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

01.2014 Deputy General Manager
01.2009 - 12.2013 Group Manager
01.1999 - 01.2009 Ankara Region Manager
07.1995 - 01.1998 Ankara Region Deputy Manager
01.1994 - 01.1995 Ankara Region Marketing Officer
06.1990 - 12.1993 Ankara Region Sales Specialist

Ergun Ulusoy / Deputy General Manager



DATE OF APPOINTMENT
12.02.2016

AREA OF RESPONSIBILITY
MAPFRE Sigorta A.Ş.
DGM for Commercial, Industrial Insurances
Technical and Non-Auto Claims

EDUCATIONAL BACKGROUND
Trakya University Mechanical Engineering

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

2011 - 2015 / MAPFRE Genel Sigorta A.Ş. Engineering and Liability Insurances and Corporate Risks Broker Marketing Director
2008 - 2011 / MAPFRE Genel Sigorta A.Ş. Service Manager for Engineering and Liability Insurances
2006 - 2008 / T. Genel Sigorta A.Ş. Underwriting Department Manager
2003 - 2006 / T. Genel Sigorta A.Ş. Unit Manager of Engineering and Engineering Claims
1998 - 2003 / T. Genel Sigorta A.Ş. Official for Engineering, Reassurance and Proprietary Risks
1996 - 1998 / T. Genel Sigorta A.Ş. Risk Management Department - Risk Engineer

Ercan Eryaşar / Deputy General Manager



DATE OF APPOINTMENT
15.02.2017

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

EDUCATIONAL BACKGROUND
Zaragoza University, Faculty of Law

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

2015 - 2017 Mapfre Sigorta A.Ş Own Network TURKMAPFRE Director
2014 - 2015 Mapfre International S.A El Salvador Deputy General
Manager Responsible for Marketing
1998 - 2013 Mapfre International S.A Zaragoza Regional Director
1994 Mapfre International S.A Zaragoza Automobile Regional
Technical Director

Luis Estela Gaspar / Deputy General Manager



DATE OF APPOINTMENT
15.02.2017

AREA OF RESPONSIBILITY
MAPFRE Sigorta A.Ş.
Deputy General Manager Responsible for
Operations

EDUCATIONAL BACKGROUND
Military Academy (KH0) Ankara

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

1997 - 2017 Mapfre Assistance - Turassist Deputy General Manager
1996 - 1997 Birlas Ltd. Şti
1987 - 1996 TSK Machinery Officer - Sales Manager

Levent Karagül / Deputy General Manager



DATE OF APPOINTMENT
27.04.2017

AREA OF RESPONSIBILITY
MAPFRE Sigorta A.Ş
Deputy General Manager Responsible for
Human Resources

EDUCATIONAL BACKGROUND
Istanbul University, Faculty of Law

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

2010 - 2017 Mapfre Sigorta A.Ş. HR Director - Executive Committee Member
2008 - 2010 Mapfre Sigorta A.Ş. Business Development and Group
Relationships Unit Manager
1998 - 2008 Mapfre Sigorta A.Ş. Non-Motor Damage Underwriter
1996 - 1997 Oyak Sigorta Recourse Officer
1993 - 1996 Lawyer

Necla Aksoy / Deputy General Manager



DATE OF APPOINTMENT
15.02.2018

AREA OF RESPONSIBILITY
MAPFRE Sigorta A.Ş.
Commercial Areas Deputy General Manager

EDUCATIONAL BACKGROUND
Dokuz Eylül University - Economy

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

2011 - 08 2018 BNP Paribas Cardif A Ş Business Partners DGM
2005 - 2011 TEB BNP Paribas Bancassurance Manager
2005 Garanti Emeklilik ve Hayat A Ş Regional Manager
2003 - 2005 Garanti Emeklilik ve Hayat A Ş Retail and Corporate
Sales Manager
1997 - 2003 Garanti Bankası Retail and Commercial Banking Manager

Cevdet Altuğ / Deputy General Manager



DATE OF APPOINTMENT
1.11.2018

AREA OF RESPONSIBILITY
MAPFRE Sigorta A.Ş
COO

EDUCATIONAL BACKGROUND
Sheffield Hallam University International Trade

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE

2015 - 01.2018 MAPFRE North America Regional Business and Customers
Deputy CEO
2013 - 2015 MAPFRE USA Life Insurance CEO
2010 - 2013 MAPFRE Atlantic Region Deputy CEO and Regional Director
2008 - 2010 MAPFRE Florida Deputy CEO
2006 - 2008 MAPFRE Spain Retail Auto Insurance Deputy CEO
2002 - 2006 MAPFRE Spain Club MAPFRE Sales and Marketing Director

Stefan Jensen / Deputy General Manager

Mr. Osman Tolga Dağlıer and Mr. İlker Sirtkırmızı left their offices on 31.07.2018 and 12.10.2018 respectively.

Within the scope of the permission given by the Company General Assembly, the governing body members do not perform any operation on behalf of themselves or others which would fall within the scope of the prohibition of competition.

Number of Staff

As of the end of December 2018, a total of 806 staff members including dual payroll employees are employed in our company, with 486 staff members employed at the Headquarters, and 320 staff members employed in the Branch Directorates of Gaziantep, Adana, Ankara, Antalya, Beşiktaş, Bursa, Çankaya, Denizli, İzmir, İzmit/Kocaeli, Eskişehir, Kayseri, Konya, Samsun, Denizli, Çorlu, Istanbul Anatolian Side and Istanbul.

The company's Board of Directors consists of five members including the General Manager. The company's executive management consists of a General Manager, 9 Deputy General Managers and the remaining staff consists of 15 Directors, 124 mid- level managers (department, service and regional managers), and 657 technical and administrative staff members.

The table below shows the company's employees in terms of education and gender.

Department Graduated From	Male	Female	Total
Primary School	4	1	5
Middle School or Equivalent	8	3	11
High School or Equivalent	58	47	105
Associate Degree	62	74	136
Bachelor's Degree	225	268	493
Graduate Degree	29	27	56
TOTAL	386	420	806

Information relating to human resources practices

Our Human Resources takes its lead from the fact that the ability to achieve corporate objectives is proportional to the skills and efforts of our employees, creating a corporate culture where

- **the best employees want to work,**
- **staff are permanent and happy as they can convert their potential to high performance,**
- **and the resulting output is service quality and customer satisfaction.**

In line with the vision of Human Resources, it aims and undertakes;

- a) To create a working environment where mutual respect and trust is essential and everyone feels responsible for achieving the determined objectives and ensuring their sustainability,
- b) To encourage a two-way open communication that is the basis for trust between the employees and their directors,
- c) To ensure that the works are structured to provide the most productive operation and that the staff are employed in duties suited to their knowledge and skills,
- d) To evaluate employee performance with objective benchmarks and appreciate, incentivize and motivate staff displaying high performance,
- e) To manage the career development, promotion and compensation of staff within an objective system,
- f) To determine, plan and implement the training needs of the employees which are related to professional and personal development,
- g) To create a work environment that encourages employees to develop themselves and their work and to make improvements with their suggestions,

h) To employ persons eligible for the job and corporate culture primarily through the current human resources of the company, with the employees with high performance having the priority to be tasked with responsible duties and employees being prepared appropriate to their assigned jobs in order for them to display good performance in a short period of time,

i) To create a safe and healthy work environment,

j) To evaluate and implement all rights of employees in accordance with the laws and rules.

awareness that all kinds of developments provided in this field play a key role in the future success of our organization, it adopts a management philosophy focused on training leaders who;

- have effective human management skills,
- promote learning and development
- know and practice human resource practices

via providing correct training to correct person.

Talent management at MAPFRE Sigorta refers to the integration of new employees and their development, development and retention of the current employees and the processes that will gain the best and most talented employees to our country, manage their performances and bring out their potential. Our talent management practices are directly related to the performance management, leadership development, workforce planning and identification of the skill gaps and with our recruitment systems.

By transferring individual responsibilities to each employee personally, starting from management levels, it is aimed that our employees take on responsibility for our company's business objectives.

HR Practices serve the realization of our company's mission, goals, objectives and budgets by developing and implementing the planning and strategies relating to manpower.

Based on our corporate policies and values, these practices uphold the basic approaches that must be observed in determining the means and conditions of staff recruitment and payment, staff training, performance monitoring and dismissal in order to ensure that all affairs in the company are conducted efficiently, effectively, ethically and in conformity with the laws in effect.

The aim is to reflect the corporate values and principles which should guide the Company's operations as well as professional operations of the staff.

MAPFRE Group corporate policies are determined, published and executed according to the general principles set by the MAPFRE SYSTEM. The managers at all levels and the Staff are responsible for the implementation of the corporate policies and controlling the practices together.

MAPFRE Group's Vision, Mission and Values

Our Vision

It is to be a reliable insurance company worldwide.

Our Mission

We are a multinational team that works with the purpose of continuous improvement and developing the best possible relationships with our customers, distribution channels, suppliers, shareholders and the public.

Our Values

Capital Power

- Financial strength with sustainable results.
- International diversification, strengthening our position in different markets.

Integrity

- The ethical values that guide our behavior.
- A sense of social responsibility that is the focus of all our activities.

Spirit of Service

- Continuous pursuit of excellence while carrying out our operations.
- Continuity in the business approach focused on maintaining and observing client relationships.

Innovation for Leadership

- Continuous development and improvement effort.
- Useful technology that serves the business and business objectives.

A Committed Team

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

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

 **MAPFRE** Sigorta

Financial benefits provided to the members of the governing body and to the executive managers

The governing body and executive managers are composed of the Board Members, General Manager, Deputy General Managers and Directors.

In 2018, the gross total amount of financial benefits such as daily allowance, salaries, premiums, bonuses, and dividends provided to the members of management body and executive managers was TRY 37,860,372.

The subsidies, allowances for travel, accommodation and representation expenses paid to the members of the management body and executive managers in year 2018 amounted to TRY 580,535.



RESEARCH AND DEVELOPMENT ACTIVITIES

 **MAPFRE** Sigorta

Information relating to the research and development practices related to new services and activities

Mapfre Sigorta takes the procedures set out below as the basis in the creation of new products and/or new services;

- Identification of the new needs on the basis of customer and resources (agency, brokers, etc.) and determination of the need for new products and/or new services by taking into account the demands,
- Carrying out the feasibility studies for the identification of the potential business volume (market research benchmarking) and preparation of the new product and/or service design plan by seeking the know-how support from the relevant Mapfre center,
- Examination of the legal processes relating to the branch related to the product and/or service,
- Creation of the coverage of the guarantee, tariff related to the product and/or service in accordance with the insurance law and by taking into account the compliance with the Insurance General Conditions and possible reinsurance conditions,
- If the automation works for the product and/or service are necessary, completing such works in parallel with Mapfre Soft.

Even if there are issues which do not require the Company to obtain a new branch license, pursuant to the Legislation on the new products, it may be necessary to apply to the Undersecretariat of Treasury, General Directorate of Insurance and obtain the related approval. In cases where this need arises, after the completion of the works related to new product, the process is completed with the work necessary for the application and approval as the final stage.



**COMPANY OPERATIONS
AND SIGNIFICANT
DEVELOPMENTS
RELATED TO THE
COMPANY OPERATIONS**

 **MAPFRE** Sigorta

Company's operations and significant developments related to the operations

The company did not go through any material development in terms of its operations during 2018.

Risk Management, Internal Control and Compliance Activities in 2018

Our company's risk management, internal control and compliance functions are executed under the management and supervision of the General Manager and with the ultimate responsibility being incumbent upon the Board of Directors, in accordance with the Regulation on the Internal Systems of the Insurance & Reinsurance and Pension Companies. The board member responsible for the internal systems, the heads of risk management, internal control and compliance functions have already been assigned by the Board of Directors. These functions operate in accordance with the policies approved by the Board of Directors, including but not limited to particular the Risk Management Policy, Compliance Policy and Internal Control Policy, and the procedures duly established on the basis of these policies. These policies lay down the principles and distribution of responsibilities between risk management, internal control, and compliance functions, as well as the duties and responsibilities of the staff members of these functions. The Risk Management Committee consisting of General Manager, Deputy General Manager responsible for the Financial Affairs and Risk Manager operates within this context.

The internal control system, which consist of the control environment, risk evaluation, control activities and the topics of information and communication and supervision within the framework of COSO and Triple Defense Line Model is a process designed to ensure sustainable execution of operations in an effective and efficient manner for the accomplishment of our corporate objectives, the reliability of financial information, and compliance with legal regulations and MAPFRE Group rules, with the involvement of all employees. The system has been configured in line with the triple lines of defense. Accordingly, all process owners in the first line of defense are made responsible for determining the risks arising from their operations and implementing checkpoints to minimize these risks alongside the executive management, in line with the principles stipulated in the Internal Control Policy and the Regulation on the Internal Systems of the Insurance & Reinsurance and Pension Companies, as well as the rules of MAPFRE Group. The Risk Management, Internal Control and Compliance functions located on the second line of defense are responsible for the effective and productive operation of the internal control system and its supervision, while the Internal Audit Service located in the third line of defense is responsible for its audit. The internal control system in our company is annually and regularly subjected to the audit of the internal audit department. Training programs are organized to raise awareness about internal systems, and the awareness levels of the employees are assessed through regular surveys.

Within the framework of the risk management function, insurance risks, market risks, and third party default risks are regularly assessed using specific models, and evaluated with respect to their impact on capital adequacy. Meanwhile, the operational risks are assessed each year using an application called Riskmap, followed by implementation of action plans regarding high-risk areas stipulated on the risk maps created in conclusion of the assessment. The operational risk exposures are recorded in and monitored through the operational risk inventory and the relevant control actions are designed as and when required. Furthermore, the risks borne in the investment portfolio are analyzed and compliance with the investment risk limits approved by the Investment Strategy Committee are monitored and reported on a daily basis.

The results concerning risk-based capital adequacy, insurance, market and third party risks, and operational risks, as well as the critical risk indicators are reported to the executive management and the Board of Directors regularly, for consideration in the context of decision-making mechanisms.

Within the framework of the internal control function, all process owners track the activities they perform during the execution of their processes and the risks concerning these activities, along with the controls applicable, using a standard form, and also regularly test the checks they apply. Furthermore, the effectiveness of the activities implemented at our firm are assessed on an annual basis using control schemes. Financial reporting, information systems, reinsurance, processes, customer complaints, accounts and renewals per branch and

channel are audited in line with the annual internal control plan and in case of any weak points detected in the control mechanism, they are tracked under internal control findings to ensure that the relevant actions are taken as required.

The compliance function serves to ensure that the company's operations are carried out effectively and productively, in line with internal directives and legal regulations, within the framework of the mission, vision and values of the company. The purpose, scope, authorities and duties of the Compliance Function are specified in the Company's Compliance Policy. In this context, the Compliance Function covers the tracking of compliance risks, the impact of the changes in regulations on the company, regular reporting required by government authorities, and compliance with MAPFRE Group's policies, not to mention the correspondence with supervision organizations and government authorities. The compliance function's operations are reported to the Board of Directors on an annual basis.

Besides these functions, ISO 9001:2015 Quality Management System, which is certified by international certification authorities, is also implemented in our company to ensure enhancement of the processes, increase of profitability, optimization of customer satisfaction and the management of product and service quality efficiency, in accordance with the fundamental principles such as leadership with a risk-based approach, customer focus, involvement of employees, process approach and evidence based decision-making.

Internal Audit Activities for the Year 2018

The internal audit activities for the year 2018 were conducted to achieve the following objectives: control and audit of the all businesses and operations of the company, in particular compliance with the applicable laws, regulations, communiqués, tariffs and instructions, general conditions and other legislation, internal guidelines of the company and management strategy and policy and the prevention and identification of the errors, frauds and irregularities.

In line with these objectives, the activities of the Internal Audit Department for the year 2018 were conducted in accordance with the MAPFRE Sigorta A.Ş. Internal Audit regulations to cover all activities of MAPFRE Sigorta A.Ş. including outsourced ones, to the extent that they include the Head Office Departments, Regional Directorates and agencies.

In 2018, Internal Audit Department carried out 31 audits. 19 of these audits were for Central Services, 5 were for Regional Directorates, 3 were for Special Assignments, 3 were for Information Technology, and 1 was for agencies.

Management's opinion on Internal Control System's operations and Internal Audit activities

During 2018, the Management monitored the capital adequacy, insurance risks, market risks, third party risks and operational risks as well as the internal control, compliance and internal audit activities by means of MIS reports within the scope of the company's risk management and observed that the foregoing was in line with the corporate risk appetite.

While the Board of Directors meeting was held on 15.02.2018 to review and update the Internal Audit Policy and Guidelines, the following policies were reviewed and updated during the Board of Directors meeting on 18.04.2018:

- Risk Appetite Policy
- Actuarial Policy
- Policy on Calculation of Technical Provisions
- Internal Control Policy
- Investment Plan for Securities and Real Estate
- Compliance Function Policy

Affiliates of the Company

The following are the Company's affiliates, as of 31.12.2018.

AFFILIATES	AMOUNT	SHARE
TARIM SİGORTALARI HAVUZ İŞLETMELERİ A.Ş. (TARSİM)	434.373	4,17%
SUBSIDIARIES	AMOUNT	SHARE
MAPFRE YAŞAM SİGORTA A.Ş.	20.816.506	99.50%
GENEL SERVİS YEDEK PARÇA DAĞITIM TİC. A.Ş.	2.428.025	51%
	23.678.904	

- The Company has no acquired own share.

Public Audit

Within the company's 2018 fiscal year,

The Ministry of Finance Presidency of Tax Inspection Board Large-size Taxpayers Department initiated a limited investigation for the period 2013-2017 in terms of Corporate tax (Withholding) and Value Added Tax (Withholding). The Company acquired the right to benefit from the law no. 7143 which also covers this inspection.

The conclusion of the inspection report for 2013 was disclosed to the company on 26.12.2018. The company paid TRY 10,976.88 within the context of amnesty law no. 7143 on 21.01.2019 and finalized the inspection for 2013.

The inspection process for the years 2014-2017 still continues.

Private Audit

The information about the audit firms that the Company works with on the Independent Audit and Tax Audit and the audit hours are as set out below.

TITLE OF INDEPENDENT AUDIT

FIRM	KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş
ADDRESS	İŞ KULELERİ, KULE 3 KAT: 2-9 LEVENT 34330 - ISTANBUL
TAX OFFICE REGISTRATION #	BOĞAZIÇI KURUMLAR T.O 589 026 9940
PHONE	0212 316 60 00
FAX	0212 316 60 60

AUDIT PERIOD FOR 2018

RESPONSIBLE AUDITOR	35 HOURS
AUDITOR IN CHARGE OF QUALITY CONTROL	6 HOURS
SENIOR AUDITOR	60 HOURS
AUDITORS AND DEPUTY AUDITORS	950 HOURS
TOTAL	1051 HOURS

THE TITLE OF THE CERTIFIED PUBLIC ACCOUNTANT

COMPANY	FK YEMİNLİ MALİ MÜŞAVİRLİK LTD.ŞTİ.
ADDRESS	ATA 4 ÇARŞI PLAZA KAT.3 D.34 PLAZA ATAŞEHİR - ISTANBUL
TAX OFFICE REGISTRATION #	KOZYATAĞI T.O 385 034 6662
PHONE	0216 456 07 79
FAX	0216 456 06 82

AUDIT SCHEDULE FOR YEAR 2018

MAY 2018	3 DAYS
JULY 2018	2 DAYS
AUGUST 2018	5 DAYS
OCTOBER 2018	2 DAYS
DECEMBER 2018	3 DAYS
JANUARY 2019	2 DAYS
FEBRUARY 2019	2 DAYS
APRIL 2019	3 DAYS
TOTAL	22 DAYS

Information relating to the internal audit supervisor of the company and the auditor authorized in accordance with Turkish Commercial Code number 6102

Internal audit official



DATE OF APPOINTMENT
07.05.2010

AREA OF RESPONSIBILITY
MAPFRE Sigorta A.Ş.
Director of Internal Audit

EDUCATIONAL BACKGROUND
Dokuz Eylül University Civil Engineering
University of Northern Iowa, MBA

TERMS OF OFFICE AND WORK EXPERIENCE

2010 MAPFRE Sigorta A.Ş.
2008 - 2010 KPMG Deputy Director for Internal Audit
2004 - 2008 Anadolu Sigorta A.Ş. Inspector

Y.Emre Göçmen / Director of Internal Audit

Information on the authorized auditor selected pursuant to the agenda item no. 8 of the Ordinary General Assembly meeting held on March 30, 2018 is mentioned below.

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

İş Kuleleri Kule 3 Kat: 2-9
Levent 34330 ISTANBUL

Boğaziçi Corporate Tax Office - 589 026 9940

Phone: 0212 316 60 00
Fax: 0212 316 60 60

www.kpmg.com.tr

Lawsuits filed against the company

Although they do not affect the financial standing and activities of the company, there are 8,675 pending lawsuits filed against the Company. 8,620 of these lawsuits relate to the recovery of damages for a total amount of TRY 494,275,466 which appears on the Company's financial statements as Outstanding Claims. There is a further set of 55 lawsuits on other issues, corresponding to a total amount of TRY 2,447,008.

The necessary provisions were allocated in the Company's financial tables both for the damages and for the other lawsuits.

Information concerning whether the targets set in the past have been reached and whether the General Assembly resolutions are fulfilled or not

The total premium production figure of our company is TRY 2,647,752,032.

Broken down by branches, a fall of 15.48% was observed in the auto accident branch which accounts for 47.95% of the total premium production, while the health branch accounting for 21.16% of the total premium production recorded a premium increase of 17.13%.

Our company's profit before tax for 2018 rose to TRY 20,671,961 and the profit after tax was TRY 18,766,595.

In the previous year, the overall Market share of our Company was 5.8%, while the market share achieved in 2018 was 4.8% and therefore the Company closed 2018 in the 5th rank sector-wide.

In non-life branches, the wider insurance sector registered a premium increase of 20.20% in 2018, while our company saw a decrease of 1.32% in premium figures, compared to the previous year.

In 2001, our company was assessed by an international rating company with A + (Tur) financial strength rating. The company has continued this success to date and Fitch rating agency raised our national financial strength rating to AA (Tur) in 2007, confirming our financial strength rating on July 27, 2018 as AA (Tur).

The Board of Directors resolution dated June 1, 2017, no. 31 was taken with respect to the move of the company headquarters to Torun Center, Fulya Mahallesi, Büyükdere Caddesi No. 74 D Blok Mecidiyeköy 34381 Istanbul as of June 19, 2017, and was published on Turkish Trade Registry Gazette dated June 29, 2017 no. 9356.

In consequence of the resolution taken during the Ordinary General Assembly Meeting of our company on 31.03.2018, the holders of the founder's redeemed shares and other shareholders were paid TRY 137,178.26 and TRY 140,836,974.93 respectively as dividends, with respect to proportion of their shares. (The aforementioned amounts include the advance dividend of TRY 60,940,916.83 paid on 22.12.2017.)

Besides, our Company paid dividends in an amount of net TRY 68,595,750 which remains after the deduction of legal reserves in a gross amount of TRY 76,217,500 from the retained earnings, pursuant to the resolution taken during the Extraordinary General Assembly Meeting on 03.08.2018.

In the light of these results, it is observed that all the resolutions taken at the Ordinary General Assembly Meeting on 31.03.2018 were fulfilled by the Company Management.

Extraordinary General Assembly Meeting

The Company held an Extraordinary General Assembly Meeting on 03.08.2018 and the resolution taken at the end of the meeting stipulated the distribution of dividends for a gross amount of TRY 76,217,500 from the retained earnings and election of new members of the Board of Directors that will hold office for three years.

Information on the attendance of board members at meetings

According to the Articles of Association, the Board of Directors meet as required. One more than half of the members should be present for the meetings to be valid. The decisions are taken by a majority of the present members. The minutes prepared accordingly are written in the minute book and signed by the members. The Board of Directors represents the company for its shareholders, 3rd parties and before the courts. All members participated in 60 out of 61 board resolutions taken unanimously during the year.

The donations & grants and the expenditures within the framework of social responsibility projects made by the Company during the year

The total amount of donations made by the Company in 2018 was TRY 4,260.

The employee volunteering activities and the social responsibility projects implemented by the Company in 2018 are listed below; the sponsor of both project groups is Fundación MAPFRE.

"I am a Volunteer" Program:

- With the participation of 311 Volunteers (254 employees and 57 their relatives) within the scope of the "I am a Volunteer" projects, the following activities were organized in 2018;

- Clothing aid campaign for the students of Malatya Rahmi Akıncı Primary School - 25.01.2018
- Awareness-raising campaign for the World Childhood Cancer Day, KAÇUV – 15.02.2018
- Participation in Runatolia Antalya charity running in support of KAÇUV, KORUNCUK and TEV - 05.03.2018
- Kızılay blood donation campaign – 16.03.2018
- Book donation campaign for the students of Batman Taşlıdere Doğançık Primary School - 10-24.04.2018
- Participation in Run TOFD, i.e. charity running for The Spinal Cord Paralytics Association of Turkey - 29.04.2018
- MAGSAD clothing and food aid campaign for Nesin Foundation - April 12-25, 2018
- AYDER sign language training - April - May 2018
- Diving Club beach cleaning activity - 29.04.2018
- Fifth of June clothing bazaar activity - 05.06.2018
- Clothing renewal in cooperation with Octopus Volunteers Association - 12.08.2018
- Participation in Farewell to Summer Picnic organized by Foundation for Children in Need of Protection and toy donation - 08.09.2018
- Participation in Soma Return to School Picnic organized by TEV İzmir and stationery donation - 14.09.2018
- Computer donation to Şırnak Ilıcalar Secondary School - 25.09.2018
- MAPFRE Volunteers Day, cleaning of Maçka Demokrasi Park - 06.10.2018
- Visit to Gelibolu Nursing Home - 13.10.2018
- Breast Cancer Awareness Day Think Pink Activity - 19.10.2018
- Marionette and toy making workshop for children - 26.10.2018
- Istanbul Marathon; Fundraising activity in support of TOFD, TEV, TCYOV and Smiling Heals Association - 11.11.2018
- Story-Reading Project on World Children's Rights Day: 20-30.11.2018

Social Responsibility Projects by Fundación MAPFRE:

Our foundation Fundación MAPFRE focuses on ensuring economic, social and cultural improvements in favor of the most disadvantaged people and groups in the society. We strive directly for social benefit across the world and also cooperate with various institutions, non-governmental organizations, museums, foundations and associations.

The activities of the foundation concentrates on five major areas:

- Prevention of Accidents and Road Safety
- Insurance Business and Social Security
- Culture
- Social Development
- Health Reinforcement

Internal regulations of MAPFRE Group stipulates that social responsibility activities should be conducted in a completely separate manner from commercial activities. The projects of the Foundation are managed by the Internal Communication team. Our Foundation uses its own name as well when participating in the activities carried out within Turkey through or in cooperation with MAPFRE Sigorta, as it is the case for all its social responsibility projects across the world.

The activities of the foundation concentrates on five major areas:

- Prevention of Accidents and Road Safety
- Insurance Business and Social Security
- Culture
- Social Development
- Health Reinforcement

Social Development

We believe that all members of our society need to have the opportunity to improve themselves both individually and socially. Therefore, we support the individuals of the society in need or disadvantaged groups for matters such as healthcare and nourishment in cooperation with MAPFRE Foundation Social Development Area. We also endeavor for the employment of individuals on the verge of being excluded from the society.

Our scholarships

We awarded scholarships through TEV to 45 students 15 of whom are disabled in 2017 / 2018 school year, and to 72 students, half of whom disabled, in 2018 / 2019 school year. We especially prefer our scholars to include the disabled, in line with our diversity approach.

Child Cancer Information Tree

We launched Information Portal for the Families of Children with Cancer in 2016, in cooperation with KAÇUV (Foundation of Hope for Children with Cancer). We aim to serve as a guide and provide online training courses through the portal for the families of the children with cancer about the disease. This portal aiming to increase the awareness levels of the families by providing them accurate information on the condition and treatment processes of their children is accessible at the address www.cocukkanseri.org. We feature 54 tutorial video footages in total in 5 different categories (Living with Cancer, Types of Cancer, Treatment of Cancer, Physical Care and Bravery Stories) through this portal. The portal also includes 15 interviews with the consultants and 39 miscellaneous broadcasts on the process and treatment of cancer as well as the methods for coping with the cancer.

We also organized live broadcasts through Facebook and replied the questions asked by the families of the children within the scope of the project in 2018. 105,800 people had access so far to the online seminars that we organized in 6 different topics.

Prevention of Accidents and Road Safety

Theater Play with the title “Bıdık and Köpük at the Traffic”

The theater play “Bıdık and Köpük at the Traffic”, which was staged for the first time in 2016 to instruct the children about the traffic rules in an amusing way, was staged in 2017 as well. Our play was seen by more than 15 thousand children so far in provinces such as İstanbul, Bursa, Balıkesir, Aydın, Denizli, İzmir, Antalya, Kayseri, Samsun, Ordu, Trabzon and Rize and also IDO sea buses, underlining the significant life-saving rules and aspects in the traffic as well as the notions of friendship, love and respect. At the end of each play, we give as a gift the cloth bags and puzzles featuring the drawings of Bıdık and Köpük characters and also the soundtrack CD of the play.

The play, which was arranged by Tiyatro Alkış dedicated to our Foundation, was staged at ferry services of IDO between Yenikapı and Bandırma during the summer season, as the first play ever being staged at a sea bus. We were awarded in Corporate Social Responsibility Category by Bursa Public Relations Association in 2018, thanks to this project.

Health Reinforcement Area

Healthy Living Workshops

Fundación MAPFRE aims to improve the health and life quality of individuals and accordingly to encourage healthy dietary habits, physical exercise and proper rest which have a major impact on non-contagious diseases (cardiovascular diseases, cancer, diabetes, high blood pressure, etc.) through its health reinforcement area.

Our relevant activities in Turkey include the Healthy Living Workshops being carried out since 2014. Since 2014 to date, our project has reached out to thousands of children in primary school, trying to raise awareness about obesity and providing them tips on healthy living in the form of a fun theater play. Within the scope of the project, we distributed a set of books called “The Secret of Can and Cem” to children as a gift and we reached out to 37 thousand 243 students and 1,400 teachers so far through our 580 events organized in 166 different schools in cooperation with Istanbul Provincial Directorate of National Education.

We have been implementing the project to cover also neighboring provinces of Istanbul, such as İzmit and Tekirdağ, since 2018.

Relationships with the Companies community and their results

The Parent Company does not provide us with direct instructions regarding which company to work with. However, in 2018, our Company conducted business with Mapfre Group companies, subject to market conditions and within the framework of company policies.

Our Company has realized all transactions with properly substituted performances subject to market conditions. Our company did not suffer any damages as a result of the operations it has carried out. On the contrary, our Company’s transactions with Affiliates resulted in faster returns and faster processing of transactions, with the commercial life of our Company in consideration.

Upon evaluation of the relations of our Company in 2018 within the scope of TCC Article 199, it is understood that our company has carried out all the transactions within the market conditions with the appropriate counteractions. Accordingly, there are no legal proceedings or precautions to be undertaken by the Company within the scope of TCC Article 199.

Corporate Governance Regulations Compliance Report

MAPFRE SİGORTA A.Ş. REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE REGULATIONS

February 26, 2019

1. DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE REGULATIONS

Mapfre Sigorta A.Ş. (the “Company”) follows the corporate governance regulations set forth in “Circular no. 2011/8 on the Corporate Governance Regulations of the Insurance Companies & Reinsurance Companies and Pension Companies” (“Circular”) issued on 27.04.2011 by the Republic of Turkey Prime Ministry Undersecretariat of Treasury, and takes utmost care to carry out its business and operations in accordance with these regulations.

In this context, the company’s Board of Directors decided to establish a Corporate Governance Committee with decision no. 2013/27 dated September 17, 2013. Duty of the Corporate Governance Committee: Conducting the necessary works to ensure compliance with the principles contained in the Communiqué, making recommendations to the Board of Directors for this purpose, and monitoring the company’s compliance with the principles.

Information about the members of the Corporate Governance Committee is listed below.

Full Name	Position in the Committee	Position in the Company	Contact Details Phone (212 334 90 00)
Alfredo Muñoz Pérez	Chairman	General Manager, Member of the Board of Directors	amunoz@mapfre.com.tr
Erdinç Yurtseven	Member	Deputy General Manager	eyurtseven@mapfre.com.tr
Necla Aksoy	Member	Deputy General Manager	naksoy@mapfre.com.tr
Merve Öney	Member	Director of Department of Legal Affairs	money@mapfre.com.tr

However, the “MAPFRE Group Ethics and Conduct of Code Book”, which was approved on 25.06.2009 by MAPFRE S.A., which is the parent group company of Mapfre International S.A, and which entered into force on 01.09.2009, is being implemented in all MAPFRE Group Affiliates, including our company, and it makes a significant contribution in the adoption of the corporate governance regulations by taking the equality, transparency, accountability and responsibility principles as its basis.

2. SHAREHOLDERS

Our company has not established a separate “Relationship with the Shareholders” Unit since the share rate of its main partner, Mapfre International S.A is 99.75%. Relationships with the shareholders are conducted within the Legal&Financial and Administrative Affairs Departments.

3. EXERCISE OF THE RIGHT TO INFORMATION OF THE SHAREHOLDERS

All shareholders are treated equally by our Company. There is no discrimination between the shareholders in the exercise of the rights to information and reviewing the information, and except for trade secrets, any provision of information to the shareholders is fulfilled. Any kind of information having importance that may affect the use of shareholders’ rights are presented to the shareholders in the “Announcements” section on our company’s website as up to date.

4. GENERAL ASSEMBLY MEETINGS

Our company takes every measure to ensure the participation of the shareholders at the General Assembly before the General Assembly Meetings in a timely manner and provides information on the agenda of the General Meeting in a complete manner so as not to create any hesitation and to enable the shareholders to make the necessary preparations. In the General Assembly Meeting, the issues on the agenda are communicated in an unbiased and detailed way, with a clear and understandable method and the shareholders are given the opportunity to express their opinions and ask questions under equal conditions and a healthy discussion environment is created. Our company provides each shareholder the opportunity to use their right to vote in the most appropriate and convenient way.

Two (2) General Assembly Meetings were held in 2018, one being ordinary, the other being extraordinary. These meetings were held at the company headquarters located at the address Torun Center Büyükdere Cad. No: 74 D Blok Mecidiyeköy, Şişli 34387, Istanbul.

The call for the Ordinary General Assembly Meeting which convened on March 30, 2018, was duly made as stipulated in the Articles of Association and including the agenda, through a statement published in Turkish Trade Registry Gazette dated March 2, 2018, in the newspapers Akşam and Takvim dated February 26, 2018 and also in the company’s official website on February 26, 2018, as well as by means of registered letters sent to registered shareholders, notifying them about the meeting date and the agenda. Our annual report for the 2017 period (including the financial tables), the independent auditor’s opinion and other documents that constitute the basis for the agenda items of the General Assembly were presented to the shareholders. Our annual report for the 2018 period (including the financial tables), the independent auditor’s opinion and other documents that constitute the basis for the agenda items of the General Assembly will be submitted for the information of the shareholders on March 29, 2019.

The call for the Extraordinary General Assembly Meeting which convened on August 3, 2018, was duly made as stipulated in the Articles of Association and including the agenda, through a statement published in Turkish Trade Registry Gazette dated July 3, 2018, in the newspapers Akşam and Takvim dated June 28, 2018 and also in the company’s official website on June 28, 2018, as well as by means of registered letters sent to registered shareholders, notifying them about the meeting date and the agenda. During the said meeting, the resolution was taken for the distribution of dividends from extraordinary reserves and for the appointment of new members of Board of Directors with effect from August 3, 2018.

At both General Assembly meetings, it is considered that our shareholders have not encountered any difficulties or mishaps in their participation in the General Assembly. Because no feedback was received in this regard.

General Assembly minutes can be accessed from the company website at <http://www.mapfresigorta.com.tr/>. The related minutes are made available to shareholders at company headquarters. The shareholders asked no questions at the General Assembly and no advice on the agenda was given.

5. VOTING RIGHTS AND MINORITY RIGHTS

The Company avoids the practices that complicate the exercise of voting rights and it is intended that each shareholder uses their voting right according to the articles of association and the law.

The procedure of voting in the General Assembly has been set forth in the “Internal Guidelines on the Working Procedures and Principles of General Assembly of Mapfre Genel Sigorta Anonim Şirketi” which was prepared with Board decision number 2013/13 dated March 22, 2013, and approved at the Ordinary General Assembly Meeting held on March 29, 2013 and it is made available for review by the shareholders at the General Assembly Meetings.

The company shows maximum attention to the exercise of minority rights and avoids those practices that complicate the free transfer of the shares by shareholders.

6. DIVIDEND RIGHTS

There is no privilege regarding participation in the Company’s profit. Profit distribution is carried out in accordance with the relevant legal legislation and the articles of association within the legal timeframe. In determining the distribution of profit, the articles of association, long-term group strategies, investment and financing policies, profitability and cash positions and, most importantly, the capital adequacy ratios are taken into account. Estimates of the company’s capital adequacy for the coming years and profit distribution decisions in parallel with the company’s targets are made by the shareholders at the General Assembly held in March every year.

The Company’s policy for distribution of profit is set out in Article 53 of the Company’s Articles of Association.

7. TRANSFER OF THE SHARES

Transfer of shares are made in accordance with the Articles of Association and the relevant legislation. There is no provision restricting the transfer in the Company’s Articles of Association.

8. DISCLOSURE POLICY

Our Company’s disclosure policy is approved by the Board of Directors. The disclosure intends to disclose information, except issues that fall within the scope of trade secrets within the framework of the legal legislation, timely and accurately and covers how, how often and in what way this information will be announced.

The information to be disclosed to the public within the framework of the disclosure policy has been determined as the quality policy; mission; vision; values; strategy; plans; past performance; goals; and other similar matters of the Company, except issues that are required to be disclosed by the relevant legal legislation and issues that fall within the scope of trade secrets pursuant to the relevant legislation.

The information specified to be disclosed with the relevant legal legislation is disclosed within the relevant period and issues other than these are disclosed via the above mentioned media when required. The disclosures are made on the company web address at www.mapfregenelsigorta.com (“Internet Address”); in company annual reports, Financial Reports and Independent Auditor’s Report; in the Trade Registry Gazette; via announcements

made through Written and Visual Media Organizations; with communication via landline and GSM operators; with press releases, meetings and promotions; by e-mail and similar communication methods and due authorization carried out with the authorized signatures of the company.

Management and execution of the Disclosure Policy are under the authority and responsibility of the Board of Directors. The related matters are announced by a member of the personnel to be appointed with the approval of the Company's General Manager.

9. COMPANY'S WEBSITE AND CONTENTS

In the "Information Society Services" section of the Company's Internet Address, the following are included: the capital structure of the Company; its Trade Registry Information, Board of Directors' information; Financial Information; General Assembly resolutions; Internal Directive; Registry Announcements, Auditor's Information and the "Announcement" section where important considerations are published. The related information is kept up to date and presented for the information of the public and, in particular, of our shareholders.

10. ANNUAL REPORT

Our company's annual report presents the requirements of the Corporate Governance Regulations to the shareholders and it is intended that the public obtains transparent and accurate information about the Company's activities.

11. INFORMATION TO STAKEHOLDERS

Our company uses the Company's Internet address actively in elucidation of the stakeholders and the public. In this context, the stakeholders are informed both via the section called the "Announcements" on the company's web site and by means such as press conferences, newsletters, annual reports, statements and so on. Thus, the information to be disclosed to the public, which may have an effect on the company's financial situation, the significant changes that may occur in this case are made available to the public in an accurate, complete, understandable, up to date and easily accessible format.

The activities with regards to notifying the employees of the human resources policies are carried out by the Human Resources Department both via the inter company intranet and e-mails and the written and visual posters.

12. PARTICIPATION OF THE STAKEHOLDERS IN THE MANAGEMENT

The company's Articles of Association do not include an arrangement for beneficiaries to participate in the management of the company. However;

- **Employees and Regions:** Employees and regions are informed by inter Company e-mails regarding the Company's activities; and for employees of the regional directorates, periodic regional meetings are organized.
- **Agencies:** Agencies are informed by inter Company e-mails regarding the Company's activities, and the agencies' contribution to the management is provided through agency meetings held during the year.
- **Shareholders:** Shareholder contribution rights are provided in accordance with the legislation related to participation in management and the articles of association.
- **Customers:** The Company information is presented in detail on the website for the customers. Also, the opportunity to have customers contribute to management is provided via the communication form on the Company's website.

13. HUMAN RESOURCES POLICY

The Human Resources Domain is developed to implement best practices in HR, starting with the establishment of the organizational structures enabling the implementation of MAPFRE Group's strategies, as well as attracting, developing, backing up and keeping within the framework of our strategies internal and external talent to realize corporate strategies and to take the organization to the future.

The Human Resources vision is about creating a corporate culture where the best want to work, where they want to stay and are happy since they can transform their potential into high performance, and where service quality and customer satisfaction are the outcomes of the employees, starting from the point where the ability of the Company to be able to realize its corporate objectives is proportional to the skill and efforts of our employees.

In line with this vision, the Company undertakes and aims to create a high-performing working environment based on mutual respect and trust, where everyone feels responsible for achieving the set targets and to ensure continuity; to encourage two-way open communication between employees, which is the basis of trust and mutual understanding between the employees and their managers; to structure tasks so as to ensure the most efficient operation and to ensure that employees are working in positions that suit their knowledge and abilities; to assess employee performance with objective criteria; to ensure that high-performing employees are appreciated, encouraged and motivated; to carry out employee career development, promotion and remuneration within an objective system; to identify, plan and implement the training needs of employees related to professional and personal development; to create a work environment that encourages employees to develop themselves and their work and to make improvements with their suggestions; to employ persons eligible for the work and corporate culture in the relevant jobs, initially from the available human resources of the company; to ensure high-performing employees are given priority for roles with responsibility and to prepare employees for roles they are assigned so that they can properly perform; to create a safe and healthy work environment and to evaluate and implement all the rights of employees in accordance with the laws and rules.

Manpower is the leading value within MAPFRE SYSTEM. With the awareness that all kinds of development in this field play a key role in the future success of our Company, the Human Resources Policy adopts a management philosophy focused on developing leaders who have effective people management skills; encourages learning and development; and knows and implements human resources practices. In this context: the employment policy; wage policy; education policy; performance evaluation policy and the promotion policy principles have been determined by the Human Resources Department in accordance with MAPFRE Group Global Policies and guidelines. During the preparation of the recruitment policy and the career planning, the principle of providing equal opportunities to people in equal conditions has been adopted, and the briefing meetings about the programs for the company's values, financial facilities provided, career development, training needs and health promotion have been carried out.

Executives have determined the job descriptions and distribution of duties of Company employees and shared these with the employees, providing them a safe environment and good conditions. Measures for the protection of the employees against physical, mental and emotional abuse within the company have been taken and in this regard, the "Protocol on the Prevention of Harassment Cases" has been put into effect. The Human Resources Department organizes e-learning sessions on issues such as Ethics and Code of Conduct and Prevention of Harassment Cases.

The Human Resources Domain strives to create more flexible, strategy-compliant and efficient structures with a view to providing flexibility and agility to the organization. Within the framework of the activities for professional development, talent management and career development, making most effective use of and developing the workforce through increased functional and geographical mobility, providing development leverage and training programs to support the implementation of strategies, and the development of systems to encourage self-learning rank at the top of the list. Our Talent Management practices start with our strategic initiatives, followed by the definition of the profiles we need for the implementation of our corporate strategies,

the identification of the internal talent to match these profiles, and the formulation of development plans with reference to their strategic preparation levels.

All employees and executives work together to internalize and embrace MAPFRE culture within the framework of corporate governance principles, and to enhance employee commitment. In this context, all MAPFRE employees are positioned as a culture agent. With a view to improving the employee experience, meetings are held on ensuring the embrace of the corporate culture and values on part of the employees, internalization of targets and strategies, and raising awareness.

14. ETHICS AND SOCIAL RESPONSIBILITY

The Company has brought Ethics and Code of Conduct to the attention of the company's employees in the company intranet. The company is sensitive to social responsibility projects and acts in accordance with the regulations and ethical rules relating to the environment, consumers and public health. In this regard, volunteer and social responsibility projects were organized within the scope of the company.

The employee volunteering activities and the social responsibility projects implemented by the Company in 2018 are listed below; the sponsor of both project groups is Fundación MAPFRE.

"I am a Volunteer" Program:

With the participation of 254 employee volunteers in 2018 within the scope of the "I am a Volunteer" projects, the following activities were organized;

- Clothing aid campaign for the students of Malatya Rahmi Akıncı Primary School - 25.01.2018
- Awareness-raising campaign for the World Childhood Cancer Day, KAÇUV – 15.02.2018
- Participation in Runatolia Antalya charity running in support of KAÇUV, KORUNCUK and TEV - 05.03.2018
- Kızılay blood donation campaign – 16.03.2018
- Book donation campaign for the students of Batman Taşlıdere Doğançık Primary School - 10-24.04.2018
- Participation in Run TOFD, i.e. charity running for The Spinal Cord Paralytics Association of Turkey - 29.04.2018
- MAGSAD clothing and food aid campaign for Nesin Foundation - April 12-25, 2018
- AYDER sign language training - April - May 2018
- Diving Club beach cleaning activity - 29.04.2018
- Fifth of June clothing bazaar activity - 05.06.2018
- Clothing renewal in cooperation with Octopus Volunteers Association - 12.08.2018
- Participation in Farewell to Summer Picnic organized by Foundation for Children in Need of Protection and toy donation - 08.09.2018
- Participation in Soma Return to School Picnic organized by TEV İzmir and stationery donation - 14.09.2018
- Computer donation to Şırnak Ilıcalar Secondary School - 25.09.2018
- MAPFRE Volunteers Day, cleaning of Maçka Demokrasi Park - 06.10.2018
- Visit to Gelibolu Nursing Home - 13.10.2018
- Breast Cancer Awareness Day Think Pink Activity - 19.10.2018
- Marionette and toy making workshop for children - 26.10.2018
- Istanbul Marathon; Fundraising activity in support of TOFD, TEV, TCYOV and Smiling Heals Association - 11.11.2018
- Story-Reading Project on World Children's Rights Day: 20-30.11.2018

Social Responsibility Projects by Fundación MAPFRE:

The Foundation carries out its operations in Turkey via MAPFRE Sigorta, and executes numerous social responsibility projects focusing on health, road safety, and social development issues, with reference to the problems and needs of the society it operates in.

We support the individuals of the society in need or disadvantaged groups for matters such as healthcare and nourishment in cooperation with Foundation Social Development Area. We also endeavor for the employment of individuals on the verge of being excluded from the society.

Our scholarships

We awarded scholarships through TEV to 48 students 15 of whom are disabled in 2017 / 2018 school year, and to 60 students, half of whom disabled, in 2018 / 2019 school year. We especially prefer our scholars to include the disabled, in line with our diversity approach.

Child Cancer Information Tree

We launched Information Portal for the Families of Children with Cancer in 2016, in cooperation with KAÇUV (Foundation of Hope for Children with Cancer). We aim to serve as a guide and provide online training courses through the portal for the families of the children with cancer about the disease. This portal aiming to increase the awareness levels of the families by providing them accurate information on the condition and treatment processes of their children is accessible at the address www.cocukkanseri.org. We feature 54 tutorial video footages in total in 5 different categories (Living with Cancer, Types of Cancer, Treatment of Cancer, Physical Care and Bravery Stories) through this portal. The portal also includes 15 interviews with the consultants and 39 miscellaneous broadcasts on the process and treatment of cancer as well as the methods for coping with the cancer. We also organized live broadcasts through Facebook and replied the questions asked by the families of the children within the scope of the project in 2018. 105,800 people had access so far to the online seminars that we organized in 6 different topics.

Support for food expenses

As part of the cooperation efforts which began in 2017, the annual food expenses of 30 students at Darüüşşafaka during the academic year 2017-2018 and 47 students during the academic year 2018-2019 have been covered by the Foundation.

Fundación MAPFRE aims to improve the health and life quality of individuals and accordingly to encourage healthy dietary habits, physical exercise and proper rest which have a major impact on non-contagious diseases (cardiovascular diseases, cancer, diabetes, high blood pressure, etc.) through cooperation in its Health Reinforcement Area.

Our relevant activities in Turkey include the Healthy Living Workshops being carried out since 2014.

Since 2014 to date, our project has reached out to thousands of children in primary school, trying to raise awareness about obesity and providing them tips on healthy living in the form of a fun theater play. Within the scope of the project, we distributed a set of books called "The Secret of Can and Cem" to the children as a gift and we reached out to more than 53 thousand students so far through our 819 workshops organized in cooperation with Istanbul Provincial Directorate of National Education. As for 2018 alone, we reached out to 14,255 students through 207 workshops.

The theater play "Bıdık and Köpük at the Traffic", that was staged for the first time in 2016 in cooperation with the Prevention of Accidents and Road Safety Area to instruct the children about the traffic rules in an amusing way, kept being played in 2018 as well. Our play was seen so far in provinces such as İstanbul, Bursa, Balıkesir, Aydın, Denizli, İzmir, Antalya, Kayseri, Samsun, Ordu, Trabzon and Rize and also IDO sea buses, underlining the significant life-saving rules and aspects in the traffic as well as the notions of friendship, love and respect. At the end of each play, we give as a gift the cloth bags and puzzles featuring the drawings of Bıdık and Köpük characters and also the soundtrack CD of the play. The play, which was arranged by Tiyatro Alkış dedicated to our Foundation, was staged at ferry services of IDO between Yenikapı and Bandırma during the summer season, as the first play ever being staged at a sea bus. We were awarded in Corporate Social Responsibility Category by Bursa Public Relations Association in 2018, thanks to this project. We reached to more than 17 thousand children in total during three years and to 5,529 students in 2018 alone. In addition, in 2018, we launched the background studies for the project namely "The Smart Children of the City" again in Road Safety Area. The project aims to encourage the children to come up with solutions for road safety and to raise awareness in this subject. The creation of the learning content to be used during the school visits as well as the building phase of the digital portal kicked off, within the scope of the project. The project is going to be launched in 2019. Furthermore, a survey on road safety was conducted in five major provinces of Turkey (İstanbul, İzmir, Antalya, Konya, Diyarbakır) in cooperation with WRI Turkey Association of Sustainable Cities. The results of the survey shall be disclosed in 2019.

15. STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS

The company's Board of Directors consists of five members

Name	Title
Hüsamettin Kavi	Chairman of the Board
Alfredo Muñoz Perez	Deputy Chairman of the Board and General Manager
Zeynep Nazan Somer Özelgin	Member of the Board of Directors
Nikolaos Antimisarlis	Member of the Board of Directors
Süleyman Serdar Çaloğlu	Member of the Board of Directors

Apart from Mr. Süleyman Serdar Çaloğlu, Mr. Hüsamettin Kavi and Mrs. Zeynep Nazan Somer Özelgin, the members are currently employed in MAPFRE GROUP companies.

16. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors determines the company's policy and strategy, methods to follow to achieve these policies and strategies, the developments relating to these policies and strategies, the process to be followed in the supervision and evaluations. In this context, the Board of Directors reviews the degree to which the company meets its target, and its operations and past performance, in a continuous and effective way and takes measures where necessary. The Board of Directors observes the compliance of the company's operations with the legislation, Articles of Association, internal regulations and the established policies.

According to the Articles of Association, the Company's Board of Directors consists of at least five (5) and at most seven (7) people, including the General Manager. The General Manager is the ordinary member of the Board of Directors. According to Article 25 of the company's Articles of Association, the Board of Directors convenes whenever necessary to fulfill its duties and manage its business in line with the provisions of the Turkish Commercial Code No. 6102, other relevant legislation and the Articles of Association. The members of the Board of Directors are to be appointed for a term of three (3) years.

It is essential that Board members perform their duties prudently and in good faith, and it is mandatory, due to legal legislation, that the majority of the Board members have received at least four (4) years of higher education and are selected from among people who have at least three (3) years of experience in the fields of insurance, economics, business, accounting, law, finance, mathematics, statistics, actuarial or engineering. All of the members have these qualities.

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

The Investment Strategy Committee, Risk Management Committee, Corporate Governance Committee the and Executive Committee have been established under the Board of Directors. The Risk Management Committee and the Corporate Governance Committee were established in 2013 by the Board of Directors, and although the Investment Strategy Committee was established in 2010 as the Investment Committee, it underwent a name change in 2013. The Executive Committee was formed by the Board of Directors in 2015 and its name was changed to Management Committee in 2018.

18. RISK MANAGEMENT, INTERNAL CONTROL and COMPLIANCE MECHANISM

Our company's risk management, internal control and compliance functions are executed under the management and supervision of the General Manager and with the ultimate responsibility being incumbent upon the Board of Directors, in accordance with the Regulation of T.R. Ministry of Treasury and Finance on the

Internal Systems of the Insurance & Reinsurance and Pension Companies. The board member responsible for the internal systems, the risk manager, the internal control responsible and head of the compliance function have already been assigned by the Board of Directors. The functions for the internal systems continue to function in accordance with the written policies approved by the Board of Directors, in particular the Risk Management Policy, Compliance Function Policy and Internal Control Policy. These policies also establish the principles, operating processes and separation of duties of risk management, internal control and compliance functions, as well as the duties and responsibilities of the departments and individuals managing such functions. Furthermore, the Risk Management Committee composed of the CEO, Deputy General Manager responsible for Financial Affairs and Risk Officer responsible for overseeing the risk assumption by the company, as well as the Investment Strategy Committee responsible for following-up the investment portfolio and approving the investment risk limits, operate in this context.

The internal systems, which are structured based on the principle of triple line of defense, are a series of processes designed in order to ensure the continuation of activities carried out in order for our company to achieve its objectives in an efficient and effective manner, reliability of the financial information and compliance with the external and internal rules and which belongs to all the employees. All process owners in the first line of defense assume the risks and controls together with the executive management in the light of the principles set forth in the relevant internal regulations and the Regulation on the Internal Systems of the Insurance & Reinsurance and Pension Companies. The Risk Management and Internal Control and Compliance functions located on the second line of defense are responsible for the supervision of the system, and the Internal Audit Service located on the third line of defense is responsible for its audit.

Under the risk management, the operational risks of the company are measured each year with an application called Risk Map and the action plans related to the areas found risky in the risk maps generated as a result of the assessment are implemented. The insurance risks, financial risks, and third party default risks are monitored periodically using certain models and their effects on capital adequacy are identified. In addition, the risks in the investment portfolio are analyzed, the risk limits arising from the investments are identified and compliance with these is monitored and reported on a daily basis. The results concerning risk-based capital adequacy, insurance, market and third party risks, and operational risks, as well as the critical risk indicators are reported to the executive management and the Board of Directors regularly, for consideration in the context of decision-making mechanisms.

Within the framework of the internal control function, all process owners track the activities they perform during the execution of their processes and the risks concerning these activities, along with the controls applicable, using a standard form, and also regularly test the checks they apply. Furthermore, the effectiveness of the activities implemented at our firm are assessed on an annual basis using control schemes. In line with the annual internal control plan, financial reporting, information systems, communication and compliance checks are applied; any control deficiencies observed are then tracked with reference to internal control findings, followed by required action.

A compliance function has been established to ensure and check compliance with the regulations and internal rules of the company in the operations of the company and a Compliance Function Policy establishing the purpose, scope, authorities and duties of the Company's compliance function is in place. Accordingly, action plans for the compliance risks and for mitigation of such risks are set out within the framework of Compliance Function. It also observes the impacts of the changes in the legislation and the requirements of periodic reporting to the public authorities and ensure the coordination and follow-up of the correspondence with governmental agencies. In addition, the role definition of the Compliance Department also includes ensuring implementation of MAPFRE Group's written policies which form the basis of our internal rules and to keep the corporate policies updated. All Compliance activities during the year are reported to the Board of Directors at the beginning of the next year. Furthermore, within the framework of combating the laundering of criminal proceeds and the financing of terror, a compliance officer is appointed by the Board of Directors. The Corporate Policy drawn up and updated in 2016 in line with the applicable regulations, as well as the written procedures published in line with the policy, is in place.

18.a. Quality Management System

Our company implements ISO 9001:2015 Quality Management System, as per certification issued each year by international certification authorities, which ensures the satisfaction of customer needs to the fullest extent and the management of product and service quality and efficiency.

The firm's quality policy regards operating as a transparent and dynamic institution that works as a business partner with reinsurers and insurance brokers in line with the vision of becoming an insurance company known worldwide for its trustworthiness, which focuses on the needs and expectations of its customers, which is aware that quality is an outcome of systematic work, which considers quality service as an element of leadership, and which embraces continuous improvement in all stages of organization and insurance brokerage.

Within the framework of our quality policy and ISO 9001:2015 standard; the procedures, processes and the documents, job descriptions, organizational chart, reports and lists used in such processes are documented under the Quality Management System, in order to monitor product and service quality and reliability.

19. STRATEGIC OBJECTIVES OF THE COMPANY

The mission of the company which has embraced the vision of becoming an insurance company known worldwide for its trustworthiness, entails continuous progress in service and operating as a multinational team aiming to develop the best possible relationship with our customers, distribution channels, suppliers, shareholders and society.

Our company's values are capital strength, integrity, spirit of service, a team dedicated to innovation and leadership. Our company's vision, mission and values are publicly disclosed on the Company's website.

Our strategic objectives are established on an annual basis, through a balanced corporate scorecard methodology established on the basis of SWOT analysis, macro and micro analyses discussing global and Turkish conjectures, the nature of competition and economic climate, and with reference to the vision and mission of our company. The strategic objectives thus established are approved by the Board of Directors and the achievement status of such objectives is reviewed in the Strategic Analysis Meetings held on a quarterly basis, and submitted to the Board of Directors twice a year.

Our company embraces the principle of managing with objectives, which is covered by the Performance Management System as a tool of management and personal development to ensure the compliance of all employees with strategic objectives and to contribute to their professional development.

20. FINANCIAL BENEFITS

The policy on the remuneration to be given to the Board members, executive management and other personnel was approved by the decision of the Board of Directors.

The purpose of the compensation policy is to determine the appropriate compensation levels for each task/job and the performance displayed here and to function as a source of satisfaction and motivation that facilitates reaching the goals and compliance with the corporate strategy for the staff.

The Compensation Policy encourages effective risk management by avoiding the risks in excess of tolerance limits as well as conflicts of interest.

MAPFRE SİGORTA A.Ş. Compensation Policy;

- Task/job oriented and includes measures to eliminate all types of conflicts of interest that may arise.
- Takes the merit, technical equipment, professional skills and performance into account.
- Guarantees equality without discriminating against gender, race or ideology.
- Is transparent since it is presented to all parties affected.
- Is flexible in structural terms and therefore it can be adapted to the different groups and market conditions.
- We make every attempt to satisfy our staff members in the best way and within the framework of the existing possibilities in terms of wages and social rights.
- The balances within the company, sectoral and general wage policy reports and the MAPFRE GROUP wage policies and principles are taken into account in the regulation of wages.

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

 **MAPFRE** Sigorta

FINANCIAL SITUATION

 **MAPFRE** Sigorta

Financial situatuon and results of operations

Our Company's results on the commercial operations for 2018 are presented below for your information.

The total premium production figure of our company is TRY 2,647,752,032.

Broken down by branches, a fall of 15.30% was observed in the auto accident branch which accounts for 48.01% of the total premium production, while the health branch accounting for 21.14% of the total premium production recorded a premium increase of 17.14%.

Our company closed 2018 with a technical loss figure of TRY -120,345,472 (1).

The administrative expenses incurred for our operations amounted to TRY 193,196,776 (2). General expenses, income and profits and expenses and losses from other operations and extraordinary operations amounted to TRY 243,241,279, below the previous year's level.

The investment income was TRY 449,912,132, while the capital expenses were TRY 336,967,251. The income transferred to the non-life technical section was TRY 248,324,342. Finally, the losses incurred due to extraordinary operations was TRY 50,044,504. The net financial results of our company was TRY 141,017,433 (3), above the level registered in the previous year.

Our company's profit before tax for 2018 rose to TRY 20,671,961 and the profit after tax was TRY 18,766,595.

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

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

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

Summarized financial information for a five-year period, including the reporting period

Assets	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
I- Assets in Cash	1.090.234.091	1.415.979.998	1.570.324.952	1.035.542.462	574.173.361
II-Securities Portfolio	992.083.594	661.378.854	314.974.769	217.954.348	330.743.901
III-Receivables	1.021.441.666	865.173.019	997.921.435	858.632.493	789.360.785
IV-Receivables Under Administrative and Legal Proceedings					
V- Affiliates	23.690.097	23.602.699	23.476.613	23.477.455	23.467.886
VI-Fixed Assets	219.433.834	217.460.521	206.130.554	179.883.831	33.354.061
VII-Other Assets (Net)	234.067.462	211.180.605	4.859.126	17.990.294	9.242.877
Total Assets	3.580.950.744	3.394.775.696	3.117.687.449	2.333.480.882	1.760.342.871

Liabilities	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
I-Payables	521.521.484	394.681.960	422.448.308	327.352.455	249.584.247
II- Provisions	2.305.090.036	2.042.077.354	1.899.798.224	1.379.057.144	898.000.593
III- Other Liabilities	71.880.896	64.001.915	48.361.226	40.400.543	31.234.168
IV- Shareholders' Equity (1)	593.647.507	637.472.993	577.379.964	545.863.698	525.535.436
V- Profit (1)	88.810.821	256.541.473	169.699.727	40.807.043	55.988.427
Total Liabilities	3.580.950.744	3.394.775.696	3.117.687.449	2.333.480.882	1.760.342.871

Income Statement	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
I-Technical Income (2)	1.929.494.374	2.177.532.262	2.051.201.589	1.299.039.204	1.103.446.803
II- Technical Expenses (3)	2.021.914.964	1.971.083.320	1.862.484.549	1.229.747.295	1.005.266.803
III- Technical Profit/Loss (I - II)	-92.420.590	206.448.942	188.717.040	69.291.910	98.180.000
IV- General Expenses (4)	198.132.170	165.035.558	133.012.596	96.604.140	86.942.063
V- Financial Income	449.912.131	273.788.872	186.691.540	124.244.100	82.380.328
VI- Financial Expenses (5)	138.687.410	66.202.848	92.595.295	52.182.453	34.097.132
VII- Inflation Loss					
VIII- Profit/Loss for the Period (III-IV+V-VI-VII)	20.671.961	248.999.408	149.800.689	44.749.417	59.521.133
IX- Provisions for Taxation on Profit for the Period and Other Legal Liabilities (-)	1.905.366	62.502.160	27.199.733	11.932.546	11.522.879
X- Net Profit/Loss for the Period (VIII-IX)	18.766.595	186.497.248	122.600.956	32.816.871	47.998.255

(1) The aforementioned shareholders' equity figures do not include the profits and losses for the previous year, which are included in the profit set out in V.

(2) The non-life values set out in the financial statements dated December 31, 2018 are indicated after deducting the investment income transferred from the non-technical department.

(3) The amounts specified as non-life technical expenses in the financial statements dated December 31, 2018 are divided into technical expenses and general expenses in the table above.

(4) Net commission expenses were deducted from the operating expenses which were set out in the financial statements dated December 31, 2018.

The investment income transferred to the Non-Life Technical Department was deducted from the investment income set out in the financial statements dated December 31, 2018 and income and profit and expenses and losses from other operations and extra operations were taken into account.

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

Information relating to the financial structure

The objective of the Regulation on the Measurement and Evaluation of the Capital Adequacies of Insurance & Reinsurance and Pension Companies is to ensure that insurance companies keep a sufficient amount of equity against damages that may arise due to existing obligations and potential risks. According to Article 17 of Insurance Law No. 5684 entitled "Collaterals", non-life insurance companies will provide the minimum guarantee fund as collateral so as not to be less than one-third of the capital adequacy. Minimum guarantee fund may never be less than one third of the minimum capital amounts required for the related branches for a given term.

According to the results of the capital adequacy statements measuring the amount of the required equity capital for the company, the Company's capital adequacy dated 31.12.2018 was calculated as TRY 66,993,913.

Assessment on the financial situation, profitability and compensation solvency

The ratios used in the supervision of the insurance sectors and which have international validity are presented in the attached table. These ratios, which also confirm the financial structure of Mapfre Sigorta, are well above the average of our insurance sector and world standards.

The coverage ratio of the equities against the net damages claimed is 39% and against net compensated damages is 46%. The coverage ratios of liquid assets against damages are 119% and 139%, respectively.

Dividend distribution policy

The Company presents the profit for the relevant period to the General Assembly by virtue of the recommendation by the Board of Directors and distributes the profit in accordance with the resolution taken at the General Assembly meeting. The Company will discuss the recommendation of the Board of Directors for the distribution of profit for 2018 at the Ordinary General Assembly Meeting which will be held on March 29, 2019.

Our Ratios

A- CAPITAL ADEQUACY RATIOS

	%
1- Equity / Received Premiums (Gross)	26
2- Equity / Received Premiums (Net)	36
3- Equity / Total Assets	19
4- Equity / Technical Provisions	31
5.- Foreign Resources / Total Assets	81

B- ASSET QUALITY AND LIQUIDITY RATIOS

	%
1- Liquid Assets / Total Assets	58
2- Liquidity Ratio	74
3- Current Ratio	118
4- Premium and Reinsurance Receivables / Total Assets	28
5- Agency Receivables / Equity	116
6- Collection Ratio	72

C- ACTIVITY RATIOS

	%
1.- Conservation Ratio	72
2- Compensation Payment Ratio	49
3- Compensation Share Ratio	88
4- Premium Increase Ratio	-1

D- PROFITABILITY RATIOS

	%
1-Claim / Premium Ratio (Gross)	81
2-Claim / Premium Ratio (Net)	89
3- Expense Ratio	23
4- Combined Ratio	111

THE RISKS AND ASSESSMENT OF THE GOVERNING BODY

MAPFRE Sigorta

Information on the operations carried out with the risk group in which the Company is included

Mapfre Sigorta acts in accordance the conditions and rules of application which are applicable to third parties in its relationships with the companies in the risk group in which it is included. On September 20, 2007, MAPFRE Genel Sigorta joined the MAPFRE Group with its majority stake.

Since the reinsurance protections of all insurance companies owned by MAPFRE are subject to 100% MAPFRE RE placements, as of 01.01.2008, the reinsurance protections of MAPFRE Sigorta on the basis of treaty are also got off to MAPFRE RE. MAPFRE RE is a reinsurance company that operates in Spain/Madrid as an affiliate of MAPFRE S.A group, which was graded as "A" by A.M BEST.

Information relating to the risk management policies implemented by risk type

Our company's risk management policies and activities are conducted as specified in the following main headings.

1) On the Basis of Risk/Guarantee:

Our company creates the risk acceptance policies based on the damage suffered in the past as a result of a long period and its other experiences. These are also periodically reviewed in the light of the internationally recognized general statistics and criteria. And our company's reinsurance contracts create the basis of our risk acceptance criteria which are identified annually.

From the point of view that reinsurance protection is one of the most important factors in continuing the presence of the company, the identified risks are analyzed by the risk engineers, and other methods, and assessed. Risk Acceptance Criteria are communicated in writing to all company officials and distribution channels and their application is also followed carefully in a systematic manner.

2) On the Basis of Catastrophic Risk:

The catastrophic scenario of the Company has been created taking into account the risk of earthquakes since Turkey is located on active seismic fault lines. Therefore, in our Company, the risk of earthquake is followed-up on the basis of the earthquake zone, as well as being followed up in the entire insurance industry of Turkey. The earthquake risk in Istanbul and the surrounding area is closely followed up, since it is the earthquake zone with the highest risk; and this risk is kept under control with periodic reports on the subject. These considerations are also shared with our reinsurers.

According to our obligations related to the total number of earthquakes (earthquake cumulations), with Mapfre Re reinsurance company, and other international reinsurance companies with which we cooperate in connection with earthquakes, the limits of the necessary reinsurance protection programs are identified on the advice of brokers and the protections are purchased accordingly. The purchased protection limits can be revised according to the growth rates and economic changes of the company's earthquake portfolio during the year.

While these programs cover other natural disasters as well as the risk of earthquake, the consequences of catastrophic risks other than natural disasters where multiple risk issues may be affected are also included in the coverage.

3) Determination of Our Retentions:

The retention amounts related to each branch/product in our company are determined separately. While this is carried out, the related risk profiles, damage frequencies, dimensions, average damage amounts and loss-premium ratios, and, if any, reinsurance needs and circumstances are analyzed, and the company's equity capital for the determined retention amounts is also determined in accordance with the relevant legislation.

4) Reinsurance Policies:

Our company's reinsurance activities occur in different ways based on risk and annual treaty agreements. Although our need for Optional Reinsurance on the basis of risk (facultative reinsurance) is addressed with the companies with whom we have annual treaty agreements, our first choice of reinsurers are those companies whose financial structures are strong, based on need and expertise and the power of which is documented by their agreements.

Our proportional or non-proportional annual reinsurance contracts have been made with Mapfre Re since 2008, and the needs and reinsurance solutions of the company are solved mutually with this company.

OTHER CONSIDERATIONS

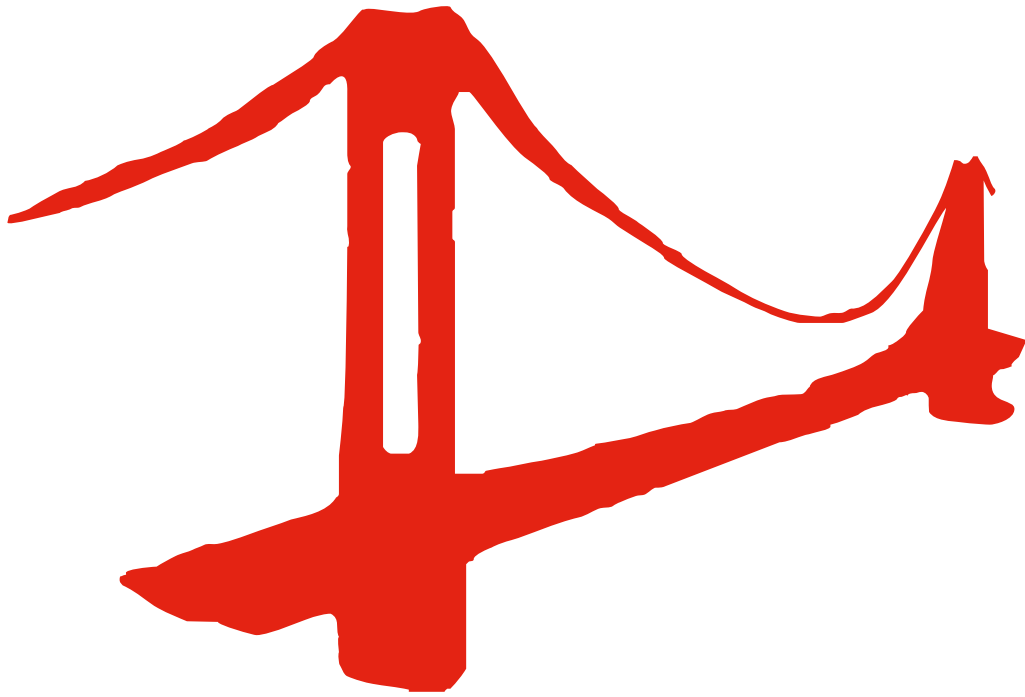
Ⓢ MAPFRE Sigorta

Other Considerations

After the end of the year of operation, other than those specified in the content of this report, no incident occurred in the company of significant importance that will effect the rights of the partners, creditors or other interested persons and organizations.



FINANCIAL STATEMENTS AND NOTES



MAPFRE SİGORTA ANONİM ŞİRKETİ

Unconsolidated Financial Statements
and Independent Auditor's Report
for the Accounting Period Ending on
December 31, 2018

 **MAPFRE** Sigorta

Mapfre Sigorta Anonim Şirketi

Table of Contents

	Page
Unconsolidated balance sheet	82 - 86
Unconsolidated income statement	87 - 90
Unconsolidated cash flow statement	91
Unconsolidated statement of changes in equity	92
Footnotes regarding the unconsolidated financial statements	93 - 158
Unconsolidated profit distribution table	159



MAPFRE Sigorta

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

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

Opinion

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

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

Basis of the Opinion

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

Auditor's Opinion on The Full Set Unconsolidated Financial Statements

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

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

Responsibility of the Board of Directors Regarding the Annual Report

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

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

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



MAPFRE Sigorta

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

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

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

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

[STAMP - SIGNATURE]

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

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet as of December 31, 2018 (Currency - Turkish Lira (TRY))

ASSETS	Footnote	Independent Audited December 31, 2018	Independent Audited December 31, 2017
I- Current Assets			
A- Cash and Cash Equivalents	2.12	1.090.234.091	1.415.979.998
1- Cash	2.12	8.274	8.552
2- Checks Received		-	-
3- Banks	2.12	869.074.114	1.247.046.760
4- Checks and Payment Orders Given (-)	2.12	-	-
5- Bank-Guaranteed Credit Card Receivables with a Maturity Shorter than Three Months	2.12	221.151.703	168.924.686
6- Other Cash and Cash Equivalents	2.12	-	-
B- Financial Assets and Financial Investments whose Risks Belong to Policy Holders	11	992.083.594	661.378.854
1- Financial assets available for sale	11	992.083.594	661.378.854
2- Financial Assets to be Retained until Maturity		-	-
3- Financial assets with purchase and sale purpose		-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments whose Risks Belong to Life Policy Holders		-	-
7- Company Share		-	-
8-Provision for Financial Assets Impairment (-)		-	-
C- Receivables from Main Activities	12	1.006.468.167	784.842.201
1- Receivables from Insurance Activities	12	950.392.945	760.144.165
2- Provisions for the Receivables from Insurance Activities (-)	12	[3.111.215]	[2.748.905]
3- Receivables from Reinsurance Activities	12	59.186.437	27.385.202
4- Provisions from the Receivables from Reinsurance Activities (-)		-	-
5- Deposits at Insurance and Reinsurance Companies	12	-	61.739
6- Loans to Policy Holders (Advance Loans)		-	-
7- Provisions for the Loans to Policy Holders (Advance Loans) (-)		-	-
8- Receivables from Retirement Activities		-	-
9- Doubtful Receivables from Real Operations	12	193.694.422	163.346.391
10- Provisions for the Doubtful Receivables from Real Operations (-)	12	[193.694.422]	[163.346.391]
D- Receivables from related parties	12	1.917.668	62.620.345
1- Receivables from Partners	12	-	60.785.342
2- Receivables from Affiliates		-	-
3- Receivables from Subsidiaries		-	-
4- Receivables from Enterprises Subject to Joint Management		-	-
5- Receivables from Staff		206.727	173.615
6- Receivables from Other Related Parties	12	1.710.941	1.661.388
7- Rediscount for the Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables		12.754.528	17.435.277
1- Financial Leasing Receivables		-	-
2- Unearned Financial Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given 4- Other Miscellaneous Receivables		-	-
5- Rediscount from Other Miscellaneous Receivables (-) 6- Other Doubtful Receivables	47.1	12.754.528	18.211.267
7- Provision for Other Doubtful Receivables		-	[775.990]
6- Other Doubtful Receivables		-	-
7- Rediscount from Other Doubtful Receivables		-	-
F- Short-Term Prepaid Expenses and Accrued Income		167.127.398	154.416.219
1- Deferred Production Expenses	47.1	153.372.827	144.258.433
2- Accrued Income and Leasing Income		-	-
3- Accrued Income		-	-
4- Other Prepaid Expenses for Next Months	47.1	13.754.571	10.157.786
G- Other Current Assets		37.505.077	31.257.070
1- Long-Term Inventories		770.542	670.783
2- Prepaid Taxes and Funds	35	33.861.080	28.780.143
3- Deferred Tax Assets		-	-
4- Work Advances		304.947	336.288
5- Advances Given to Personnel		2.568.508	1.469.856
6- Count and Delivery Shortages		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
I- Total Current Assets		3.308.090.523	3.127.929.964

The footnotes between pages 92 and 159 are complementary parts to these financial statements.

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet
as of December 31, 2018
(Currency - Turkish Lira (TRY))

ASSETS (cont'd)		Independent Audited	Independent Audited
	Footnote	December 31, 2018	December 31, 2017
II- Non-Current Assets			
A- Receivables from Main Activities			
1- Receivables from Insurance Activities		-	-
2- Provisions for the Receivables from Insurance Activities (-)		-	-
3- Receivables from Reinsurance Activities		-	-
4- Provisions from the Receivables from Reinsurance Activities (-)		-	-
5- Deposits at Insurance and Reinsurance Companies		-	-
6- Loans to Policy Holders (Advance Loans)		-	-
7- Provisions for the Loans to Policy Holders (Advance Loans) (-)		-	-
8- Receivables from Retirement Activities		-	-
9- Doubtful Receivables from Real Operations		-	-
10- Provisions for the Doubtful Receivables from Real Operations (-)		-	-
B- Receivables from the Related Parties			
1- Receivables from Partners		-	-
2- Receivables from Affiliates		-	-
3- Receivables from Subsidiaries		-	-
4- Receivables from Enterprises Subject to Joint Management		-	-
5- Receivables from Staff		-	-
6- Receivables from Other Related Parties		-	-
7- Rediscount for the Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables		301.303	275.196
1- Financial Leasing Receivables		-	-
2- Unearned Financial Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		301.303	275.196
4- Other Miscellaneous Receivables		-	-
5- Rediscount from Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets		9	23.690.097
1- Long-Term Securities	9	11.193	11.193
2- Affiliates	9	434.373	346.975
3- Affiliates' Capital Undertakings (-)		-	-
4- Subsidiaries	9	23.244.531	23.244.531
5- Subsidiaries' Capital Undertakings (-)		-	-
6- Enterprises Subject to Joint Management		-	-
7- Capital Undertakings of Enterprises Subject to Joint Management (-)		-	-
8- Financial Assets and Financial Investments whose Risks Belong to Policy Holders		-	-
9- Other Financial Assets		-	-
10- Provision for Financial Assets Impairment (-)		-	-
E- Tangible Assets		195.669.444	196.137.483
1- Investment properties	7	1.275.915	1.277.604
2- Provision for Impairment of Investment properties (-)		-	-
3- Real Estates for Use	6	182.638.341	182.054.369
4- Machinery and Equipment		-	-
5- Fixtures and Installments	6	25.699.270	21.067.066
6- Motor Vehicles	6	2.908.885	2.196.701
7- Other Tangible Assets (Including special cost prices)	6	8.571.963	4.947.930
8- Tangible Assets Acquired via Leasing		-	-
9- Accumulated Depreciation (-)	6, 7	(25.424.930)	(17.287.676)
10- Advances Regarding Tangible Assets (Including ongoing investments)	6	-	1.881.489
F- Intangible Assets		8	23.764.390
1- Rights	8	34.965.512	24.796.373
2- Goodwill		-	-
3- Expenses Regarding the Pre-Activity Period		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Reimbursement (Depreciation) (-)	8	(15.074.413)	(8.623.949)
7- Advances Regarding Intangible Assets	8	3.873.291	5.150.614
G- Prepaid Expenses and Accrued Income for Future Years		3.535.998	952.996
1- Deferred Production Expenses		-	-
2- Accrued Income		-	-
3- Other Prepaid Expenses for Future Years	47.1	3.535.998	952.996
H- Other Non-Current Assets		25.898.989	24.554.320
1- Effective Foreign Currency Accounts		-	-
2- Forex Accounts		-	-
3- Long-Term Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets		-	-
6- Other Miscellaneous Non-Current Assets	21	25.898.989	24.554.320
7- Other Non-Current Assets' Depreciation (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
II- Total Non-Current Assets		272.860.221	266.845.732
Total Assets (I + II)		3.580.950.744	3.394.775.696

The footnotes between pages 92 and 159 are complementary parts to these financial statements.

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet as of December 31, 2018 (Currency - Turkish Lira (TRY))

LIABILITIES		Independent Audited	Independent Audited
	Footnote	December 31, 2018	December 31, 2017
III- Short-Term Liabilities			
A- Financial Payables	20	-	-
1- Payables to Loan Organizations		-	-
2- Financial Leasing Payables		-	-
3- Deferred Financial Leasing Payable Costs (-)		-	-
4- Capital Installments and Interests of Long-Term Loans		-	-
5- Capitals, Installments and Interest for Issued Bonds (Bills)		-	-
6- Other Financial Assets Issued		-	-
7- Premiums on Other Financial Assets Issued (-)		-	-
8- Other Financial Payables (Liabilities)		-	-
B- Payables for Main Activities	19	395.663.650	277.505.265
1- Payables for Insurance Activities	2.27, 19	190.614.213	148.628.445
2- Payables to Reinsurance Activities	19	204.980.532	128.521.048
3- Deposits Taken from the Insurance and Reinsurance Companies	19	68.905	355.772
4- Payables for Retirement Activities		-	-
5- Payables for Other Main Activities		-	-
6- Payables for Other Main Activities Rediscount on Notes Payable (-)		-	-
C- Payables to Related Parties		2.048.746	165.102
1- Payables to Shareholders	12.2	141.150	107.489
2- Payables to Affiliates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Enterprises Subject to Joint Management		-	-
5- Payables to Personnel		-	25.314
6- Payables to Other Related Parties	12	1.907.596	32.299
D- Other Payables		123.809.088	117.011.593
1- Deposits and Guarantees Taken		10.522.772	9.985.581
2- Payables to SSI Regarding Treatment Expenses		21.068.757	25.601.604
3- Other Miscellaneous Payables	47.1	94.369.264	82.886.984
4- Rediscount on Other Miscellaneous Payables (-)		(2.151.705)	(1.462.576)
E- Technical Provisions for Insurance		2.165.292.265	1.912.552.740
1- Provisions for Unearned Premiums - Net	17.15	970.792.348	962.667.742
2- Reserve for On-going Risks - Net	17.15	-	864.563
3- Mathematical Provisions - Net		-	-
4- Provisions for Outstanding Compensations - Net	17.15	1.185.469.331	929.109.852
5- Provisions for Bonuses and Discounts - Net	17.15	9.030.586	19.910.583
6- Other Technical Provisions - Net		-	-
F- Taxes Payable and Other Similar Liabilities and Provisions		39.072.812	43.612.948
1- Taxes and Funds Payable		23.810.585	22.645.006
2- Social Security Withholdings Payable		2.224.665	1.872.655
3- Matured or Delayed Tax, or Tax by Installments, and Other Liabilities		-	-
4- Other Taxes and Similar Liabilities Payable		13.037.562	19.095.287
5- Provision for Taxation on Profit for the Period and Other Legal Liabilities	35	1.905.366	62.502.160
6- Prepaid Tax and Other Liabilities on the Profit for the Period (-)	35	(1.905.366)	(62.502.160)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions Regarding Other Risks		18.179.744	19.246.706
1- Provisions for Severance Pay		-	-
2- Provisions for Social Support Fund Asset Deficits		-	-
3- Provisions for Cost Expenses	23.2	18.179.744	19.246.706
H- Income and Accrued Expenses for Future Months	19	63.290.891	55.879.747
1- Deferred Commission Income	19	63.290.891	55.879.747
2- Accrued Expenses		-	-
3- Other Income for Future Months		-	-
I- Other Short-Term Liabilities		2.472.029	2.986.442
1- Deferred Tax Liability		-	-
2- Count and Delivery Surpluses		-	-
3- Other Miscellaneous Short-Term Liabilities		2.472.029	2.986.442
III- Total Short-Term Liabilities		2.809.829.225	2.428.960.543

The footnotes between pages 92 and 159 are complementary parts to these financial statements.

MAPFRE Sigorta Anonim Şirketi

**Detailed unconsolidated balance sheet
as of December 31, 2018
(Currency - Turkish Lira (TRY))**

LIABILITIES (cont'd)	Footnote	Independent Audited December 31, 2018	Independent Audited December 31, 2017
IV- Long-Term Liabilities			
A- Financial Payables			
1- Payables to Loan Organizations		-	-
2- Financial Leasing Payables		-	-
3- Deferred Financial Leasing Payable Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Premiums on Other Financial Assets Issued (-)		-	-
7- Other Financial Payables (Liabilities)		-	-
B- Payables for Main Activities			
1- Payables for Insurance Activities		-	-
2- Payables to Reinsurance Activities		-	-
3- Deposits Taken from the Insurance and Reinsurance Companies		-	-
4- Payables for Retirement Activities		-	-
5- Payables for Other Main Activities		-	-
6- Payables for Other Main Activities Rediscount on Notes Payable (-)		-	-
C- Payables to Related Parties			
1- Payables to Shareholders		-	-
2- Payables to Affiliates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Enterprises Subject to Joint Management		-	-
5- Payables to Personnel		-	-
6- Payables to Other Related Parties		-	-
D- Other Payables			
1- Deposits and Guarantees Taken		-	-
2- Payables to SSI Regarding Treatment Expenses		-	-
3- Other Miscellaneous Payables		-	-
4- Rediscount on Other Miscellaneous Payables		-	-
E- Technical Provisions for Insurance			
1- Provisions for Unearned Premiums - Net		70.497.537	55.797.524
2- Reserve for On-going Risks - Net		-	-
3- Mathematical Provisions - Net		-	-
4- Provisions for Outstanding Compensations - Net		-	-
5- Provisions for Bonuses and Discounts - Net		-	-
6- Other Technical Provisions - Net	17,15, 47,1	70.497.537	55.797.524
F- Other Liabilities and Provisions			
1- Other Liabilities Payable		-	-
2- Matured or Delayed Tax, or Tax by Installments, and Other Liabilities		-	-
3- Provisions for Other Payables and Expenses		-	-
G- Provisions Regarding Other Risks			
1- Provisions for Severance Pay	22	12.047.678	10.867.436
2- Provisions for Social Support Fund Asset Deficits	22, 23	9.957.663	8.606.544
		2.090.015	2.260.892
H- Income and Accrued Expenses for Future Years			
1- Deferred Commission Income		-	-
2- Accrued Expenses		-	-
3- Other Income for Future Years		-	-
I- Other Long-Term Liabilities			
1- Deferred Tax Liability		6.117.976	5.135.726
2- Other Miscellaneous Long-Term Liabilities	22, 47,5	-	-
		6.117.976	5.135.726
IV- Total Long-Term Liabilities		88.663.191	71.800.686

The footnotes between pages 92 and 159 are complementary parts to these financial statements.

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet as of December 31, 2018 (Currency - Turkish Lira (TRY))

EQUITY	Footnote	Independent Audited	Independent Audited
		December 31, 2018	December 31, 2017
V- Equity			
A. Paid-in Capital		350.000.000	350.000.000
1- (Nominal) Capital	2.13, 15	350.000.000	350.000.000
2- Unpaid Capital (-)		-	-
3- Positive Distinction from Share Capital Adjustment		-	-
4- Negative Distinction from Share Capital Adjustment (-)		-	-
5- Registered Expected Capital		-	-
B- Capital Reserves		-	-
1- Share Issue Premiums		-	-
2- Share Premiums of Cancelled Shares		-	-
3- Sale Profits to be Added to Capital		-	-
4- Foreign Currency Conversion Adjustments		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		243.647.507	287.472.993
1- Legal Reserves	15	104.073.160	73.648.581
2- Status Reserves		-	-
3- Extra Reserves		75.530.639	151.748.139
4- Special Funds (Reserves)	15	50.695.965	45.842.921
5- Financial Asset Valuation	15	(29.959.682)	(8.876.636)
6- Other Profit Reserves	15	43.307.425	25.109.988
D- Previous Years' Profits		70.044.226	70.044.226
1- Previous Years' Profits		70.044.226	70.044.226
E- Losses From Previous Years (-)		-	-
1- Losses from Previous Years		-	-
F- Net Profit for the Period		18.766.595	186.497.248
1- Net Profit for the Period		18.766.595	181.974.427
2- Net Loss for the Period (-)		-	-
3- Non-Distributable Profit for the Period	15	-	4.522.821
Total Equity		682.458.328	894.014.467
Total Liabilities (III + IV + V)		3.580.950.744	3.394.775.696

The footnotes between pages 92 and 159 are complementary parts to these financial statements.

MAPFRE Sigorta Anonim Şirketi

**Detailed unconsolidated balance sheet
as of December 31, 2018
(Currency - Turkish Lira (TRY))**

I- TECHNICAL DEPARTMENT		Independent Audited	Independent Audited
	Footnote	December 31, 2018	December 31, 2017
A- Non-Life Technical Income		2.177.818.716	2.367.744.797
1- Earned Premiums (Reinsurer Shares Deducted)		1.898.269.067	2.152.341.151
1.1- Written Premiums (Reinsurer Shares Deducted)	24	1.905.529.110	1.988.952.339
1.1.1- Gross Written Premiums (+)	24	2.647.752.032	2.682.017.675
1.1.2- Premiums Transferred to Reinsurer (-)	10, 24	674.855.278	(586.282.347)
1.1.3- Premiums Transferred to SSI (-)		(67.367.644)	(106.782.989)
1.2- Changes in the Provisions for Unearned Premiums (Reinsurer Share and Transferred Portion Deducted)		(8.124.606)	164.120.873
1.2.1- (8,124,606) (+/-)		(33.144.049)	107.607.864
1.2.2- Reinsurer Shares in Provisions for Unearned Premiums (+)	10	41.177.836	84.158.289
1.2.3- SSI Shares in Provisions for Unearned Premiums (+/-)	10	(16.158.393)	(27.645.280)
1.3 - Changes in the Reserve for On-going Risks (Reinsurer Share and Transferred Portion Deducted) (+/-)	17	864.563	(732.061)
1.3.1- Reserve for On-going Risks (-)	17	1.521.355	(767.593)
1.3.2- Reinsurer Shares in Reserve for On-going Risks (+)	10, 17	(656.792)	35.532
2- Investment Income Transferred from Non-Technical Department		248.324.342	190.212.536
3- Other Technical Income (Reinsurer Shares Deducted)		3.012.295	2.085.199
3.1- Other Gross Technical Income (+/-)		3.012.295	2.085.199
3.2- Reinsurer Shares in Other Gross Technical Income (+/-)		-	-
4.- Accrued Recourse and Salvage Income (+)		28.213.012	23.105.911
B- Non-Life Technical Expenses (-)		(2.220.047.132)	(2.136.118.877)
1- Realized Compensations (Reinsurer Shares Deducted) (+/-)		(1.756.234.021)	(1.634.406.991)
1.1- Paid Compensations (Reinsurer Shares Deducted) (+/-)	17	(1.499.874.542)	(1.400.090.790)
1.1.1- Gross Paid Compensations (-)	17	(1.710.204.896)	(1.521.693.329)
1.1.2- Reinsurer Shares in Paid Compensations (+)	10, 17	210.330.354	121.602.539
1.2- Changes in the Provisions for Outstanding Compensations (Reinsurer Share and Transferred Portion Deducted) (+/-)	47	(256.359.479)	(234.316.201)
1.2.1- Provisions for Outstanding Compensations (-)		(403.856.113)	(555.141.044)
1.2.2- Reinsurer Shares in Provisions for Outstanding Compensations (+)	10	147.496.634	320.824.843
2- Changes in the Provisions for Bonuses and Discounts (Reinsurer Share and Transferred Portion Deducted) (+/-)	17	(19.365.423)	(46.372.364)
2.1- Provisions for Bonuses and Discounts (-)	17	(19.365.423)	(46.372.364)
2.2- Reinsurer Shares in Provisions for Bonuses and Discounts (-)		-	-
3- Changes in the Other Technical Provisions (Reinsurer Share and Transferred Portion Deducted) (+/-)	17, 47	(14.700.013)	(12.672.013)
4- Operating Expenses (-)	31	(397.079.409)	(418.807.064)
5- Changes in the Mathematical Provisions (Reinsurer Share and Transferred Portion Deducted) (+/-)		-	-
5.1- Mathematical Provisions (-)		-	-
5.2- Reinsurer Shares in Mathematical Provisions (+)		-	-
6- Other Technical Expenses (-)		(32.668.266)	(23.860.445)
6.1- Other Gross Technical Expenses (-)	47,5	(32.688.205)	(23.860.445)
6.2- Reinsurer Shares in Other Gross Technical Expenses (+)		19.939	-
C- Technical Department Balance - Non-Life (A - B)		(42.228.416)	231.625.920
D- Life Technical Income		-	-
1- Earned Premiums (Reinsurer Shares Deducted)		-	-
1.1- Written Premiums (Reinsurer Shares Deducted)		-	-
1.1.1- Gross Written Premiums (+)		-	-
1.1.2- Premiums Transferred to Reinsurer (-)		-	-
1.2- Changes in the Provisions for Unearned Premiums (Reinsurer Share and Transferred Portion Deducted) (+/-)		-	-
1.2.1- Provisions for Unearned Premiums (-)		-	-
1.2.2- Reinsurer Shares in Provisions for Unearned Premiums (+)		-	-
1.3 - Changes in the Reserve for On-going Risks (Reinsurer Share and Transferred Portion Deducted) (+/-)		-	-
1.3.1- Reserve for On-going Risks (-)		-	-
1.3.2- Reinsurer Shares in Reserve for On-going Risks (+)		-	-
2- Investment Income of Life Line		-	-
3- Unrealized Investment Profits		-	-
4- Other Technical Income (Reinsurer Shares Deducted) (+/-)		-	-
4.1- Other Gross Technical Income (+/-)		-	-
4.2- Reinsurer Shares in Other Gross Technical Income (+/-)		-	-
5.- Accrued Recourse Income (+)		-	-
E- Life Technical Expenses		-	-

The footnotes between pages 92 and 159 are complementary parts to these financial statements.

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet as of December 31, 2018 (Currency - Turkish Lira (TRY))

1- Realized Compensations (Reinsurer Shares Deducted) (+/-)	-	-
1.1- Paid Compensations (Reinsurer Shares Deducted) (-)	-	-
1.1.1- Gross Paid Compensations (-)	-	-
1.1.2- Reinsurer Shares in Paid Compensations (+)	-	-
1.2- Changes in the Provisions for Outstanding Compensations (Reinsurer Share and Transferred Portion Deducted) (+/-)	-	-
1.2.1- Provisions for Outstanding Compensations (-)	-	-
1.2.2- Reinsurer Shares in Provisions for Outstanding Compensations (+)	-	-
2- Changes in the Provisions for Bonuses and Discounts (Reinsurer Share and Transferred Portion Deducted) (+/-)	-	-
2.1- Provisions for Bonuses and Discounts (-)	-	-
2.2- Reinsurer Shares in Provisions for Bonuses and Discounts (-)	-	-
3- Changes in the Mathematical Provisions (Reinsurer Share and Transferred Portion Deducted) (+/-)	-	-
3.1- Mathematical Provisions (-)	-	-
3.1.1- Actuarial Mathematical Provisions (+/-)	-	-
3.1.2- Bonus Provision (Provision Allocated for Policies whose Investment Risks Belong to Policy Holders)	-	-
3.2- Reinsurer Shares in Mathematical Provisions (+)	-	-
3.2.1- Actuarial Reinsurer Shares in Mathematical Provisions (+)	-	-
3.2.2- Reinsurer Shares in Bonus Provision (Provision Allocated for Policies whose Investment Risks Belong to Policy Holders) (+)	-	-
4- Changes in the Other Technical Provisions (Reinsurer Share and Transferred Portion Deducted) (+/-)	-	-
5- Operating Expenses (-)	-	-
6- Investment Expenses (-)	-	-
7- Unrealized Investment Losses (-)	-	-
8- Investment Expenses Transferred to Non-Technical Department (-)	-	-
C- Technical Department Balance - Life (D-E)	-	-
G- Retirement Technical Income	-	-
1- Fund Management Income	-	-
2- Management Expense Deduction	-	-
3- Entrance Fee Income	-	-
4- Management Expense Deduction in Case of Suspension	-	-
5- Special Service Expense Deduction	-	-
6- Capital Allocation Advance Value Increase Income	-	-
7- Other Technical Income	-	-
H- Retirement Technical Expense	-	-
1- Fund Management Expenses (-)	-	-
2- Capital Allocation Advance Value Decrease Income (-)	-	-
3- Operating Expenses (-)	-	-
4- Other Technical Expenses (-)	-	-
I- Technical Department Balance- Retirement (G - H)	-	-

MAPFRE Sigorta Anonim Şirketi

**Detailed unconsolidated balance sheet
as of December 31, 2018
(Currency - Turkish Lira (TRY))**

II- NON-TECHNICAL DEPARTMENT		Independent Audited	Independent Audited
	Footnote	December 31, 2018	December 31, 2017
C- Technical Department Balance - Non-Life (A - B)		(42.228.416)	231.625.920
F- Technical Department Balance - Life (D-E)		-	-
I- Technical Department Balance - Retirement (G - H)		-	-
J- General Technical Department Balance (C+F+I)		(42.228.416)	231.625.920
K- Investment Income	26	449.912.132	273.788.872
1- Income from Financial Investments	26	259.426.044	202.904.187
2- Earnings from Converting the Financial Investments into Cash	26	2	-
3- Valuation of Financial Investments	26	8.051.509	13.548.605
4- Foreign Currency Gains	26, 36	178.103.701	48.494.067
5- Income from Affiliates	26	66.620	140.533
6- Income from Subsidiaries and Enterprises Subject to Joint Management	26	274.104	491.456
7- Income from Plots, Lands and Buildings	26	3.990.152	8.210.024
8- Income from Derivative Products		-	-
9- Other Investments		-	-
10- Investment Income Transferred from the Life Technical Section		-	-
L- Investment Expenses (-)		(336.967.251)	(231.181.422)
1- Investment Management Expenses – Interest Included (-)		-	-
2- Decreases in Investment Value (-)	11	(652.230)	-
3- Losses after the Conversion of Investments to Cash (-)		-	-
4- Investment Income Transferred to Non-Life Technical Department (-)	26	(248.324.342)	(190.212.536)
5- Losses Arising from Derivative Products (-)		-	-
6- Foreign Exchange Losses (-)	26, 36	(72.526.002)	(30.790.956)
7- Depreciation Expenses (-)	31	(15.464.677)	(10.177.930)
8- Other Investment Expenses (-)		-	-
M- Income and Profit and Expenses and Losses from Other Operations and Extra Operations (+/-)		(50.044.504)	(25.233.962)
1- Provisions Account (+/-)	47	(33.492.339)	(28.552.829)
2- Rediscount Account (+/-)	47	3.932.314	1.029.141
3- Qualifying Insurance Account (+/-)		-	-
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Assets Account (+/-)	35	(4.192.962)	17.956.009
6- Deferred Tax Liability Expenses (-)		-	-
7- Other Income and Profits	47.5	2.330.197	4.218.782
8- Other Expenses and Losses (-)	47.5	(18.621.714)	(19.917.361)
9- Previous Years' Income and Profits		-	32.296
10- Previous Year's Expenses and Losses (-)		-	-
N- Net Profit or Loss for the Period		18.766.595	186.497.248
1- Profit and Loss for the Period	37	20.671.961	248.999.408
2- Provision for Taxation on Profit for the Period and Other Legal Liabilities (-)	35, 47	(1.905.366)	(62.502.160)
3- Net Profit or Loss for the Period		18.766.595	186.497.248
4- Inflation Adjustment Account		-	-

MAPFRE Sigorta Anonim Şirketi

Detailed unconsolidated cash flow statement as of December 31, 2018 (Currency - Turkish Lira (TRY))

		Independent Audited	Independent Audited
CASH FLOW STATEMENT			
	Footnote	1 January- December 31, 2018	1 January- December 31, 2018
A- CASH FLOWS FROM REAL OPERATIONS			
1- Cash inflows from insurance operations		2.529.111.092	2.675.107.776
2- Cash inflows from reinsurance operations		351.935.931	243.861.730
3- Cash inflows from retirement operations		-	-
4- Cash outflow due to insurance operations (-)		(2.039.671.929)	(1.849.973.323)
5- Cash outflow due to reinsurance operations (-)		(702.997.279)	(714.370.425)
6- Cash outflow due to retirement operations (-)		-	-
7- Cash generated after the main activities (A1+A2+A3-A4-A5-A6)		138.377.815	354.625.758
8- Interest payments (-)		-	-
9- Income tax payments (-)		(10.139.851)	(47.827.657)
10- Other cash inflows		4.114.968	4.062.947
11- Other cash outflows (-)		(221.912.185)	(671.652.530)
12- Net cash generated from main activities		(89.559.253)	(360.791.482)
B- CASH FLOWS FROM INVESTMENT OPERATIONS			
1- Sale of tangible assets		571.096	10.806.657
2- Acquisition of tangible assets (-)	6,7,8	(33.556.743)	(26.088.689)
3- Acquisition of financial assets (-)	11	(651.603.996)	(458.320.743)
4- Sales of financial assets	11	301.644.476	116.439.440
5- Interests received		262.642.820	193.876.949
6- Dividends received	26	274.104	491.456
7- Other cash inflows		512.306.669	15.705.638
8- Other cash outflows (-)		(19.007.057)	(53.910.101)
9- Net cash generated from investment operations		375.271.370	(200.999.393)
B- CASH FLOWS FROM FINANCING OPERATIONS			
1- Share issue		-	-
2- Cash inflows regarding loans		-	-
3- Financial leasing payable payments (-)		-	-
4- Dividends paid (-)	15.1	(148.628.986)	(31.741.978)
5- Other cash inflows		-	-
6- Other cash outflows (-)		-	-
7- Net cash generated from financing operations		(148.628.986)	(31.741.978)
D- EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENT ASSETS		22.857.072	2.029.430
E- Net increase in cash and cash equivalents (A12+B9+C7+D)		159.940.203	(591.503.423)
F- Available cash and cash equivalents at the beginning of the year		391.689.257	983.192.680
G- Available cash and cash equivalents at the end of the year (E+F)	2.12	551.629.460	391.689.257

MAPFRE Sigorta Anonim Şirketi

Unconsolidated statement of changes in the equity for the accounting period ending on December 31, 2018
(Currency - Turkish Lira (TRY))

	Independently Audited										
	December 31, 2017 (*)										
	Capital	Establishment's Own Stocks(-)	Asset value Increase	Equity Inflation Adjustment Differences	Foreign currency Conversion Differences	Legal Reserves	Excess Reserves	Other Reserves and undistributed Profits	Net profit for the period/(Loss)	Past Years Profits/(Losses)	Total
CURRENT PERIOD											
I- Previous end-of-period Balance (December 31, 2016)	350.000.000	-	(1.827.057)	-	-	68.679.287	99.012.127	61.515.607	122.600.956	47.098.771	747.079.691
II- Changes in Accounting Policies (Footnote 2.30)	-	-	-	-	-	-	-	-	-	-	-
III- New Balance (I + II) (January 1, 2016)	350.000.000	-	(1.827.057)	-	-	68.679.287	99.012.127	61.515.607	122.600.956	47.098.771	747.079.691
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal sources	-	-	-	-	-	-	-	-	-	-	-
B- The stocks purchased by the establishment	-	-	-	-	-	-	-	-	-	-	-
C- Revenues and losses not included in the income statement	-	-	(7.049.579)	-	-	-	-	(770.916)	-	-	(7.820.495)
D- Asset value increase/decrease	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency conversion differences	-	-	-	-	-	-	-	-	-	-	-
F- Other revenues and losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit (Loss) for the period	-	-	-	-	-	-	-	-	186.497.248	-	186.497.248
I- Dividend distributed (Note 15)	-	-	-	-	-	-	-	-	(31.741.977)	-	(31.741.977)
J- Transfer to the reserves	-	-	-	-	-	4.969.294	52.736.012	10.208.218	(90.858.979)	22.945.455	-
IV- End-of-Period Balance (December 31, 2017)	350.000.000	-	(8.876.636)	-	-	73.648.581	151.748.139	70.952.909	186.497.248	70.044.226	894.014.467
(III+ A+B+C+D+E+F+G+H+I+J)											
	Capital	Establishment's Own Stocks(-)	Asset value Increase	Equity Inflation Adjustment Differences	Foreign currency Conversion Differences	Legal Reserves	Excess Reserves	Other Reserves and undistributed Profits	Net profit for the period/(Loss)	Past Years Profits/(Losses)	Total
CURRENT PERIOD											
I- Previous end-of-period Balance (December 31, 2017)	350.000.000	-	(8.876.636)	-	-	73.648.581	151.748.139	70.952.909	186.497.248	70.044.226	894.014.467
II- Changes in Accounting Policies (Footnote 2.30)	-	-	-	-	-	-	-	-	-	-	-
III- New Balance (I + II) (January 1, 2016)	350.000.000	-	(8.876.636)	-	-	73.648.581	151.748.139	70.952.909	186.497.248	70.044.226	894.014.467
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal sources	-	-	-	-	-	-	-	-	-	-	-
B- The stocks purchased by the establishment	-	-	-	-	-	-	-	-	-	-	-
C- Revenues and losses not included in the income statement	-	-	(21.083.046)	-	-	-	-	330.215	-	-	(20.752.831)
D- Asset value increase/decrease	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency conversion differences	-	-	-	-	-	-	-	-	-	-	-
F- Other revenues and losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit (Loss) for the period	-	-	-	-	-	-	-	-	18.766.595	-	18.766.595
I- Dividend distributed (Note 15)	-	-	-	-	-	-	-	-	(209.569.903)	-	(209.569.903)
J- Transfer to the reserves	-	-	-	-	-	30.424.579	(76.217.500)	22.720.266	23.072.655	-	-
IV- End-of-Period Balance (December 31, 2018)	350.000.000	-	(29.959.682)	-	-	104.073.160	75.530.639	94.003.390	18.766.595	70.044.226	682.458.328
(III+ A+B+C+D+E+F+G+H+I+J)											

(*) Detailed explanations regarding the shareholders' equity items are provided in the footnote no. 15.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

1. General information

1.1 Parent company name and the current owner of the group: Mapfre Sigorta Anonim Şirketi ("Company") was established on 16 August 1948 in Istanbul, Turkey, and its main activities cover all kinds of insurances in Turkey in the field of non-life insurance, particularly accident, personal accident, motor, fire, transportation, TCIP (Turkish Catastrophe Insurance Pool), engineering, agriculture and health lines of businesses. The transfer of the Company's controlling shares to the Spanish Mapfre group was completed as of September 20, 2007 and 280,000,000 shares owned by Mapfre Internacional SA in the Company, representing 80% of the Company's capital, were transferred to Mapfre Internacional SA ("Mapfre"), a subsidiary of Mapfre SA responsible for international investments, as of April 23, 2008, and the transfer was recorded in the Company's stock ledger.

The shares of Demir Toprak İthalat İhracat ve Tic. A.Ş., representing 10% of the Company capital and amounting to TRY 35,000,000 were transferred to Mapfre Internacional S.A. and the transfer was recorded in the Company's stock ledger.

The shares of Avor İnşaat Gıda Tekstil Kimya San. ve Tic. representing 9.75% of the Company capital and amounting to TRY 34,109,046, were transferred to Mapfre Internacional S.A. in accordance with the letter of T.R. Ministry of Treasury and Finance no. 69664 dated October 4, 2010 and the transfer was recorded in the Company's stock ledger.

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

The Company's title was changed to "Mapfre Genel Sigorta Anonim Şirketi" upon the decision taken at the Extraordinary General Assembly held on September 27, 2016 and published in the Turkish Trade Registry Gazette dated October 12, 2016.

1.2 The residence address, the legal structure, country of origin and the registered address of the organization: The registered headquarters of the Company are located at the address Torun Center Fulya Mah. Büyükdere Cad. No:74/D Şişli / İSTANBUL. The Company has branch directorates in the provinces of Adana, Ankara, Antalya, Bursa, Izmir, Istanbul, Izmit, Mersin, Malatya, Konya, Kayseri, Samsun, Gaziantep, Eskişehir, and Denizli.

1.3 Establishment's actual area of activity: The Company conducts all types of insurance transactions in the non-life insurance area, particularly in the lines of businesses such as fire and natural disasters, transportation, land vehicles, rail vehicles, air vehicles, water vehicles, accidents, general liability, land vehicles liability, water vehicles liability, aircraft liability, general damages, bailment, financial losses IV, financial losses VII, financial losses IX, loans, legal protection and health. In addition, the Company conducts reinsurance transactions in the health line of business. The Company started to operate in the health insurance field as of August 1, 2011, taking over the health portfolio from Mapfre Yaşam Sigorta A.Ş. The Company decided to purchase 36,720 shares corresponding to 51% of the shares of Genel Servis Yedek Parça Dağıtım Ticaret A.Ş. upon the decision of the Board of Directors no. 2012/23 dated September 21, 2012 and the purchase was completed.

1.4 Description of the operations and the nature of the main field of operation of the organization: Described in notes 1.2 and 1.3.

MAPFRE Sigorta Anonim Şirketi

31 Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

1. General Information (cont'd)

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

	December 31, 2018	December 31, 2017
Top and mid-level executives	153	142
Other personnel	653	639
Total	806	781

1.6 Total amount of wages and other benefits granted to top executives such as the Chairman and members of the Board of Directors, General Manager, General Coordinator, assistants to the General Manager, etc. in the current period: January 1 - December 31, 2018: TRY 38,440,907 (January 1 - December 31, 2017: TRY 14,832,841).

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

Investment expenses transferred to the non-technical department

In accordance with the "Communiqué on the Procedures and Principles of the Keys Used in Financial Statements Prepared with Respect to the Uniform Chart of Accounts for Insurance" by T.R. Ministry of Treasury and Finance no. 2008/1 dated January 4, 2008, all income obtained from directing the assets covering the technical provisions to investment are transferred to the technical department. The amount transferred to the technical department is distributed to the sub-lines of business based upon the ratios obtained after dividing the net cash flow amounts calculated after deducting the reinsurance share for each branch by total net cash flow amounts. Net cash flows are obtained by deducting the net paid expenses from the net written premiums.

Distribution of the operation expenses

In the accounting period ending on December 31, 2018 and in line with the aforementioned Communiqué of T.R. Ministry of Treasury and Finance, personnel, management, research and development, marketing and sales expenses, outsourced benefits and services and other operating expenses that cannot be directly distributed are distributed based on the weighted average calculated by proportioning the number of policies issued in three years for each line of business, the gross written premium amount and the number of claims to the total number of policies issued, total gross written premiums, and the number of claims, respectively.

1.8 Whether the financial statements cover a single company or a company group: The unconsolidated financial statements cover a single company (Mapfre Sigorta Anonim Şirketi). The consolidated financial statements of the Company are separately regulated in accordance with the Communiqué on the Regulation of Consolidated Financial Statements of the Insurance, Reinsurance and Retirement Companies.

1.9 The name and other identity information of the reporting establishment, and the changes in this information since the previous balance sheet date: The name and other identity information of the Company is specified in notes 1.1, 1.2 and 1.3 and the changes to this information since the previous balance sheet date are also included in the aforementioned notes.

1.10 Events occurring after the balance sheet date: None.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

2. Summary of significant accounting policies

2.1 Preparation principles

2.1.1 The fundamentals used in preparing the financial statements and information regarding the special accounting policies used:

The Company prepares its financial statements within the framework of the regulations in effect in accordance with the "Regulation on Financial Statements of the Insurance, Reinsurance and Retirement Companies" published by T.R. Ministry of Treasury and Finance based on Article 18 of the Insurance Law, Turkish Financial Reporting Standards ("TFRS") and other regulations, announcements and communiqués published by the T.R. Ministry of Treasury and Finance with regards to accounting and financial reporting principles (collectively, "Reporting Standards").

As of December 31, 2018, the Company has calculated its technical provisions regarding insurance in accordance with the amended "Regulation on the Technical Provisions of Insurance, Reinsurance and Retirement Companies and the Assets to be Invested with these Provisions" issued within the framework of Insurance Law No. 5684, published in Official Gazette No. 27655, dated July 28, 2010 and which came into effect on September 30, 2010 and other relevant legislation, and this was reflected in the financial statements.

The format and content of the financial statements prepared by the companies was regulated in order to compare the financial statements with the previous periods and the financial statements of the other companies with the "Communiqué on the Submission of Financial Statements" published in the Official Gazette No. 26851, dated April 18, 2008.

The Circular dated September 15, 2017, no. 2017/7 introduced the obligation to discount net cash flows arising from provisions for outstanding compensations for General Liability and Land Vehicles Liability branches. The impact our accounting policy revised under the said circular, had on the previous financial statements is explained in footnote 2.30.

2.1.2 Other accounting policies appropriate for understanding the financial statements:

Correction of financial statements in high inflation periods

As per the T.R. Ministry of Treasury and Finance's Decision No. 19387, dated April 4, 2005, the application of the inflation adjustment of financial statements ended in 2005; and accordingly, the Company has not adjusted its financial statements according to the inflation rate since the beginning of 2005. Therefore, equity items on the balance sheet including the non-monetary assets, liabilities and capital of December 31, 2018 were calculated by indexing the entries up to December 31, 2004 by December 31, 2004 in accordance with Turkish Accounting Standards Board ("TASB") standard no. 29 on "Standards on the Financial Reporting in High Inflationary Economies" and carrying the subsequent entries from the nominal values.

MAPFRE Sigorta Anonim Şirketi

31 Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.1 Preparation principles (cont'd)

2.1.3 Applicable and reporting currency:

The applicable and reporting currency of the Company is Turkish Lira (TRY). The financial statements of the Company and the amounts in footnotes are submitted in TRY unless stated otherwise.

2.1.4 Rounding level of the amounts submitted in the financial statement:

Unless stated otherwise, all amounts and relevant footnotes have been displayed in the financial statements without rounding.

2.1.5 Measurement fundamentals used in preparing the financial statements:

Except for the financial statements indicated with the previously mentioned inflation adjustments and realistic values that are available for sale and financial assets with purchase and sale purpose, the financial statements have been prepared based on the principle of historical cost.

2.1.6 Accounting policies, changes and errors in accounting estimations:

The Company prepares its financial statements in accordance with the accounting policies stated in footnote 2.1.1.

The details regarding the revision of the accounting policy are presented in footnote 2.30.

2.2 Consolidation

The Company started to regulate its consolidated financial statements after March 31, 2009 in accordance with T.R. Ministry of Treasury and Finance's Communiqué on the Regulation of Consolidated Financial Statements of the Insurance, Reinsurance and Retirement Companies published in the Official Gazette No. 27097, dated December 31, 2008. The consolidated financial statements of the Company are submitted separately to the T.R. Ministry of Treasury and Finance.

The Company reflected the capital increases of Mapfre Yaşam Sigorta Anonim Şirketi in its unconsolidated financial statements by converting capital increases up to 31 December 2004 with appropriate correction coefficients in accordance with the industrial announcement by T.R. Ministry of Treasury and Finance no. 2008/9 dated 18 February 2008 through the readjusted acquisition cost and the capital increases made after 31 December 2004 by considering the increase amounts.

The unconsolidated financial statements of the Company includes the subsidiary Genel Servis Yedek Parça Dağıtım Ticaret A.Ş. required to be consolidated in accordance with "TAS 27- Consolidated and Personal Financial Statements (TAS 27) (TMS 27)". However, in accordance with Article 5, Sub- paragraphs 5 and 6 of T.R. Ministry of Treasury and Finance's Communiqué on the Regulation of Consolidated Financial Statements of the Insurance, Reinsurance and Retirement Companies No. 27097, dated June 30, 2009, the Company shall not carry out consolidation in the financial statements dated December 31, 2018 and has included its subsidiary in its records as per the cost method.

2.3 Department reporting

The Company generates its policies in Turkey. The Company continues its insurance activities in a single reportable department and non-life elements line of business and does not conduct department reporting as it is not open to public.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.4 E- Foreign currency conversion

The Company's foreign currency policy transactions are based on the Central Bank of the Republic of Turkey (CBRT) foreign exchange sales prices effective on the transaction date and the other transactions are based on the CBRT foreign exchange buying rates effective on the transaction date. The Company uses the foreign exchange buying rates of the CBRT at the end of the reporting period. Foreign exchange gains or losses arising from the conversion of foreign currency transactions or from the definition monetary items are reflected in the income statement in the related period.

The exchange rates used at the end of the period are as follows

	December 31, 2018			December 31, 2017		
	TL/USD	TL/EUR	TL/GBP	TL/USD	TL/EUR	TL/GBP
Buying rate of exchange	5,2609	6,0280	6,6528	3,7719	4,5155	5,0803
Selling rate of exchange	5,2704	6,0388	6,6875	3,7787	4,5237	5,1068
Effective selling rate of exchange	5,2783	6,0479	6,6975	3,7843	4,5305	5,1144

2.5 Tangible fixed assets

All tangible fixed assets are initially registered at their cost value and carried over through their cost values readjusted by means of conversion with the appropriate readjustment coefficient of the year of purchase up to December 31, 2004. Those purchased after the beginning of 2005 are carried over at their purchase cost value. Tangible assets are indicated as net values after deducting the accumulated depreciation from the cost value and impairment provision, if any.

Normal maintenance and repair expenditures to tangible fixed assets are recognized as expenses. There are no limitations, such as liens, mortgages, etc., on tangible fixed assets.

There is no expected change in accounting estimates that has a significant effect on the current period or may have a significant effect on subsequent periods.

The depreciation periods of the intangible fixed assets estimated based on the useful lives of tangible fixed assets as follows;

Asset Type	Useful Life
Real estates for use (Buildings)	15 Years - 50 Years
Fixtures and installments	2 Years - 50 Years
Motor vehicles	5 Years
Special cost prices	1 Years - 5 Years

MAPFRE Sigorta Anonim Şirketi

31 Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.6 Investment properties

Buildings or plots retained to be used in Company activities or for acquiring rent or value increase instead of being sold for administrative purposes or normal course of business, or both, are classified as investment properties. Investment properties consist of plots and buildings and are indicated by deducting the accumulated depreciation from acquisition cost, except for plots. No depreciation is allocated for land and plots as they have infinite life. Buildings are subject to depreciation over their useful lives via straight-line depreciation method. Investment properties are reviewed for impairment whenever circumstances indicate impairment and if the registered value of a real estate with investment purposes is higher than its recoverable value, it is decreased to the recoverable value by means of allocating provision. Recoverable value is recognized as the higher of net cash flows from the current use of real estates with investment purposes and the fair value minus costs to sell. The depreciation periods of investment properties are as follows:

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

2.7 Intangible fixed assets

Intangible fixed assets consist of software licenses. All intangible fixed assets that are initially registered at their cost are carried over based on their cost values readjusted by means of conversion with the appropriate readjustment coefficient of the year of purchase up to December 31, 2004 in accordance with TAS 38 – Recognition Standard for Intangible Fixed Assets. Those purchased after 2005 are carried over at their purchase cost values.

The values of the intangible assets are reviewed to test whether there is an impairment in the event of changes in the conditions.

As of December 31, 2018, and December 31, 2017, intangible fixed assets are subject to pro rata depreciation over their economic lives via straight-line depreciation method. The depreciation periods of the intangible fixed assets are noted below:

Asset Type	Useful Life
Rights	1 Year - 15 Years

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.8 Financial assets

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

- Cash.
- A contractual right that requires the receipt of cash or another financial asset from another establishment.
- A contractual right that requires the establishment to mutually exchange its financial instruments with another establishment in favor of the establishment.
- Capital instruments of another establishment.

A financial asset or a liability is calculated at operational costs at fair value initially given (for financial asset) and acquired (for financial liability), plus any transaction costs, if any. Fair value is the amount at which a financial instrument is traded between willing parties in a current transaction, except in cases of forced sale or liquidation. The quoted market price, if any, is the value that best reflects the fair value of a financial instrument. The estimated fair values of the financial instruments have been determined by the Company using the available market information and the appropriate valuation methods. All designated financial assets carried over at fair value through December 31, 2018 and December 31, 2017 are 1st level financial assets. The Company reflects the financial assets or liabilities in the balance sheet if it is a party to the related financial instrument contracts. The Company excludes all or part of the financial assets from the records when it loses control over the rights arising from the contract covering such assets only. The Company may exclude financial liabilities from the records only if the liability defined in the contract ceases to exist, is canceled or lapses.

All purchases and sales of normal financial assets are reflected in the records on the transaction date, i.e. the date the Company undertakes to purchase or sell the asset. Such purchases and sales are generally trades that require the delivery of the financial asset within the time frame determined by the general customs and regulations in the market.

Current financial assets

The Company classifies its financial assets as available for sale, to be retained until maturity, and financial assets with purchase and sale purpose and receivables from main activities

Classification and valuation of financial investments

a) Financial assets available for sale

Financial assets available for sale are financial assets that are defined as available for sale and not classified as (a) assets to be retained until the maturity date (b) financial assets with purchase and sale purpose and (c) loans and receivables. The valuation of assets available-for-sale following the first registration is made at the fair value. Unrealized profits or losses defined as the difference between the amortized cost values of the movables calculated with the effective interest method, which arise from the changes in the cost values of the financial assets available for sale, are indicated in the "Financial Asset Valuation" account within the unrealized profit and loss equity items. The value generated in the equity accounts as a result of the fair value application in the event of disposal of the financial assets available for sale is reflected to profit or loss. The long-term securities of the Company are classified as financial assets available-for-sale.

MAPFRE Sigorta Anonim Şirketi

31 Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.8 Financial assets (cont'd)

Purchase and sale transactions for securities are recognized on the date of delivery. Financial assets are removed from the records when the Company loses control of the contractual rights on these assets. This occurs when these rights are realized, their maturity is expired, or when they are delivered.

All the securities forming the financial assets available for sale portfolio of the Company are in Turkish Lira as of December 31, 2018 and December 31, 2017.

i) State bonds

The state bonds classified in the financial assets available-for-sale are valued with fair values. The values of the public securities calculated with the relevant interest rates based on the internal yield method are compared with the fair values obtained by considering the best purchase order of the relevant security from among the current orders in the stock market and the difference is recognized in the "Financial Asset Valuation" under equity. The difference between the values of public securities calculated with the relevant interest rates based on the internal yield method and the cost values are reflected in the income statement as interest income.

ii) Stocks

The valuation of stocks classified under the financial assets available for sale following the first registration is made at fair value. Unrealized profit or loss arising from the changes in the fair value are recognized in the "Financial Asset Valuation" account under equity. The dividends received are indicated in the dividend income on the date of receipt.

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

All the securities forming the financial assets available for sale portfolio of the Company are in Turkish Lira as of December 31, 2018 and December 31, 2017.

b) Financial assets to be retained until maturity

Financial assets with fixed or determinable payments that are acquired with the intention to be retained until maturity are classified as securities to be retained until maturity.

The amount of profit or loss incurred if the securities carried over at amortized cost have been impaired or disposed of is included in the income statement in the related period.

The interest obtained due to carrying over the financial assets to be retained until maturity is monitored in the unconsolidated income statement.

There are no financial assets to be retained until maturity within the Company portfolio as of December 31, 2018 and December 31, 2017.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.8 Financial assets (cont'd)

c) Financial assets with purchase and sale purpose

Financial assets with purchase and sale purpose are assets that are acquired with the purpose of profiting from the fluctuations of price or similar elements created short-term in the market, or regardless of the reason of acquisition, assets that are a part of a portfolio with the purpose of profiting in the short term. Financial assets with purchase and sale purpose are monitored based on the fair value by considering the best purchase order in the stock exchange from among the current orders after the date of first registration. All realized and unrealized profits and losses regarding the financial assets with purchase-sale purposes are included in the unconsolidated income statement in the relevant period.

There are no financial assets for trading purposes within the Company portfolio as of December 31, 2018 and December 31, 2017.

d) Loans and receivables:

Loans and receivables are financial assets created by means of providing money or services to the debtor. The Company initially records the receivables from its principal activities at the acquisition cost and monitors them with their registered values. Loans and receivables are carried over using their discounted costs after the date of first registration, except the premium receivables. A provision for receivables is allocated if there is a concrete indication that the receivables from matured insurance activities cannot be collected. The charges and other similar expenses related to the assets acquired as guarantees thereof are not considered as part of the transaction cost and are reflected in the expense accounts.

In addition, the Company allocates provisions for receivables subject to administrative and legal proceedings for its doubtful receivables subject to administrative and legal proceedings in relation to the agency and policy holders. This provision is indicated under "Provisions for the Doubtful Receivables from Real Operations" in the balance sheet.

Non-current financial assets

Long-term securities consist of the stocks of Türkiye Genel Sigorta A.Ş. Retirement and Social Support Fund for Officials and Servants, 0.17% of which is owned by the Company and the stocks of Mapfre Yaşam Sigorta A.Ş., 99.50% of which is owned by the Company. These securities are indicated in the records at subsidiaries' and affiliates' acquisition cost.

Inclusion/exclusion of financial instruments in/from records

The Company reflects the financial assets or financial liabilities in the balance sheet if it is a party to the related financial instrument contracts. All ordinary financial asset purchase and sale transactions are reflected to the records on the date of delivery. The Company excludes all or part of the financial assets from the records when it loses control over the rights with which it transferred the risks and benefits regarding its property and arising from the contractual obligation only to the subject of such assets. The Company may exclude financial liabilities from the records only if the liability defined in the contract ceases to exist, is canceled or lapses.

MAPFRE Sigorta Anonim Şirketi

31 Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.9 Impairment of the assets

Financial assets:

Objective indicators regarding the impairment of a financial asset or financial asset group includes the following:

- a) The issuer or guarantor being in serious financial distress,
 - b) Violation of the contract,
 - c) The creditor granting a privilege to the debtor, which would not be granted otherwise, due to economic and legal causes regarding the financial distress in which the debtor finds him/herself,
 - d) High probability that the debtor will go bankrupt or will undergo financial restructuring,
 - e) The removal of the active market regarding the financial asset due to financial distress,
- The Company evaluates whether there is an indicator as of the balance sheet dates, and reflects any impairment to its records.

In addition, the long-term and significant decreases in the values of financial assets that are qualified as available for sale capital instruments that occur below the cost value are regarded as objective indicators for impairment. For this criteria, TAS 39 differs from IAS 39 published by the International Accounting Standards Board. While TAS 39 notes that in order to determine the impairment in the financial assets available for sale, there should be "long-term and significant decreases in the fair value below the cost value", the same criteria is handled as "long-term or significant decreases in the fair value below the cost value" in IAS 39.

However, both standards stipulate that, in case of an objective indicator regarding the impairment, the accumulated impairment amount generated by the difference between the cost value and fair value and created under equity should be deducted from the equity and reflected as a loss in the income statement. Due to the fact that neither TAS 39 nor IAS 39 have clearly defined the phrases "long-term" and "significant", T.R. Ministry of Treasury and Finance does not have a direction regarding the definitions of "long-term" and "significant", and such decrease in the stock values of the stocks whose fair value decreases below cost value continues less than a year, the Company has been monitoring the impairment under the value increase/ (decrease) account within statement of changes in equity. The Company assessed developments over the last year in 2009, anticipated that the impairment of certain financial assets could be long-term, and set certain criteria to decide whether the impairment of financial assets was "long-term" or "significant". The term "long-term" refers to financial assets that have been impaired for 18 months for the company, while "significant" represents the financial assets that lost 40% of their cost value. The Company has decided to allocate provision for impairment for financial assets meeting both criteria.

If there is objective evidence that loans and receivables have been impaired, the amount of the related loss is recognized within profit and loss. In addition, the Company allocates provisions for receivables subject to administrative and legal proceedings for its doubtful receivables in relation to the agency and policy holders and uncollectible receivables or receivables whose probability of being collected is far from likely.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.9 Impairment of the assets (cont'd)

Non-financial assets:

In cases where the assets cannot be converted to money at their own value, they are assessed for impairment. The provision expense is reflected in the income statement when the value of the assets exceeds the amount that can be converted to money. The amount that can be converted to money is the higher of the net sale price of the asset and the usage value. Usage value reflects the present value of future cash flows expected to be generated from the use of an asset and its sale at the end of its useful life and the net sale price reflects the remaining amount after deduction of sales costs from sales revenue. The amount that can be converted to money is estimated for each asset if it can be determined; if not, it is estimated for the group providing the cash flow in which the asset is included. If the provision for impairment losses in previous years is no longer valid or a lower provision is required to be allocated, the required amount is withdrawn and reflected in the unconsolidated income statement.

2.10 Derivative financial instruments

None.

2.11 Clarification (off-set) of financial assets

Financial assets and liabilities are clarified and displayed on an unconsolidated balance sheet when there is a legal right and authority for enforcement regarding clarification and the intention to pay or concurrently settle such assets and liabilities on a net basis.

2.12 Cash and cash equivalents

Cash and cash equivalents include forward and drawing cash and credit card amounts in cash registers and banks. Cash equivalent assets are short-term highly liquid investments that can be easily converted into cash, less than 3 months in maturity and which are not at risk of devaluation.

Cash and cash equivalents are indicated with the acquisition costs and total accrued interests.

Cash flow statement

Cash and cash equivalents included in the cash flow statement are displayed below:

	December 31, 2018	December 31, 2017
Cash	8.274	8.552
Banks	850.484.461	1.226.038.019
- drawing account	29.912.325	29.638.011
- deposit account	820.572.136	1.196.400.008
Blocked credit cards	221.151.703	168.924.686
Payment orders	-	-
Money in transit (postal check)	-	-
Interest accrual	18.589.653	21.008.741
Cash and cash equivalents	1.090.234.091	1.415.979.998
Deposit accounts with an original maturity in excess of 3 months, and blocked amounts	(520.014.978)	(1.003.282.000)
Interest accrual	(18.589.653)	(21.008.741)
Cash and cash equivalents forming the basis of cash flow statement	551.629.460	391.689.257

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.13 Capital

2.13.1 As of December 31, 2018 and December 31, 2017, the capital and partnership structure of the Company are as follows:

Name	Share rate	December 31, 2018		December 31, 2017	
		Share amount	Share rate	Share amount	Share amount
Mapfre Internacional S.A.	%99,75	349.109.046	%99,75	349.109.046	
Other	%0,25	890.954	%0,25	890.954	
Paid-in Capital	%100,00	350.000.000	100,00	350.000.000	
Capital adjustment positive/negative differences	-	-	-	-	
Nominal Capital		350.000.000		350.000.000	

The Company has not made capital increase within the period ending on December 31, 2018 (31 December 2017: NA).

2.13.2 There are no privileges granted on the shares representing the capital as of December 31, 2018 and December 31, 2017.

2.13.3 As of December 31, 2018 and December 31, 2017, the Company is not subject to the registered capital system.

2.13.4 Other information related to the Company capital has been explained in note 15.

2.14 Insurance and investment contracts - classification

Insurance contracts

As of December 31, 2018 and December 31, 2017, all of the Company's contracts regarding its activities consist of insurance contracts and there are no investment contracts. Insurance contracts are the contracts that transfer the insurance risk. Insurance contracts protect the insured against the adverse economic consequences of the claim under the terms and conditions guaranteed in the insurance policy. The main insurance contracts generated by the Company are fire and natural disasters, transportation, land vehicles, rail vehicles, air vehicles, water vehicles, accidents, general liability, land vehicles liability, water vehicles liability, aircraft liability, general damages, bailment, financial losses, loans, legal protection and health contracts.

Reinsurance contracts

The Company transfers insurance risks in the lines of business in which it operates to reinsurance companies under reinsurance contracts. Reinsurance assets state the amounts of receivable from reinsurance companies. The impairment in the reinsurance assets has been assessed as of the report date.

Income and expenses relating to reinsurance contracts are recognized in the profit and loss accounts on the dates they accrue considering the periodicity principle.

Reinsurance agreements do not relieve the Company of its obligations arising from insurance contracts and do not transfer the insurance risk existing on the financial statements.

Written premiums and the resulting claims are presented on the financial statements with the gross and reinsurance shares indicated separately.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.14 Insurance and investment contracts - classification (cont'd)

Reinsurance assets and debts are removed from the financial statements after the expiration of the contract.

The following are the most frequently used reinsurance companies and their ratings:

Reinsurer	S&P	Outlook	AM BEST	Outlook
Mapfre Re	A	Positive	A+	Stable
Mapfre Global Risks	A	Stable	A+	-
FM Insurance Company Ltd	A	Stable	A+	Stable
XL Catlin Insurance Company Limited UK	A-	Stable	A+	Stable

2.15 Optional participation features in insurance and investment contracts

Optional participation in insurance and investment contracts is a contractual right that provides the following additional benefits in addition to the guaranteed benefits:

- (i) Potential to constitute a substantial part of the total benefits based on the contract;
- (ii) The amount and timing being at the discretion of the issuer as per the contract; and
- (iii) Based on the following as per the contract:
 - (1) The performance of a specific contract pool or a specific contract type;
 - (2) The realized and/or unrealized investment income of a specific pool of assets retained by the issuer; or
 - (3) The profit or loss of a company, fund or another establishment issuing a contract,
As of the end of the reporting period, the Company does not have insurance or investment contracts that have optional participation features.

2.16 Investment contracts without optional participation features

None (December 31, 2017 - None).

2.17 Payables

Contractual financial obligations are:

- Liabilities that stipulate granting cash or other financial assets to other establishments; or
- Contractual liabilities that stipulate that the establishment mutually exchanges its financial instruments with another establishment

2.18 Taxes

Corporate Tax

Even though from January 1, 2006 on, corporate income in Turkey had been subject to a corporate tax rate of 20%, an amendment introduced through the "Law on Amendment of Certain Tax Laws and Some Other Laws" no. 7061, this rate was set to 22% for corporate earnings pertaining to tax periods 2018, 2019 and 2020. Furthermore, the Council of Ministers is authorized to reduce the said rate from 22% to as low as 20%.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.18 Taxes (cont'd)

This rate is applicable over the tax basis to be established by adding non-deductible expenses on the commercial earnings of the corporations, and deducting off deductibles (such as subsidiary earnings) provided in tax laws and other deductibles. No further profits are paid unless a dividend is paid.

No withholding shall apply over the dividends paid to entities which generate revenues through an office or permanent representative in Turkey, and entities which are residents of Turkey. For any other dividend payment, a withholding figure of 15% shall apply. During the practice of withholding tax when paying dividends to real and legal person limited taxpayers, the practices stipulated in the related Treaty to Avoid Double Taxation should be considered. The investment of profits as capital shall not be deemed dividend payment, and shall not be subjected to withholding.

Advance income taxes shall be assessed and paid with reference to the corporate tax year applicable for the earnings of that year. The advance income taxes paid during the year can be offset against the corporate tax assessed on the basis of the annual corporate tax return for that year.

There is no procedure for reconciliation with the tax authorities for the taxes to be paid in Turkey. The corporate tax returns are submitted to the relevant tax office, by the evening of the 25th day of the fourth month to follow the end of the accounting period. On the other hand, tax authorities which are authorized for tax audits can review accounting records during the next five years. In this context the observation of any erroneous proceedings may lead to revised tax figures.

Deferred tax

Deferred tax liabilities and assets are determined by calculating the tax effects over "temporary differences" between amounts of assets and liabilities in the financial statements and the amounts recognized in the tax base in accordance with TAS 12 - Income Taxes Standard. The differences that do not affect the financial or commercial profit of the assets or liabilities according to tax legislation are excluded from these calculations. The calculated deferred tax assets and deferred tax liabilities are indicated on a net basis only if the Company has a legally enforceable right to clarify current tax assets of the Company with current tax liabilities.

If the valuation differences that occur as a result of valuation of the assets have been recognized in the income statement, the current period corporate tax and deferred tax income or expenses are also recognized in the income statement. If the valuation differences that occur as a result of valuation of the assets have been directly recognized in the equity accounts, such tax effects are also recognized in the equity accounts.

2.19 Employee benefits

The Company is obliged to pay compensation to employees in the event of dismissals and retirement in accordance with the Labor Law, except for resignations and dismissals due to rightful reasons. This compensation is a 30-day salary as of December 31, 2018, provided that it does not exceed the maximum SSI premium for each year of work up to the date of dismissal or retirement. The compensation to be paid equals to a month of salary for each year of service (Footnote 22).

The liabilities regarding the severance pay should be calculated at the net current value of the estimated provision of the future contingent liability amounts of all employees using specific actuarial estimations in accordance with the provisions of "Turkish Accounting Standards on the Employee Benefits" ("TAS 19") (Footnote 22).

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.19 Employee benefits (cont'd)

Retirement rights and the defined contribution plan:

The employees of the Company are the members of Türkiye Genel Sigorta A.Ş. Retirement and Social Support Fund for Officials and Servants ("Fund") established in accordance with the provisional article 20 of the Social Insurance Law No. 506. The Company pays premiums to the Fund for such employees. The technical financial statements of the Fund are audited by an actuary registered to the actuaries registry in accordance with Articles 1, 21, 28 and 31 of Insurance Law No. 5684.

The first paragraph of the provisional article 23 of the Banking Law published in the Official Gazette with rep. no. 25983 dated 1 November 2005 used to rule that the bank funds would be transferred to Social Security Institution (SSI) within 3 years after the publication of the Banking Law and regulate the principles of this transfer. The article regarding the transfer was repelled by the Constitutional Court upon the application by the President on 2 November 2005 upon the decision no. 2007/33 and 2005/39 dated 22 March 2007 published in the Official Gazette no. 26479 dated 31 March 2007 and its execution was stopped as of the publication date of the decision.

The justified decision of the Constitutional Court regarding the repeal of such article was published in Official Gazette No. 26372, dated December 15, 2007. Upon the publication of the justified decision, the Turkish Grand National Assembly ("TBMM") started to work on the new legal regulations on the transfer of the fund affiliates to SSI, and the relevant articles of "Law on the Amendment to Social Security and General Health Insurance Law and Several Laws and Statutory Decrees" ("New Law") No. 5754 regulating the principles on transfer were accepted by the General Assembly of TBMM on April 17, 2008. The New Law was published in the Official Gazette No. 26870, dated May 8, 2008 and came into effect. With the New Law, it was ruled that the bank funds be transferred to the SSI within three years of the date of publication of the related article without the necessity for any procedure, and that the three-year transfer might be extended by a maximum of two years upon the decision of the Council of Ministers. The period for transferring the funds to the Social Security Institution was extended for two years upon the decision of the Council of Ministers no. 2011/1559 published in the Official Gazette dated April 9, 2011. The authority to increase the two-year extension period to four years was granted to the Council of Ministers with the Law on Amendment to the Social Security and General Health Insurance Law No. 6283 published in the Official Gazette dated March 8, 2012. The transfer date was determined as May 2015 based upon the decision of the Council of Ministers dated February 24, 2014. However, the authority to determine the date of transfer was granted to the Council of Ministers with Article 51 of Law No. 6645 published in Official Gazette No. 29335, dated April 23, 2015, and the transfer of the funds was postponed to an unknown date.

The commission to be formed by the participation of a member representing the Fund subject to calculation and the separate representatives from the SSI, Ministry of Finance, T.R. Ministry of Treasury and Finance, Undersecretariat of State Planning Organization, BRSA and SDIF including the affiliates leaving from each fund, rules with regard to the transferred individuals as of the date of transfer that the advance value of the liability shall be calculated using a technical interest rate of 9.80% with the differences in consideration in the event that the income and expenses of the funds for the insurance branches within the scope of the Law and the monthly payments made by the funds and income are higher than the monthly payments and income in line with the SSI regulations. In accordance with the New Law, the other social rights and payments of the Fund participants and individuals put on monthly salary and/or income and their beneficiaries, which are not fulfilled, despite the fact that they are indicated in the Articles of Foundation these individuals are subject to after they are transferred to SSI, shall continue to be made by the funds and organizations employing the fund participants.

The Law on Amendment to the Social Security and General Health Insurance Law No. 6283, known as the "adjustment law" by the public, was published in the Official Gazette dated March 8, 2012 (Footnote 22).

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.20 Provisions

Provisions, contingency liabilities and contingency assets

Provisions are only recognized if the Company has a present and legally existing obligation (legal or constructive) and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation to be incurred can be reliably estimated. When the devaluation of the money over time becomes significant, the provision is calculated by discounting the pre-tax rate and future cash flows of current market estimates that reflect the time value of the money (and, where appropriate, the risks specific to the liability).

The contingent liabilities are not reflected in the financial statements but disclosed in footnotes if the circumstances requiring the transfer of resources are not highly probable. The contingent assets are disclosed in the footnotes if they are not reflected in the financial statements but are likely to generate economic returns.

Technical provisions for insurance

a) Provisions for unearned premiums:

The provisions for unearned premiums, excluding the earthquake collateral premiums in the policies issued before June 14, 2007 and the marine line of business policy premiums, consist of the portion of the premiums accrued for the insurance contracts made between January 1 – December 31, 2013 period and that were in effect as of the balance sheet date without any discounts going over the next accounting period based on the day in gross amount in accordance with the “Regulation on the Technical Provisions of Insurance, Reinsurance and Retirement Companies and the Assets to be Invested with these Provisions” (“Regulation on Technical Provisions”) published in the Official Gazette No. 26606 dated August 7, 2007 and which came into effect on January 1, 2008. The provisions for unearned premiums are calculated for the earthquake collateral premiums in the policies issued after June 14, 2007 within the scope of the Communiqué of T.R. Ministry of Treasury and Finance dated July 4, 2007. 50% of the premiums accrued in the last three months are calculated as PUP for the marine line of business policies whose ending date cannot be determined.

On the other hand, T.R. Ministry of Treasury and Finance’s Communiqué no. 2007/25 dated December 28, 2007 ruled that the practice of allocating provisions for unearned premiums after deducting the commissions for the policies issued before December 31, 2007 would continue due to the fact that the provisions for the unearned premiums that were allocated after deducting commission for 2007 had been transferred to the financial statements of 2008. In accordance with the “Industrial Announcement on the Application of the Legislation Concerning Technical Provisions” by T.R. Ministry of Treasury and Finance dated March 27, 2009, the effective and expiration times of the policies considered in exchange of the unearned premiums are taken as 12.00 midday and all policies are considered valid for a half day on the issue date and the expiration date. The terms and commissions of the reinsurance agreements in effect are taken into account for the Reinsurer’s share of unearned premiums.

The portion of the amounts accrued for the non-proportional reinsurance agreements that correspond to future period(s) are monitored in the deferred expenses account.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.20 Provisions (cont'd)

b) Reserve for on-going risks:

In accordance with the Regulation on Technical Provisions for insurance contracts prepared after January 1, 2008, the reserve for on-going risks are allocated in the event that the provisions for earned premiums are insufficient compared to the risk borne by the company and the expected expenditure level for the insurance lines of business in which the risk level incurred throughout the insurance contract period is not in conformity with the time-based distribution of the earned premiums.

While allocating the reserve for on-going risks, the companies are obliged to conduct a competence test covering the last 12 months for each accounting period in case there is a possibility that the compensation that may arise due to insurance contracts in effect is higher than the provisions for unearned premiums allocated for the relevant contracts. In the event that the anticipated claim premium rate is above 95% for the lines of business to be determined by T.R. Ministry of Treasury and Finance, the amount obtained by multiplying the ratio exceeding 95% with the provision for premiums is calculated for the reserve for on-going risks for that line of business.

It is ruled with Article 7 of the industrial announcement by T.R. Ministry of Treasury and Finance no. 2012/13, dated July 18, 2012 that the calculations of the provisions for outstanding compensation and unearned premiums subject to the calculation of on-going risks be made in accordance with the new method in order to eliminate the misleading effect that may arise in the event that the calculation methods for the provisions for outstanding compensation and unlearned premiums are changed during the calculation of the reserve for on-going risks.

With the Communiqué by the Undersecretariat of Treasury no. 2012/15, the sentence "In this sense, it is deemed appropriate to take into account all the sub-branches in the Insurance Uniform Chart of Accounts specified by the Undersecretariat for the calculation of the Reserve for On-going Risks in accordance with the Insurance Law No. 5684," in the second paragraph of the communiqué no. 2007/21 was amended as "In this sense, it is deemed appropriate to take into account all the main branches in the Insurance Uniform Chart of Accounts specified by the Undersecretariat for the calculation of the Reserve for On-going Risks in accordance with the Insurance Law No. 5684" to be effective as of December 31, 2012. In addition, the reserve for on-going Risks calculated as net in accordance with the communiqué no. 2013/2 by T.R. Ministry of Treasury and Finance are calculated with separate gross and reinsurance share as of December 31, 2012 [Footnote 17].

As of December 31, 2018 and December 31, 2017, the Company had employed the method set out in the "Communiqué on the Reserve for On-going Risks" no. 2016/37 dated November 11, 2016.

c) Provision for outstanding claims and compensation:

The Company allocates claims reserve for all liabilities within the claim files for which a notification was sent and not paid as of the end of the period. The outstanding claims reserve is determined in conformity with the expert reports or the assessments of the insured and expert.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.20 Provisions (cont'd)

Claims Incurred But Not Reported

The definitions regarding the IBNR calculations conducted for the main line of businesses as of December 31, 2018 based upon the "Communiqué on the Provision for Outstanding Compensation" No. 2016/11 are specified below with reasons and grounds.

1. Major Claim Exclusion

Major claim exclusion has been conducted in four lines of business: fire, marine, general liability, general losses. The threshold is set to TRY 2,000,000 for the fire branch, and to TRY 1,000,000 for other branches. Accordingly, the files subject to the chain and the file statistics eliminated are listed below;

	Number of Exclusions
Fires	34
Transportation	4
General Liability	18
General Losses	51

2. Net Amount Calculation (from reinsurance)

The diagonal gross-net ratio of the seven-year chain data was used to calculate the net portion of the IBNR amount in order to follow the provisions of the Company's reinsurance agreements. The net IBNR amount is reached after multiplying the amount, which is obtained after dividing the amount subjected to the realized chain calculated using the net values of the files in main lines of business to the amount subjected to the realized chain calculated over the gross values, by the gross IBNR number. In order to be able to reflect changes in reinsurance agreements over the years in the IBNR calculation, the method was carried out separately for each claim quarter.

3. Method for Calculating the Compensation Figure Realized But Not Reported

The Company uses a standard actuarial ladder chain method in the branches of General Liability, General Losses, Air Lines, Air Vehicle Liability, Discretionary Financial Liability, Land Vehicles, Accident, Freight, Health, Water Vehicles, Fire/Natural Disasters, Financial Losses, Legal Protection and Surety branches and for Pecuniary damages in the Traffic branch, whereas it employs a combination of actuarial chain ladder method and Bournheutter-Ferguson method for claims regarding corporal injuries in the Traffic branch.

4. Excess Provisions - Compulsory Traffic Branch

It was considered that the results calculated using standard methods in the compulsory traffic branch would be insufficient to meet the obligations of the Company and that it would be more accurate to calculate them with the alternative method considering all the assumptions that may affect the claim development. Below are given the explanations regarding the calculation by using the standard method, the reasons of the need to use an alternative method and the calculation made by the alternative method, under items A, B and C respectively.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.20 Reserves (cont'd)

A. Standard ACLM

Final claims assessments were based on a chain of actual figures accrued through a chain of 28 consecutive periods. Accordingly, the Compulsory Traffic IBNR (gross) amount was calculated as TRY 747,107,106 (December 31, 2017: TRY 454,796,937).

The compulsory traffic bodily IBNR calculation was made in accordance with the final damage intensity and frequency ACLM method.

In conclusion;

Tangible IBNR	=	TRY 48.673.138
Bodily IBNR	=	TRY 499.410.385
Indirect IBNR	=	TRY 136.953.917
The Pool IBNR	=	TRY 62.069.666
Gross Traffic IBNR	= was calculated as	TRY 747.107.106

The net IBNR result, in turn, is TRY 685,037,440 (December 31, 2017: TRY 452,196,522).

“ARTICLE 1 – Clause 5.A of the Communiqué on Provisions for Outstanding Compensation” in “Communiqué on the Amendment to the Communiqué on Provisions for Outstanding Compensation (2014/16)” No. 2016/11 that came into effect on February 29, 2016 was amended as follows:

5. A. (1) If the amount obtained after IBNR calculation (a) is higher than the previous quarterly amount (b), the IBNR calculation can be made by making an addition to (b) to the account difference between (a-b) in quarterly periods by starting the first quarterly period of 2016, to the extent that it shall not be less than the following;

- For 2015; 2.5%, 5%, 10%
- For 2016; 7.5%, 7.5%, 10%, 10%
- For 2017; 12.5%, 12.5%, 15%, 15%
- For 2018; 20%, 20%, 25% and 25%
- For 2019; 40%, 60%, 80% and 100%

...”

As stated in the aforementioned clause, as of December 31, 2018, a right has originated to make IBNR calculations by adding at least 25% of the increase to the IBNR dated September 30, 2018. This ratio was used as 100% as of December 31, 2018 as per the Company management’s decision. In this context, with reference to net figures;

	December 31, 2018	September 30, 2018	Difference	100%	Result
Traffic IBNR	685.037.440	500.540.175	184.497.265	184.497.265	685.037.440

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.20 Reserves (cont'd)

5. Sufficiency of the Provisions for Outstanding Compensations

ACLM is used for calculating IBNR in all lines of business. Therefore, the results of the calculation of Sufficiency Difference for Provisions for Outstanding Compensation were not allocated as provisions.

6. Applied Increase Rates

As of December 31, 2018, the gradual increase rates applied in IBNR calculation was set to 100% for all branches (December 31, 2017: 100%).

a) Provisions for bonuses and discounts:

The provision for bonuses and discounts is a provision that should be allocated in the event that a bonus or discount is guaranteed for the insured regarding the policies in effect in the current period for the subsequent periods. In the event that Company implements bonuses and discounts, the provision for the bonuses and discounts required to be allocated in accordance with Article 16 of the Insurance Law consist of the sum of bonuses and discounts allocated for the insured or shareholders as per the technical results of the current year.

The Company calculates the provision for bonuses and discounts that are guaranteed based on claim premium rates. As of December 31, 2018, and December 31, 2017, these amounts are explained in footnotes 17 and 47.5. The Company continues to calculate the provisions for bonuses and discounts for the bonuses and discounts granted on condition of renewal as well, as a precaution, if the possibility of renewal of the relevant group is higher than the possibility of non-renewal.

b) Balancing provision:

As of January 1, 2008 the Company calculates balancing provision within the scope of T.R. Ministry of Treasury and Finance's Regulation on Technical Provisions published in Official Gazette No. 26606 dated August 7, 2007. In accordance with the Regulation on Technical Provisions, insurance companies are obliged to allocate balancing provisions for the insurance contracts that include loan earthquake collateral in order to balance the fluctuations in the compensation ratios that may occur in the subsequent accounting periods and meet the catastrophic risks. Such amount is calculated as 12% of the net earthquake and loan premiums corresponding to each year.

In the calculation of net premiums, the amounts accrued for non-proportional reinsurance agreements are considered as deferred premiums. In addition, the balancing provisions calculated as net in accordance with T.R. Ministry of Treasury and Finance's Communiqué No. 2013/2 are calculated with a separate gross and reinsurance share as of December 31, 2012 (Footnote 17).

2.21 New Regulation on the Traffic Accident Treatment Expenses within the Scope of "Communiqué on the Recognition of Payments to the Social Security Institution Regarding Treatment Expenses and the Opening of a New Account Code in the Insurance Account Plan" No. 2011/18

Article 59 of the "Law on the Restructuring of Miscellaneous Receivables and on the Amendment to the General Health Insurance Law and Other Miscellaneous Laws and Statutory Decrees" No.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables
as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.21 New Regulation on the Traffic Accident Treatment Expenses within the Scope of “Communiqué on the Recognition of Payments to the Social Security Institution Regarding Treatment Expenses and the Opening of a New Account Code in the Insurance Account Plan” No. 2011/18 (cont'd)

6111 published in the Official Gazette No. 27857 dated February 25, 2011 rules that, as of February 25, 2011, the amount to be determined by T.R. Ministry of Treasury and Finance should be transferred to the Social Security Institution (“SSI”) for the compulsory insurances that provide health collateral for traffic accidents to the extent that it shall not exceed 15% of the premiums written by the insurance companies and that the liabilities regarding the treatment expenses of the insurance companies with this transfer that arise due to injuries resulting from traffic accidents be transferred to SSI. The Provisional Article 1 of the aforementioned Law rules that, provided that it shall not exceed 20% of the amount to be transferred within the scope of Article 59, the amount to be determined by T.R. Ministry of Treasury and Finance be transferred to SSI and the treatment services provided regarding the injuries resulting from traffic accidents before February 25, 2011 be covered by SSI.

In this sense, procedures and principles regarding the payment of the treatment expenses within the scope of compulsory traffic insurance, compulsory transport insurance and compulsory seat personal accident insurance are regulated with the “Regulation on the Principles and Procedures Regarding the Collection of the Health Service Fees Submitted to the Authorities due to Traffic Accidents” No. 28038 dated August 27, 2011 and Communiqué No. 2011/17. Correspondingly, the recognition principles regarding the regulations and amendments made in the Uniform Chart of Accounts are regulated with the “Communiqué on the Recognition of Payments to the Social Security Institution Regarding the Treatment Expenses and the Opening of a New Account Code in the Insurance Account Plan” (2011/18) to come in force on September 30, 2011.

Accordingly, IBNR is calculated by deducting the compensations paid with regard to the treatment expenses among the ACLM development triangles in 714-Compulsory Highway Transportation Financial Liability, 715-Compulsory Traffic and 718-Compulsory Seat Personal Accident for Buses, outstanding compensations and all the data regarding the recourse, salvage and similar collected income. However, as no classification has been made on the premium side for the past few years, premiums in the ACLM calculations for the post-law period are considered as including those transferred to SSI.

2.22 Regulation on the “Outstanding Claims in Legal Proceedings” within the scope of the “Communiqué on the Definitions on Incurred But Not Reported (IBNR) Provisions for Compensations” No. 2011/23:

Article 4, Paragraph 1 of the Regulation on the Financial Reports of the Insurance, Reinsurance and Retirement Companies states as follows; “Except for the communiqués to be issued by the Undersecretariat set out in Paragraph 2, Company activities shall be recognized in accordance with the provisions of the legislation regarding the principles of preparation and submission of financial statements in this Regulation and TASB.” Article 6, Paragraph 1 of the aforementioned Regulation defines the balance sheet as “the table that accurately and realistically reflects the economic and financial status of companies on a specific date and indicating their assets, payables and equities as active and passive accounts.”

Within this scope, in order for the financial reports to reflect the true status, Communiqué No. 2011/23 states that provisions should be allocated by means of assessing the possibility of winning or losing for files in legal proceedings, as well as principles that form a basis for discounting the provision for the outstanding compensation for files in legal proceedings.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.22 Regulation on the “Outstanding Claims in Legal Proceedings” within the scope of the “Communiqué on the Definitions on Incurred But Not Reported (IBNR) Provisions for Compensations” No. 2011/23: (cont'd)

The winning rate was calculated at the amounts of the lawsuits filed against for the sub-lines of business based on the realizations in the last five years retrospectively after the end of the period when the calculation has been made by considering the settlement date of the file suit in accordance with the principles set out in the relevant communiqué and gross discount has been made from the outstanding files accrued for the files in legal proceedings based on this winning rate and the winning rates used on a sub-line of business basis are provided below.

Line of Business	December 31, 2018			December 31, 2017		
	Revenue Rate(%)	Gross	Net	Revenue Rate(%)	Gross	Net
Compulsory Traffic	3,99%	12.403.584	12.059.253	4,26%	10.693.010	10.653.778
Fires	1,69%	243.705	121.018	18,68%	2.231.097	1.154.371
Voluntary Financial Liability for Motor Vehicles	21,06%	1.786.184	1.785.972	21,39%	1.631.560	1.631.348
Construction	9,82%	1.852.742	376.597	12,51%	1.667.824	372.430
Motor Vehicles - Motor Insurance	15,00%	1.016.875	1.016.875	25,00%	774.249	774.249
Goods	15,00%	1.004.069	503.181	25,00%	1.243.663	559.672
Theft	10,77%	56.072	29.242	15,00%	74.256	38.744
Assembly	25,00%	656.804	406.335	15,00%	362.767	217.589
Financial Liability towards Third Persons	9,32%	1.812.301	666.465	25,00%	3.057.104	1.215.971
Machinery Breakdown	25,00%	1.285.360	64.521	15,00%	707.874	23.007
Personal Accident	0,87%	11.823	6.739	0,86%	7.676	4.972
Employer Financial Liability	17,09%	168.689	35.319	24,31%	221.794	44.536
Compulsory Financial Liability Regarding Medical	10,22%	7.984.548	2.945.058	18,67%	9.440.760	3.020.457
Malpractice	15,00%	1.434.318	716.239	15,00%	824.919	411.936
Compulsory Seat Personal Accident for Buses	5,34%	115.572	11.213	25,00%	377.794	39.496
Disease/Health	8,84%	-	-	8,84%	-	-
Compulsory Highway Transportation	0,93%	17.644	1.769	1,13%	13.809	1.341
Financial Liability	0,05%	1.994	349	0,15%	3.102	958
Professional Liability Insurance						
Total		31.852.284	20.746.145	33.333.257	20.164.853	20.919.873

2.23 Income recognition

Premium income

Written premiums represent the remaining amount after the cancellation of policy premiums issued during the period. Premium income is reflected to unconsolidated financial statements on an accrual basis by deducting unearned premium reserves from written premiums.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.23 Income recognition (cont'd)

Commission income and expenses

Commissions paid regarding the written premiums and the commission income received with regard to premiums transferred to reinsurance companies are accrued in the current period. Received or paid commission monitored in terms of accrual basis is monitored under the operation expenses as netted in the unconsolidated income statement and in the income and expense accounts for the next months respectively in the unconsolidated balance sheet.

The Company recognizes its recourse receivables from real and corporate bodies that are amicably agreed with insurance companies for the period when such recourse income related to the claims payments is earned based on T.R. Ministry of Treasury and Finance's letter no. B.02.1.HM.O.SGM.0.3.1.1 dated January 18, 2005 in accordance with the principle for accrual in the unconsolidated financial statements prepared as of December 31, 2018. The Company also allocates provision for the doubtful receivables for the recourse receivable in the legal or attachment proceedings.

The Company had income accrued for the recourse receivables from insurance companies and real and corporate bodies in accordance with the provisions set out in T.R. Ministry of Treasury and Finance's Communiqués No. 2010/16 and 2011/1 dated September 20, 2010 and January 14, 2011 in the unconsolidated financial statements prepared as of December 31, 2018 and allocated provisions for the recourse receivables for which six months (receivables from insurance companies) have passed since the payment date of the claim providing a basis for the recourse receivable and four months have passed (from real and other corporate bodies). The Company also allocates provisions for the doubtful receivables for the recourse receivable in legal or attachment proceedings.

The Company recognizes the recourse and salvage income accrued in accordance with T.R. Ministry of Treasury and Finance's Communiqués No. 2010/13 and 2012/7 dated September 20, 2010 and May 31, 2012 in the "Accrued Recourse and Salvage Income" account on the unconsolidated financial statements prepared as of December 31, 2018.

Interest income

Interest income is recorded in accordance with accrual basis using the effective revenue method.

Dividend income

The dividend is registered as income on the date when the right to collect occurs.

Leasing income

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

2.24 Financial leasing

Financial leases that stipulate the transfer of all the risks and benefits of ownership of the asset leased to the Company are reflected at the beginning of the lease on the basis of the contractual value of the leased asset. Financial lease payments are allocated as principal and finance interest during the lease term, with the balance of remaining debt for each period generating a fixed periodic interest rate. Financing expenses are reflected directly to the unconsolidated income statement throughout the periods. Capitalized leased assets are depreciated throughout their estimated useful lives.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.24 Financial leasing (cont'd)

Operational leases

Leases where the leaseholder holds all risks and benefits of the leased asset are classified as operational leases. Operational lease payments are recorded as expenses on a linear basis during the lease term in the unconsolidated income statement.

2.25 Dividend distribution

Earnings per share

Earnings per share are calculated by dividing the net profit for the period that can be distributed to the shareholders by the weighted average number of shares during the year. If the capital increase is made from the internal resources during the period, the weighted average of the shares is considered to be valid at the beginning of the period. The Company's dividend payment schedule for the year 2018 will be established in the General Assembly meeting to be held on March 29, 2019.

2.26 Related parties

The person or establishment that is related to the establishment that prepares the financial statements (shall be referred to as the 'reporting establishment' in this Standard).

(a) A person or a close family member of this person is deemed to be related to the reporting establishment on the following occasions:

In the event that;

- (i) Such person has control or joint control of the reporting establishment.
- (ii) Such person has an important influence on the reporting establishment.
- (iii) Such person is a member of key management personnel of the reporting establishment or parent of the reporting establishment.

(b) The establishment is considered related to the reporting establishment if one of the following conditions exists:

- (i) The establishment and the reporting establishment are members of the same group (i.e. a parent is related to the subsidiary and other subsidiaries).
- (ii) The establishment is an affiliate or business partner of the other establishment (or of the member of a group of which the other establishment is a member).
- (iii) Both establishments are the business partners of the same third party.
- (iv) One of the establishments is the business partner of the third business and the other establishment is the affiliate of the third establishment.
- (v) The establishment, reporting establishment or an establishment related to the reporting establishment has benefit plans for its employees that are provided after resignation. If the reporting establishment has such a plan, sponsoring employers are related to the reporting establishment.
- (vi) The establishment is controlled or jointly controlled by a person defined in clause (a).
- (vii) The person defined in paragraph (i) of clause (a) has an important effect on the establishment or such establishment (or the parent of this establishment) is a member of the key management personnel.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

2.26 Related parties (cont'd)

Transactions with a related party are transfers between a reporting establishment and a related party, regardless of whether the resources, services, or obligations are a consideration.

Transactions with related parties are transfers between the related parties, regardless of whether the resources, services, or obligations are a consideration.

As of December 31, 2018, Mapfre Group companies other than the partners are defined as the related parties of other partners and Company management related parties in the unconsolidated financial statements and relevant explanatory footnotes.

2.27 Other monetary balance sheet items

Reflected to the balance sheet with registered values.

2.28 Events after the balance sheet date

Events that arise after the balance sheet date and may affect the situation of the Company on the balance sheet date (events requiring corrections) are reflected in the financial statements. The events that do not require correction are defined in the footnotes if they are of specific importance.

2.29 New standards and interpretations not yet implemented

The amendments which were issued as of 31 December 2018 but have not been in effect yet and were not applied in advance

The amendments issued but not put in effect yet and not applied in advance

The new standards, interpretations and amendments which were issued as of the reporting date but not in force yet and not implemented by the company in advance although their implementation in advance was allowed. Unless otherwise is mentioned, the Company will make the necessary changes that will affect its financial statements and footnotes after the new standards and comments become effective.

TFRS 16 Leases

Public Oversight Accounting and Auditing Standards Authority (KGK) issued TFRS 16 "Leases" Standard on April 16, 2018. This standard replaces the current TAS 17 "Leasing Transactions", TFRS Comment No.4 "Specifying Whether an Agreement Includes Leasing Transaction or Not" and TAS Comment No. 15 "Operational Leasing – Incentives" regulating the recognition of leasing transactions, and also led to amendments on TAS 40 "Investment Properties" Standard. TFRS 16 cancels the dual accounting model currently applied by lessees in which financial leasing obligations are indicated in the balance sheet and operational leasing transactions are indicated off-balance sheet. Instead, it brings in a single, balance sheet-based accounting model similar to that of current financial leasing accounting for all leasing. The recognition for the lessees continues in a manner similar to the current practices. TFRS 16 is effective for the annual accounting periods starting from January 1, 2019, and is permitted to be implemented earlier. The Company evaluates the potential impact the implementation of TFRS 16 would have on its financial statements.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

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

Amendments on TFRS 9 - Early Payments that Lead to Negative Compensation

KGK has amended the requirements of TFRS 9 in December 2017, in order to bring clarification to the accounting of financial instruments. The financial instruments that lead to negative compensation if paid earlier can be evaluated based on their amortized costs or by reflecting their fair value differential to other scope of income, provided that they meet other relevant requirements of TFRS 9. According to TFRS 9, the financial assets with early payment option, which require the payment of "a proportionate surcharge" that considerably represents their outstanding principal and interest amount, meet this criterion.

This amendment shall be effective for the annual accounting periods starting on January 1, 2022 and on, and is permitted to be implemented earlier.

The implementation of this amendment in TFRS 9 is not expected to have a major impact on the Company's financial statements.

The amendments which were issued as of 31 December 2018 but have not been in effect yet and were not applied in advance (cont'd)

Revisions of IFRS 4 Insurance Contracts Standard - Implementation of IFRS 9 Financial Instruments Standard alongside IFRS 4

IASB has amended IFRS 4 in order to minimize the impacts of different enforcements dates for new insurance contracts standard and IFRS 9. The amendments in IFRS 4 provide two optional solutions in order to minimize the concerns of the insurance companies regarding the practices: i) when applying IFRS 9, the Insurers will be allowed to reclassify the difference between the loss or profit and other scope of income of the insurance company from their financial assets and the amounts recognized as loss or profit according to IFRS 9 and the amounts reported as per IAS 39, or ii) a discretionary and temporary exemption from applying IFRS 9 for companies with operations mostly based on insurance before January 1, 2022. These companies will be allowed to keep applying the existing requirements of IAS 39 for financial instruments.

The Company evaluates the potential impact the implementation of IFRS 4 amendment would have on its financial statements.

IFRS 17 Insurance Contracts

On May 18, 2017, IASB issued IFRS 17 "Insurance Contracts" standard. As the first international standard issued for insurance contracts, IFRS 17 will make it easier for investors and other interested parties to assess the risks incurred by, profitability levels and financial state of the insurers. IFRS 17 replaced IFRS 4 which was introduced in 2004 as a provisional standard. As IFRS 4 allows the companies to recognize insurance contracts on the basis of local accounting standards, it led to the application of a wide range of accounting approaches in practice. As a result, it became difficult for the investors to compare the financial performance of otherwise comparable firms. IFRS 17 ensures consistent recognition of all insurance contracts, and provides a solution for the comparability problems caused by IFRS 4 from the perspective of both the investors and the insurance firms. According to the new standard, insurance obligations are to be recognized on the basis of current value rather than historical cost. As these information will be updated regularly, the users of financial statements will be provided more useful insights. International Accounting Standards Board has taken the resolution for IFRS 17 to be in effect starting from January 1, 2022.

The Company evaluates the potential impact the implementation of IFRS 17 would have on its financial statements.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

3. Important accounting estimations and provisions

In the preparation of the financial statements, the Company management is required to make assumptions and estimates that may affect the asset and liability amounts reported and that determine the probable liabilities and undertakings and income and expense amounts as of the balance sheet date. The realized results may differ from the estimates. Estimates are regularly reviewed, and the necessary corrections are made and reflected in the unconsolidated income statement when they are realized. The estimates used are mainly related to insurance outstanding claims and compensation provisions, other technical provisions and impairment of assets and these estimates and assumptions are explained in detail in the footnotes. Apart from these, the significant estimates used in the preparation of the financial statements are as follows:

Provisions for severance pay:

The Company calculated the provisions for severance pay benefits on the unconsolidated financial statements using actuarial assumptions and reflected this in its records.

Provision for doubtful receivables:

The Company allocates provisions for doubtful receivables for the relevant intermediaries and insured that cannot make reimbursement and recourse receivables in execution or lawsuit proceedings (Footnote 12).

Deferred tax:

Deferred tax assets are recorded if it is highly probable that temporary differences and accumulated losses will be benefited by means of profiting with regard to tax. It is necessary to make important estimates and assessments regarding the taxable profits that may arise in the future while determining the amount of deferred tax assets to be registered (Footnote 21).

4. Management of insurance and financial risk

Insurance risk

The main risk to the Company's insurance policies is the claims and claim payments being higher than expected. Therefore, the Company's main objective in managing the insurance risk is to ensure that sufficient insurance provisions are available to meet these obligations.

The Company operates in elemental area and issues policies in the following main lines of business:

- Fire and natural disasters
- Transportation
- Land vehicles
- Rail vehicles
- Aircrafts
- Watercrafts
- Accident
- General liability
- Land vehicles liability
- Watercraft liability
- Aircraft liability
- General losses
- Bailment
- Financial losses
- Loan
- Legal protection
- Health

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

4. Management of insurance and financial risk (cont'd)

Insurance risk (cont'd)

Short-term policies are issued in the marine line of business within the period of transportation, construction-assembly policies in the engineering main line of business are issued for the project duration, and 12-month policies are issued for other products.

The main risks that the Company is required to manage are natural disasters such as earthquakes, floods, storms, etc. and fire, accident and theft risks. As there is a tariff system in these lines of business, the risks are managed through pricing and segmentation. In addition, the Company receives reinsurance support based on international general assumptions to cover claims that may arise both as a risk and as a result of a catastrophic damage.

The Company carries out the risks arising from the accident line of business using segmentation and appropriate pricing considering the geographical and human conditions.

The Company operated as a Reinsurer in the Health branch until August 1, 2011 and has been operating as a direct insurer since August 1, 2011.

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

The insurance coverages provided for non-life insurance branches as of December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Land Vehicles	30.104.054.000	20.564.799.000
Land Vehicles Liability	4.425.021.917.000	6.797.734.933.000
Accident	14.796.272.000	20.497.959.000
Watercrafts	3.554.021.000	1.770.369.000
Aircrafts	574.621.000	296.904.000
Aircraft Liability	2.852.120.000	1.596.757.000
General Liability	31.275.625.000	22.113.945.000
Fire and Natural Disasters	338.937.662.000	246.922.626.000
General Losses	313.326.300.000	269.491.249.000
Transportation	226.152.626.000	142.954.019.000
Financial losses	2.020.768.000	1.376.623.000
Legal Protection	4.415.026.000	3.370.830.000
Disease/Health	1.274.134.756.000	1.185.088.266.000
Bailment	512.645.000	409.974.000
Non-Life Total	6.667.678.413.000	8.714.189.253.000

The claim evolution statements of the Company prepared as of December 31, 2018 and December 31, 2017

Financial risk management

The principal financial instruments used by the Company are cash, fixed bank deposits, reverse repurchase agreements, share certificates and state bonds, and receivables and loans from principal operations. The Company is exposed to miscellaneous financial risks due to the financial instruments used and insurance contract liabilities. The risks arising from the instruments used are market risk, foreign currency risk, liquidity risk and loan risk. The Company management manages these risks as stated below.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

4. Management of insurance and financial risk (cont'd) Financial risk management (cont'd)

(a) Market risk

i) Price risk

The Company is exposed to price risk as it possesses financial assets valued with the market price. The table below shows the effect of a 5% increase/(decrease) in the market prices of the shares constituting financial assets available for sale in the Company's portfolio on the Company's assets, provided that all other variables remain constant:

	December 31, 2018	December 31, 2017
Market price increase/(decrease)	Effect on equity	Effect on equity
%5	46.100	65.100
(%5)	(46.636)	(65.100)

ii) Interest rate risk

The interest rate risk refers to changes in the fair value or future cash flows of financial assets resulting from fluctuations in market interest rates. The interest rate risk is closely monitored by the Company through the market information review and appropriate valuation methods.

Assuming all variables remain unchanged, given the fact that the Company's portfolio as of December 31, 2018 and December 31, 2017 does not contain any variable-interest-rate financial assets, the 5% rise/(fall) in interest rates did not have any impact on the Company's assets.

iii) Exchange rate risk

The exchange rate risk arises from the Company's foreign exchange rate changes having foreign currency debt and assets and converting them into TRY.

The foreign currency position of the Company as of December 31, 2018 and December 31, 2017 are as follows:

December 31, 2018	US Dollars	TRY equivalent	Euro	TRY equivalent	GBP	TRY equivalent	TRY equivalent of Other Currencies	Total TRY equivalent
Cash and cash equivalents	28.360.202	149.200.187	5.142.900	31.001.400	12.230	81.363	36.521	180.319.471
Financial assets	-	-	-	-	-	-	-	-
Receivables from insurance activities	19.682.343	103.546.838	26.319.820	158.655.878	9.751	64.871	100.860	262.368.448
Receivables from reinsurance activities	-	-	64.833	390.812	18.688	124.329	-	515.142
Loans	-	-	-	-	-	-	-	-
Loans to policy holders	-	-	-	-	-	-	-	-
Deposits and guarantees given	-	-	-	-	-	-	-	-
Receivables from partners	-	-	-	-	-	-	-	-
Total assets	48.042.545	252.747.025	31.527.553	190.048.090	40.669	270.564	137.381	443.203.061
Payables for main operations	10.600.257	55.766.892	11.847.399	71.416.121	-	-	-	127.183.013
Technical provisions, net	1.693.095	8.907.203	1.173.260	7.072.412	-	-	-	15.979.614
Deposits and guarantees taken	-	-	-	-	-	-	-	-
Total liabilities	12.293.352	64.674.095	13.020.659	78.488.533	-	-	-	143.162.628
Foreign currency position, net	35.749.193	188.072.930	18.506.894	111.559.557	40.669	270.564	137.381	300.040.433

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

4. Management of insurance and financial risk (cont'd)

(a) Market risk (cont'd)

December 31, 2017	US Dollars	TRY equivalent	Euro	TRY equivalent	GBP	TRY equivalent	TRY equivalent of Other Currencies	Total TRY equivalent
Cash and cash equivalents	21.189.131	79.923.281	6.025.268	27.207.096	-	-	11.839	107.142.216
Financial assets	-	-	-	-	-	-	-	-
Receivables from insurance activities	26.613.893	100.384.944	25.476.895	115.040.920	-	-	31.834	215.457.698
Receivables from reinsurance activities	-	-	59.715	269.642	-	-	-	269.642
Loans	-	-	-	-	-	-	-	-
Loans to policy holders	-	-	-	-	-	-	-	-
Deposits and guarantees given	-	-	-	-	-	-	-	-
Receivables from partners	-	-	-	-	-	-	-	-
Total assets	47.803.024	180.308.225	31.561.878	142.517.658	-	-	43.673	322.869.556
Payables for main operations	12.824.717	48.373.550	8.606.557	38.862.910	56.592	287.505	-	87.523.965
Technical provisions, net	2.073.149	7.819.709	3.380.455	15.264.444	-	-	-	23.084.153
Deposits and guarantees taken	-	-	-	-	-	-	-	-
Total Liabilities	14.897.866	56.193.259	11.987.012	54.127.354	56.592	287.505	-	110.608.118
Foreign currency position, net	32.905.158	124.114.966	19.574.865	88.390.304	(56.592)	(287.505)	43.673	212.261.438

The table below shows the effect of a 10% value increase/(decrease) of the foreign currencies on the Company's portfolio on profit before taxes, provided that all other variables remain constant:

Currency	December 31, 2018		December 31, 2017	
	Exchange rate increase/(decrease)	Effect on the profit before taxes	Exchange rate increase/ (decrease)	Effect on the profit before taxes
US Dollars	10%	18.807.293	10%	12.411.497
US Dollars	(10%)	(18.807.293)	(10%)	(12.411.497)
Euro	10%	11.155.956	10%	8.839.030
Euro	(10%)	(11.155.956)	(10%)	(8.839.030)
Other Currencies	10%	40.795	10%	(24.383)
Other Currencies	(10%)	(40.795)	(10%)	24.383

(b) Credit risk

The credit risk refers to the situation that the Company encounters due to the fact that the third parties with which the Company has mutual relations do not fulfill the obligations of the Contract in whole or in part on time. The Company tries to manage the credit risk by continuously assessing the reliability of the parties to whom it relates. The Company manages the credit risk by taking collateral when deemed necessary with the area of activity in consideration.

The financial assets subjected to the credit risk within the financial instruments of the Company are generally cash and cash equivalents, except for the cash account, state bonds, and receivables from main operations and the receivables in the other assets of the Company that bear credit risk. The total amount of such financial instruments is TRY 3,679,893,484 as of December 31, 2018 and represents maximum credit risk (December 31, 2017: TRY 3,368,305,474).

MAPFRE Sigorta Anonim Şirketi**Footnotes regarding the unconsolidated financial tables
as of December 31, 2018**

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

**4. Management of insurance and financial risk (cont'd)
Financial risk management (cont'd)****(c) Liquidity risk**

Liquidity risk is the risk of a Company of failing to fulfill its funding needs. The Company periodically measures and evaluates the liquidity risk within the framework of compliance of the group of which it is a part with risk policies. As of December 31, 2018 and December 31, 2017, the maturity breakdown of the Company's commercial debts and financial payables are as follows based on the maturity dates;

December 31, 2018	Less than 1 year	1 year - 5 years	Longer than 5 years	Total
Payables for reinsurance activities	209.872.159	-	-	209.872.159
Payables for insurance activities	190.614.213	-	-	190.614.213
Other payables	125.960.793	-	-	125.960.793
	526.447.165	-	-	526.447.165
December 31, 2017	Less than 1 year	1 year - 5 years	Longer than 5 years	Total
Payables for reinsurance activities	128.521.048	-	-	128.521.048
Payables for insurance activities	148.628.445	-	-	148.628.445
Other payables	118.474.169	-	-	118.474.169
	395.623.662	-	-	395.623.662

Capital Management

The main capital management policies of the Company are specified below:

- Conforming to the capital adequacy requirements set forth by T.R. Ministry of Treasury and Finance
- Ensuring the continuity of the operations in accordance with the continuity principles of the Company In accordance with the "Regulation on the Measurement and Evaluation of the Capital Adequacy of Insurance, Reinsurance and Retirement Companies" published in Official Gazette No. 26761 dated January 19, 2008 by T.R. Ministry of Treasury and Finance , the required shareholders' equity was determined as TRY 739,865,528 in the calculations made by the Company as of December 31, 2018 (December 31, 2017: TRY 706,468,524). In accordance with the provisions of this regulation, the Company's equity is TRY 806,859,441 as of December 31, 2018 (December 31, 2017 :TRY 894,014,460) and there is no capital deficit.

5. Department information

Explained in footnote no. 2.3.

6. Tangible fixed assets

6.1 All depreciation, amortization and depletion expenses of the current period: TRY 15,464,677 (December 31, 2017 – TRY 10,177,930).

6.1.1 Depreciation expenses: TRY 9,014,214 (December 31, 2017 - TRY 6,327,208).

6.1.2 Redemption and depletion expenses: TRY 6,450,463 (December 31, 2017 – TRY 3,850,722).

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

6. Tangible fixed assets (cont'd)

6.2 Changes made in increase (+) or decrease (-) depreciation calculation methods that have caused variations in the depreciation costs of the period: None (December 31, 2017 - None)

6.3 Tangible fixed asset movements in current period:

6.3.1 Cost of purchased, manufactured or constructed tangible fixed assets and investment properties: TRY 10,032,116 (December 31, 2017 - TRY 13,136,396).

6.3.2 Cost of tangible fixed assets sold or scrapped: TRY 2,362,902 (December 31, 2017 - TRY 16,048,721).

6.3.3 Valuation increases occurring in the current period: None (December 31, 2017 - None).

6.3.4 The nature, total amount, starting-ending dates and completion level of the ongoing investments: None (December 31, 2017 - None).

Tangible fixed assets activity statement:

	January 1, 2018	Additions	Subtractions	Transfers/Corrections	December 31, 2018
Cost:					
Real estates for use	182.054.369	604.972	(21.000)	-	182.638.341
Motor vehicles	2.196.701	1.227.882	(515.698)	-	2.908.885
Fixtures and installments	21.067.066	16.861.862	(12.229.658)	-	25.699.270
Special cost prices	4.947.930	3.720.999	(96.967)	-	8.571.963
Advances regarding tangible assets	1.881.489	-	(1.881.489)	-	-
Total Cost	212.147.555	22.415.715	(14.744.811)	-	219.818.459
Accumulated depreciation:					
Real estates for use	(3.939.395)	(3.660.645)	13.456	-	(7.586.584)
Motor vehicles	(1.703.668)	(294.835)	536.029	-	(1.462.474)
Fixtures and installments	(10.988.117)	(12.024.149)	8.701.749	-	(14.310.517)
Special cost prices	(577.534)	(1.727.086)	345.925	-	(1.958.695)
Total accumulated depreciation	(17.208.714)	(17.706.715)	9.597.159	-	(25.318.270)
Net registered value	194.938.841				194.500.189

	January 1, 2017	Additions	Subtractions	Transfers/Corrections	December 31, 2017
Cost:					
Real estates for use	19.575.808	2.657.156	(5.234.538)	165.055.943	182.054.369
Motor vehicles	2.944.754	356.797	(1.104.850)	-	2.196.701
Fixtures and installments	22.095.049	3.297.943	(5.745.614)	1.419.688	21.067.066
Special cost prices	4.464.784	4.446.865	(3.963.719)	-	4.947.930
Advances regarding tangible assets	167.014.053	1.343.067	-	(166.475.631)	1.881.489
Total Cost	216.094.448	12.101.828	(1.930.169)	-	216.094.448
Accumulated depreciation:					
Real estates for use	(3.212.804)	(2.266.067)	1.539.476	-	(3.939.395)
Motor vehicles	(2.571.399)	(186.399)	1.026.297	27.833	(1.703.668)
Fixtures and installments	(13.094.603)	(3.110.909)	5.312.204	(94.809)	(10.988.117)
Special cost prices	(3.622.796)	(749.470)	3.800.232	(5.500)	(577.534)
Total accumulated depreciation	(22.501.602)	(6.312.845)	11.678.209	(72.476)	(17.208.714)
Net registered value	193.592.846				194.938.841

There is a mortgage amounting to TRY 800 in favor of T.R. Ministry of Treasury and Finance on real estates for use.

The Company does not have any tangible fixed assets acquired as the lessee in financial leasing transactions. The Company has reflected the cost of financial leasing amounting to TRY 13,395,583 in the income statement as of December 31, 2018 (December 31, 2017 - TRY 11,214,831).

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

7. Investment properties

	January 1, 2018	Additions	Subtractions	Adjustments	December 31, 2018
Cost:					
Plot	55.573	-	-	-	55.573
Buildings	1.222.031	-	(1.689)	-	1.220.342
Buildings retained with sale purposes	-	-	-	-	-
Total cost	1.277.604	-	(1.689)	-	1.275.915
Provisions for accumulated depreciation and impairment:					
Buildings-depreciation	(78.962)	(28.159)	461	-	(106.660)
Building and plots - provision for impairment	-	-	-	-	-
Total	(78.962)	(28.159)	461	-	(106.660)
Net book value	1.198.642				1.169.255

	January 1, 2017	Additions	Subtractions	Adjustments	December 31, 2017
Cost:					
Plot	55.573	-	-	-	55.573
Buildings	187.463	1.034.568	-	-	1.222.031
Buildings retained with sale purposes	-	-	-	-	-
Total cost	243.036	1.034.568	-	-	1.277.604
Provisions for accumulated depreciation and impairment:					
Buildings-depreciation	(64.599)	(14.363)	-	-	(78.962)
Building and plots - provision for impairment	-	-	-	-	-
Total	(64.599)	(14.363)	-	-	(78.962)
Net book value	178.437				1.198.642

Furthermore, in the accounting period that ended on December 31, 2018, the Company registered rental income of TRY 3,990,152 (December 31, 2017: TRY 8,210,024) from investment properties.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

8. Intangible fixed assets

	January 01, 2018	Additions	Subtractions	Transfers / Adjustments	December 31, 2018
<u>Cost:</u>					
Rights	24.796.373	11.034.855	(865.716)	-	34.965.512
Ongoing investments	5.150.614	106.173	(1.383.496)	-	3.873.291
Total cost	29.946.987	11.141.028	(2.249.212)	-	38.838.803
<u>Accumulated depreciation:</u>					
Rights	(8.623.949)	(8.327.602)	1.877.138	-	(15.074.413)
Total Depreciation	(8.623.949)	(8.327.602)	1.877.138	-	(15.074.413)
Net book value	21.323.038				23.764.390

	January 01, 2017	Additions	Subtractions	Transfers / Adjustments	December 31, 2017
<u>Cost:</u>					
Rights	14.237.080	12.615.390	(2.056.097)	-	24.796.373
Ongoing investments	4.813.711	336.903	-	-	5.150.614
Total cost	19.050.791	12.952.293	(2.056.097)	-	29.946.987
<u>Accumulated depreciation:</u>					
Rights	(6.691.520)	(3.850.722)	1.932.356	(14.063)	(8.623.949)
Total Depreciation	(6.691.520)	(3.850.722)	1.932.356	(14.063)	(8.623.949)
Net book value	12.359.270				21.323.038

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

9. Investments in affiliates

	December 31, 2018			December 31, 2017		
	Nominal value	Inflation/ price difference	Total	Nominal value	Inflation/ price difference	Total
Türkiye Genel Sigorta A.Ş. Pension and Support Fund for Officials and Servants	1	11.192	11.193	1	11.192	11.193
Other	-	-	-	-	-	-
Long-Term Securities	1	11.192	11.193	1	11.192	11.193
Tarım Sigortaları Havuz İşletmesi A.Ş. (Tarsim)	433.609	764	434.373	346.211	764	346.975
Affiliates	433.609	764	434.373	346.211	764	346.975
MAPFRE Yaşam	11.940.000	8.876.506	20.816.506	11.940.000	8.876.506	20.816.506
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	2.428.025	-	2.428.025	2.428.025	-	2.428.025
Subsidiaries	14.368.025	8.876.506	23.244.531	14.368.025	8.876.506	23.244.531
Total	14.801.635	8.888.462	23.690.097	14.714.237	8.888.462	23.602.699

	December 31, 2018		December 31, 2017	
	Affiliate Ratio	Place of Incorporation	Affiliate Ratio	Place of Incorporation
Tarsim (*)	%4,17	Turkey	%4,00	Turkey
Mapfre Yaşam	%99,50	Turkey	%99,50	Turkey
Genel Servis	%51,00	Turkey	%51,00	Turkey

(*) The Company registers its Tarsim investment, in which it holds a 4.17% share, within the affiliates account.

The summarized financial information of the affiliates and subsidiaries is provided in note 45.2.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

10. Reinsurance assets

The information regarding the Company's reinsurance contracts is included in footnote 2.14.

As of December 31, 2018 and December 31, 2017, the amounts in the balance sheet and income statement of the Company regarding the reinsurance operations originating from insurance contracts are as follows:

	December 31, 2018	December 31, 2017
Reinsurer shares in provisions for unearned premiums (Note 17)	331.402.103	290.224.267
SSI shares in provisions for unearned premiums (Note 17)	36.387.752	52.546.144
Reinsurer shares in provisions for outstanding compensations (Note 17)	585.724.008	438.227.374
Reinsurer shares in mathematical provisions (Note 17)	-	-
Reinsurer shares in reserve for on-going risks (Note 17)	-	656.792
Reinsurer shares for balancing provision (Note 17)	129.994.832	104.293.914
Current account of Reinsurer companies (net)	(150.371.408)	(103.630.182)
Payables to TCIP	(2.026.749)	(1.694.592)
Payables to Tarsim	(151.719)	(25.454)
Payables to SSI regarding treatment expenses	(21.068.757)	(25.601.604)
Reinsurer shares in recourse and salvage income	(525.974)	(117.003)
Overall reinsurance assets	909.364.087	754.879.656

	January 1 - December 31, 2018	January 1 - December 31, 2017
Premiums transferred to Reinsurers	(674.855.278)	(586.282.347)
Premiums transferred to SSI	(67.367.644)	(106.782.989)
Commission taken from Reinsurers	119.844.056	103.201.001
Reinsurer shares in paid damages	210.330.354	121.602.539
Reinsurer shares in outstanding claims	147.496.634	320.824.844
Reinsurer shares in provisions for unearned premiums	41.177.836	84.158.290
SSI shares in provisions for unearned premiums	(16.158.393)	(27.645.280)
Reinsurer shares in mathematical provisions	-	-
Reinsurer shares in reserve for on-going risks	(656.792)	35.532
Reinsurer shares in balancing provision	25.700.918	22.897.178
Reinsurer shares in recourse income	(18.666.318)	(4.423.639)
Total reinsurance expenses	(233.154.628)	(72.414.871)

The detailed explanations regarding reinsurance contracts are provided in footnote no. 2.14.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

11. Financial assets

11.1 Sub-classifications of items presented in accordance with the activities of the enterprise:

Financial assets	December 31, 2018			December 31, 2017		
	Blocked	Unblocked	Total	Blockad	Unblocked	Total
<u>Financial assets available for sale</u>						
State Bonds	300.078.480	685.139.144	985.217.624	219.807.644	428.606.295	648.413.939
Private Sector Bonds	-	5.933.250	5.933.250	-	11.662.914	11.662.914
Repurchase	-	-	-	-	-	-
Stocks	-	932.720	932.720	-	1.302.001	1.302.001
<u>Financial Investments whose Risks Belong to Life Policy Holders</u>						
Time-Deposit Account	-	-	-	-	-	-
State Bonds	-	-	-	-	-	-
Total	300.078.480	692.005.114	992.083.594	219.807.644	441.571.210	661.378.854

The activities of the financial assets available for sale for the periods ending on December 31, 2018 and 2017 are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Beginning of the period	661.378.854	314.974.769
Purchases	651.603.996	458.320.743
Sales	(301.644.476)	(116.439.440)
Transfers within the period	-	-
Unrealized interest income reflected in income statement	8.051.509	13.548.605
Unrealized income/(loss) reflected in equity changes statement - net	(27.306.289)	(9.025.823)
End of period	992.083.594	661.378.854

The Company does not have any financial assets for trading purposes as of December 31, 2018 (December 31, 2017 – None). The Company does not have any financial assets for holding till maturity as of December 31, 2018 (December 31, 2017 – None).

The maturity analysis of the financial assets are as follows

December 31, 2018	Current	0 - 3 month	3 - 6 month	6 months - 1 year	1 year - 3 year	Longer than 3 years	Total
<u>Financial assets available for sale</u>							
Stocks	932.720	-	-	-	-	-	932.720
State Bonds	-	-	-	-	942.376.762	42.840.862	985.217.624
Private Sector Bonds	-	5.933.250	-	-	-	-	5.933.250
Total	932.720	5.933.250	-	-	942.376.762	42.840.862	992.083.594

December 31, 2017	Current	0 - 3 month	3 - 6 month	6 months - 1 year	1 year - 3 year	Longer than 3 years	Total
<u>Financial assets available for sale</u>							
Stocks	1.302.001	-	-	-	-	-	1.302.001
State Bonds	-	-	-	-	643.277.861	5.136.078	648.413.939
Private Sector Bonds	-	6.419.914	-	5.243.000	-	-	11.662.914
Total	1.302.001	6.419.914	-	5.243.000	643.277.861	5.136.078	661.378.854

All financial assets of the Company are in TRY currency as of December 31, 2018 and December 31, 2017.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

11. Financial assets (cont'd)

11.2 Securities other than the stocks issued within the year: None.

11.3 Securities representing the borrowing redeemed within the year: None.

11.4 Information indicating the values of the securities and financial fixed assets that are shown at the fair value in the balance sheet compared to stock exchange rates and the values of securities and financial fixed assets that are shown at the stock exchange rates compared to cost values:

Securities

	December 31, 2018	
	Cost value	Registered value (Stock rate)
<u>Financial assets available for sale</u>		
State Bonds	996.157.429	985.217.624
Private Sector Bonds	6.350.000	5.933.250
Repurchase	-	-
Stocks	1.911.743	932.720
Total	1.004.419.172	992.083.594

	December 31, 2017	
	Cost value	Registered value (Stock rate)
<u>Financial assets available for sale</u>		
State Bonds	641.197.909	648.413.939
Private Sector Bonds	11.350.000	11.662.914
Repurchase	-	-
Stocks	1.628.794	1.302.001
Total	654.176.703	661.378.854

Financial fixed assets

The financial fixed assets monitored with cost value do not have stock exchange rates.

11.5 Sums of securities issued by partnerships, subsidiaries and affiliate partnerships of the operation that fall within the securities and long-term securities group, and partnerships that have issued these: None.

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

	Change in the Value Increase	Total Value Increase
2018	(21.083.046)	(29.959.682)
2017	(7.049.579)	(8.876.636)
2016	(1.827.057)	(1.827.057)
Total	(29.959.682)	(40.663.375)

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

11. Financial assets (cont'd)

11.7 Total mortgage or collateral amounts on the active assets:

	December 31, 2018	December 31, 2017
Securities portfolio	299.326.560	258.017.575
Real estate mortgages	800	800
Total	299.327.360	258.018.375

As of December 31, 2018, the portion amounting to TRY 299,326,560 of the blockages on the securities portfolio and the portion amounting to TRY 800 of the mortgage bonds are on behalf of T.R. Ministry of Treasury and Finance (December 31, 2017: TRY 258,018,375). The Company calculated the blocked securities according to the valuation conditions stated in Article 6 of the "Regulation on the Financial Structures of Insurance, Reinsurance and Retirement Companies" published in Official Gazette No. 26606 dated August 7, 2007 in accordance with the Insurance Law. The portion amounting to TRY 540,000 of the blockages on the securities portfolio is on behalf of Tarım Sigortaları Havuz İşletmesi A.Ş. (December 31, 2017: TRY 540,000).

11.8 Fair value of financial instruments

Fair value is the value an asset may be exchanged for between the knowledgeable and willing parties within transactions that occur in conformity with the market conditions or at which a liability can be fulfilled.

The Company has determined the estimated fair values of the financial instruments using the existing market information and appropriate valuation methods. However, evaluating market information and estimating fair value requires interpretation and judgment. Consequently, the estimates presented herein are not indicative of the amounts the Company could achieve in a current market transaction.

Financial assets shown at fair value of the Company are presented in three separate categories in terms of valuation methods in the table below. "Category 1" refers to financial assets that are valued according to fair value (market data) obtained from organized markets, "Category 2" represents the financial assets valued according to comparable real transactions, and "Category 3" represents the financial assets valued according to the current value of future cash flows.

	December 31, 2018			
	Category 1	Category 2	Category 3	Total
Financial assets available for sale				
State Bonds	985.217.624	-	-	985.217.624
Private Sector Bonds	5.933.250	-	-	5.933.250
Repurchase	-	-	-	-
Stocks	932.720	-	-	932.720
Total	992.083.594	-	-	992.083.594

	December 31, 2017			
	Category 1	Category 2	Category 3	Total
Financial assets available for sale				
State Bonds	648.413.939	-	-	648.413.939
Private Sector Bonds	11.662.914	-	-	11.662.914
Repurchase	-	-	-	-
Stocks	1.302.001	-	-	1.302.001
Total	661.378.854	-	-	661.378.854

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

12. Receivables

12.1 Classification of the receivable as the receivables from commercial customers, receivables from related parties, receivables for advance payments (payments for future months and years) and others:

	December 31, 2018	December 31, 2017
Current receivables		
<u>Receivables from insurance activities</u>		
Receivables from policy holders	34.561.329	39.162.742
Receivables from intermediaries	789.660.437	661.864.877
Recourse and salvage receivables	21.654.577	16.340.306
Bank-guaranteed credit card receivables	104.508.867	43.152.724
Receivables from insurance companies	7.735	7.735
Rediscount (-)	-	(384.219)
	950.392.945	760.144.165
<u>Receivables from reinsurance activities</u>		
Receivables from reinsurance activities	59.186.437	27.385.202
	59.186.437	27.385.202
<u>Deposits at insurance and reinsurance companies</u>		
Deposits at insurance and reinsurance companies	-	61.739
	-	61.739
<u>Loans to policy holders (advance loans)</u>		
Loans to policy holders (advance loans)	-	-
	-	-
<u>Provisions for the receivables from insurance activities</u>		
Legal receivables from main activities	193.694.422	163.346.391
Provisions for the legal receivables from main activities	(193.694.422)	(163.346.391)
Provisions for the receivables from insurance activities (*)	(3.111.215)	(2.748.905)
	(3.111.215)	(2.748.905)
Total	1.006.468.167	784.842.201

(*)The Company allocated provisions for the recourse receivables for which six months (receivables from insurance companies) have passed since the payment date of the claim providing a basis for the recourse receivable and four months have passed (from real and other corporate bodies) in accordance with the provisions set out in T.R. Ministry of Treasury and Finance's Communiqués No. 2010/16 and 2011/1 dated September 20, 2010 and January 14, 2011. As of December 31, 2018, the amount of recourse receivable is TRY 3,111,215 [December 31, 2017 - TRY 2,748,905].

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

12. Receivables (cont'd)

12.1 Classification of the receivable as the receivables from commercial customers, receivables from related parties, receivables for advance payments (payments for future months and years) and others (cont'd):

The details regarding other miscellaneous receivables and expenses for future months are provided in footnote 47.

The activity table for the provision for legal receivables from main activities is as follows;

	January 1 - December 31, 2018	January 1 - December 31, 2017
Beginning of the period	163,346,391	139,962,529
Classifications	-	-
Additional allocated provision	40,747,555	38,647,150
Released provision	(1,464)	(2,839,516)
Collection	(10,398,060)	(12,423,772)
End of period	193,694,422	163,346,391

As of December 31, 2018 and December 31, 2017, the forward and retroactive aging of undue and overdue receivables from insurance operations, respectively, are as follows:

Undue / overdue receivables	January 1 - December 31, 2018	January 1 - December 31, 2017
Undue receivables	868.222.363	694.102.862
Overdue by 0-90 days	41.404.421	30.103.689
Overdue by 90-180 days	5.819.503	5.089.463
Overdue by 180-270 days	1.374.827	2.246.436
Overdue by 270-360 days	1.015.142	1.291.848
Overdue by more than 360 days	32.556.689	27.309.867
Total	950.392.945	760.144.165

(*) The Company holds collaterals in a total amount of TRY 7,842,244 as of December 31, 2018 for its overdue receivables for which it has not made any provision yet (December 31, 2017 - TRY 7,667,010).

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

12. Receivables (cont'd)

12.2 Receivable-payable relation of the establishment with partners, affiliates and subsidiaries:

	December 31, 2018			
	Receivables		Payables	
	Commercial	Non-commercial	Commercial	Non-commercial
1) Partners				
Mapfre International S.A.	-	-	-	141.150
Other	-	-	-	-
2) Subsidiaries				
Mapfre Yaşam Sigorta A.Ş.	361.988	-	115.409	-
Genel Servis Yedek Parça Dağıtım Tic.A.Ş.	-	-	300.940	-
3) Other related parties				
Mapfre Re Compania Reaseguros S.A.	-	-	-	-
Mapfre Empresas Comp. De Seguro	-	-	-	-
Mapfre Global	-	-	-	-
Mapfre Asistencia SA	-	-	-	-
Tur Asist	-	-	3.768.353	-
Mapfre Tech	-	-	-	-
Mapfre Soft	-	28.917	-	-
Fundacion Mapfre	-	2.160	-	-
Mapfre S.A.	-	-	390.672	-
Gen. Ins. Ret. Fund	-	189	-	-
MAPFRE INSURANCE	-	-	477.546	-
MAPFRE INTERNACIONAL	-	-	917.653	-
Other	-	1.679.675	-	-
4) 4) BOARD OF DIRECTORS				
Board of Directors	-	-	-	1.907.596
Total	361.988	1.710.941	5.970.573	2.048.746
	December 31, 2017			
	Receivables		Payables	
	Commercial	Non-commercial	Commercial	Non-commercial
1) Partners				
Mapfre International S.A.	-	60.785.342	-	107.489
Other	-	-	-	-
2) Subsidiaries				
Mapfre Genel Yaşam Sigorta A.Ş.	65.705	-	241.752	-
Genel Servis Yedek Parça Dağıtım Tic.A.Ş.	-	-	153.314	-
3) Other related parties				
Mapfre Re Compania Reaseguros S.A.	-	-	-	-
Mapfre Empresas Comp. De Seguro	-	-	-	-
Mapfre Global	-	-	-	-
Mapfre Asistencia SA	-	-	-	-
Tur Asist	-	-	2.914.943	-
Mapfre Tech	-	-	-	-
Mapfre Soft	-	-	-	-
Fundacion Mapfre	-	29.951	-	-
Mapfre S.A.	-	-	-	-
Gen. Ins. Ret. Fund	101.502	339.582	-	32.299
Other	-	1.291.855	-	-
4) Board of Directors				
Board of Directors	-	-	-	-
Total	167.207	62.446.730	3.310.009	139.788

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

12. Receivables (cont'd)

12.3 Total amount of mortgages and other collateral purchased for receivables:

	December 31, 2018	December 31, 2017
Mortgage bonds purchased	27.526.509	27.365.009
Cash	10.449.355	9.875.125
Guarantee letters purchased	25.093.651	28.163.537
Other warranties and bailments	2.091.314	2.174.989
Total	65.160.829	67.578.660

12.4 Receivables and payables denominated in foreign currencies with no foreign exchange guarantees, separate foreign currency amounts within assets and TRY conversion rates:

Indicated with the conversion rates in footnote 4 (a) (iii).

13. Derivative financial instruments

None (December 31, 2016 - None).

14. Cash and cash equivalents

The cash and cash equivalents constituting the basis of the cash flow statement for the period ending on December 31, 2018 are shown in footnote 2.12.

The Company holds a blocked treasury note of TRY 312,000,000 as of December 31, 2018 (December 31, 2017: TRY 37,500,000 time deposit).

The maturity of the Company's time deposits is between 34 days and 189 days as of the balance sheet date (December 31, 2017 - between 60 days and 197 days). The interest rates of the term deposits on a foreign currency basis are as follows:

	December 31, 2018	December 31, 2017
Foreign currency/TRY	Annual rate of interest (%)	Annual rate of interest (%)
TRY	23,20 % - 27%	11,90-13,64
Euro	1,60% - 1,95 %	1,25-2,25
US Dollars	4,25% - 4,50 %	3,40-3,80

The values of cash and cash equivalents on a foreign currency basis are indicated in footnote no. 4 (a) (iii).

15. Capital

15.1 Distributions to partners; the amount of transactions made by the organization with partners and the transactions made by the partners among themselves:

On December 21, 2017, the Company paid to its shareholders TRY 60,940,917 as an advance dividend from the profits for year 2017, through a Board of Directors resolution. In accordance with the resolution taken at the Ordinary General Assembly Meeting dated March 31, 2018, the Company paid to its shareholders TRY 79,907,089 on April 6, 2018 and the remaining TRY 68,721,897 on August 13, 2018 from dividends of TRY 148,628,986 that accrues to shareholders and holders of founder's dividend shares.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

15. Capital (cont'd)

15.2 Legal reserves

According to the Turkish Commercial Code, the legal reserves are divided into the first and the second legal reserves. In accordance with the Turkish Commercial Code, the first legal reserve is allocated out of the statutory net profit at the rate of 5% until the total reserve reaches 20% of the paid-in/issued capital of the company. The second legal reserve is 10% of the profit exceeding 5% of the paid-in/issued capital. According to the Turkish Commercial Code, the legal reserves can only be used to clarify losses unless they exceed 50% of the paid-in/issued capital; it is not possible to use them in any other way.

The activities of the legal reserves within the period are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Beginning of the period	73.648.581	68.679.287
Transfer from last year's profit	30.424.579	4.969.294
End of period	104.073.160	73.648.581

Financial asset valuation:

Unrealized gains and losses arising from changes in the fair value of financial assets available for sale and tax effects are monitored in equity under "Financial Asset Valuation".

The activities of the financial asset valuation amount within the accounting period are as follows. Such amounts are shown net of deferred tax effect in equity.

	January 1 - December 31, 2018	January 1 - December 31, 2017
Beginning of the period	(8.876.636)	(1.827.057)
Fair value change and effect of sales	(26.620.677)	(9.331.167)
Deferred value tax regarding fair value increase (Note 21)	5.537.631	2.281.588
Transfer from the current period corporate tax regarding the fair value increase (Note 35)	-	-
End of period	(29.959.682)	(8.876.636)

Other profit reserves:

Other Profit Reserves in the Equity account amounting to TRY 43,307,425 as of December 31, 2018 and December 31, 2017 consist of the Earthquake Claim Provisions in the balance sheet as of December 31, 2006 and the revenues that were derived from these provisions before June 14, 2007 and monitored within these provisions.

Other capital reserves: None.

Special funds

75% of the profits arising from the sale of participation shares and real estates retained for at least two years are tax exempted, provided that they are added to the capital as stipulated in the Corporate Tax Law or they are kept as equity for five years.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

15. Capital (cont'd)

15.2 Legal reserves (cont'd)

As of December 31, 2018, the balance of the special funds account is TRY 50,695,965. TRY 52,927,760 (December 31, 2017: TRY 48,404,938) of this balance corresponds to the amount obtained from the real estate sales and exempted from the corporate tax in accordance with Article 511/e of the Corporate Tax Law corresponding to 75% of the profit and the amount deemed to be transferred to the special funds account in the liabilities of the balance sheet in accordance with the same article of the aforementioned law. In addition, the amount of TRY 2,260,652, which is the effect of the severance pay, actuarial losses and deferred income tax (December 31, 2017: TRY 2,590,867) is monitored in the special funds account.

15.3 Capital activities

As of December 31, 2018 and December 31, 2017, the paid-in capital of the Company consists of 350,000,000 shares with the unit nominal value of TRY 1.

Other detailed information regarding the company capital is included in the footnote 2.13.

15.4 Capital adequacy

In accordance with the "Regulation on the Amendment to the Regulation on Measurement and Evaluation of the Capital Adequacy of Insurance, Reinsurance and Retirement Companies" published in the Official Gazette No. 27156 dated January 1, 2009 by T.R. Ministry of Treasury and Finance, the calculated capital adequacy results of the Company are provided in the table below.

	December 31, 2018	December 31, 2017
Accepted capital	806.859.441	876.931.074
The required amount of equity for the Company	739.865.528	706.468.524
Capital Adequacy Result	66.993.913	170.462.550

16. Other provisions and capital constituent of the optional participation

The information regarding other reserves in the equity is included in footnote 15.

17. Insurance obligations and reinsurance assets

17.1 The collateral amounts established for the life and non-life lines of business based on the collateral amounts and assets required to be established by the Company for life and non-life lines of business:

	December 31, 2018	December 31, 2017
The collateral amount required to be established for non-life lines of business	247.421.843	236.289.506
The collateral amount established for non-life lines of business (*)	311.513.280	257.477.575

(*) Based on the Article 4 of the "Regulation on the Financial Structures of Insurance, Reassurance and Retirement Companies" published in Official Gazette No. 26606 dated August 7, 2007 in accordance with the Insurance Law, the minimum guarantee fund for insurance companies and retirement companies operating in life and personal accident lines of business shall be no less than one third of the sum of the minimum incorporation capital. The minimum guarantee fund for non-life insurance branches is established as collateral during the capital adequacy calculation period. The amount of the collateral required to be established and the amount of the collateral established for the financial statements of the Company dated December 31, 2018 are stated in the table above.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

17.2 The Company's number of life policies and the number of allocated and current policy holders and mathematical provisions: None (December 31, 2017 - None).

17.3 Insurance collateral amount granted to non-life policy holders based on the lines of business: Explained in footnote no. 4.

17.4 Retirement investment funds created by the Company and unit prices: None (December 31, 2017 - None).

17.5 Number and amounts of participation documents in the portfolio and participation documents in transition: None (December 31, 2017 - None).

17.6 Portfolio amounts of the personal retirement and group retirement participants entering, leaving, canceled, or current within the period per quantity: None (December 31, 2017 - None).

17.7 Valuation methods used in calculating the dividend in participating life insurances: None (December 31, 2017 - None).

17.8 Personal and corporate allocations for the gross and net participation of the personal retirement participants newly entered in the period: None (December 31, 2017 - None).

17.9 Personal and corporate allocations of the gross and net participation for the personal retirement participants from other companies in the period: None (December 31, 2017 - None).

17.10 Personal and corporate allocations of the gross and net participation of the personal retirement participants switching to personal retirement from the life portfolio of the Company in the period: None (December 31, 2017 - None).

17.11 Personal and corporate allocations of the gross and net participation of the personal retirement participants leaving the Company portfolio and switching to another company or not, or both, in the period: None (December 31, 2017 - None).

17.12 Personal and corporate allocations of the gross and net premium amounts for policy holders with life insurance newly entered in the period: None (December 31, 2017 - None).

17.13 Personal and corporate allocations of the provisions of the gross and net premium amounts for policy holders with life insurance leaving the portfolio in the period: None (December 31, 2017 - None).

17.14 Dividend distribution to life insurance policy holders in the period: None (December 31, 2017 - None).

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

17.15 Amounts incurring due to insurance policies:

	December 31, 2018	December 31, 2017
Gross insurance technical provisions		
Provisions for unearned premiums	1.338.582.203	1.305.438.153
Provisions for outstanding claims and compensations	1.771.193.339	1.367.337.226
Actuarial mathematical provisions	-	-
Dividend Provisions for Life	-	-
Reserve for on-going risks	-	1.521.355
Provisions for bonuses and discounts	9.030.586	19.910.583
Balancing provisions	200.492.369	160.091.438
Total	3.319.298.497	2.854.298.755
Reinsurer shares in technical provisions for insurance		
Provisions for unearned premiums (Note 10)	(331.402.103)	(290.224.267)
SSI shares in provisions for unearned premiums (Note 10)	(36.387.752)	(52.546.144)
Provisions for outstanding claims and compensations (Note 10)	(585.724.008)	(438.227.374)
Life mathematical provisions	-	-
Dividend Provisions for Life	-	-
Reserve for on-going risks	-	(656.792)
Provisions for bonuses and discounts	-	-
Balancing provisions	(129.994.832)	(104.293.914)
Total	(1.083.508.695)	(885.948.491)
Net insurance technical provisions		
Provisions for unearned premiums	970.792.348	962.667.742
Provisions for outstanding claims and compensations	1.185.469.331	929.109.852
Life mathematical provisions	-	-
Dividend Provisions for Life	-	-
Reserve for on-going risks	-	864.563
Provisions for bonuses and discounts	9.030.586	19.910.583
Balancing provisions	70.497.537	55.797.524
Total	2.235.789.802	1.968.350.264

Activity table of the outstanding claims reserve in the accounting period

	January 1 -December 31, 2018			January 1 -December 31, 2017		
	Gross	Reinsurer share	Net	Gross	Reinsurer share	Net
Beginning of the period	1.367.337.226	(438.227.374)	929.109.852	812.196.182	(117.402.531)	694.793.651
Paid claims	(1.710.204.896)	210.330.354	(1.499.874.542)	(1.521.693.329)	121.602.539	(1.400.090.790)
Outstanding claims in the current period	2.114.061.009	(357.826.988)	1.756.234.021	2.076.834.373	(442.427.382)	1.634.406.991
End of period	1.771.193.339	(585.724.008)	1.185.469.331	1.367.337.226	(438.227.374)	929.109.852
	January 1 -December 31, 2018			January 1 -December 31, 2017		
	Gross	Reinsurer share	Net	Gross	Reinsurer share	Net
Claims incurred and reported	956.178.044	(479.054.845)	477.123.199	825.710.236	(367.638.175)	458.072.061
Claims incurred but not reported	815.015.295	(106.669.163)	708.346.132	541.626.990	(70.589.199)	471.037.791
End of period	1.771.193.339	(585.724.008)	1.185.469.331	1.367.337.226	(438.227.374)	929.109.852

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

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

17.15 Amounts incurring due to insurance policies (cont'd):

Activity table of the provision for unearned premiums in the accounting period:

	January 1 -December 31, 2018			January 1 -December 31, 2017		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Beginning of the period	1.305.438.153	(342.770.411)	962.667.742	1.413.046.017	(286.257.402)	917.348.877
Increase/(decrease)						
-Provisions for unearned premiums in the current period	1.087.834.953	(295.745.835)	792.089.118	1.256.810.401	(307.942.401)	1.113.375.783
- Past years' provisions for unearned premiums	(1.054.690.903)	270.726.391	(783.964.512)	(1.364.418.265)	251.429.392	(903.936.045)
End of period	1.338.582.203	(367.789.855)	970.792.348	1.305.438.153	(342.770.411)	1.126.788.615

Activity table of the reserve for on-going risks in the accounting period:

	January 1 -December 31, 2018			January 1 -December 31, 2017		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Beginning of the period	1.521.355	(656.792)	864.563	753.762	(621.260)	132.502
Net change	(1.521.355)	656.792	(864.563)	767.593	(35.532)	732.061
End of period	-	-	-	1.521.355	(656.792)	864.563

Activity table of the balancing provisions in the accounting period:

	January 1 -December 31, 2018			January 1 -December 31, 2017		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Beginning of the period	160.091.438	(104.293.914)	55.797.524	124.522.130	(81.396.619)	43.125.511
Allocated provisions in the period	40.618.066	(25.898.675)	14.719.391	35.873.888	(23.110.095)	12.763.794
Earthquake claims paid in the period	(62.727)	8.800	(53.927)	(13.759)	2.635	(11.124)
Outstanding change in earthquake claims	(154.408)	188.957	34.549	(290.821)	210.165	(80.657)
End of period	200.492.369	(129.994.832)	70.497.537	160.091.438	(104.293.914)	55.797.524

Net technical provisions registered in foreign currency as of December 31, 2018 are specified in the footnote no. 4 (a) iii.

Activity table of the provisions for bonuses and discounts in the accounting period:

	January 1 -December 31, 2018			January 1 -December 31, 2017		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Beginning of the period	19.910.583	-	19.910.583	14.580.132	-	14.580.132
Allocated provisions in the period	19.365.423	-	19.365.423	46.372.364	-	46.372.364
Paid in the period	(30.245.420)	-	(30.245.420)	(41.041.913)	-	(41.041.913)
End of period	9.030.586	-	9.030.586	19.910.583	-	19.910.583

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018
(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

17. Insurance obligations and reinsurance assets (cont'd) 17.15 Amounts incurring due to insurance policies (cont'd):

The claim development of the Company along with final claim cost estimates as of December 31, 2017 is as follows;

Year of Notification	Year of Accident							Total	
	December 31, 2010 and before	January 01, 2011 - December 31, 2011	January 01, 2012 - December 31, 2012	January 01, 2013 - December 31, 2013	January 01, 2014 - December 31, 2014	January 01, 2015 - December 31, 2015	January 01, 2016 - December 31, 2016		January 01, 2017 - December 31, 2017
In the year of accident	18.721.928	5.747.259	5.158.581	9.316.633	14.531.027	37.934.318	78.360.595	207.361.273	377.131.614
1 year later	3.091.051	2.078.249	3.949.687	8.457.769	22.680.409	40.525.622	59.784.091		140.566.877
2 years later	1.240.807	1.379.107	3.293.883	6.377.320	11.070.745	15.524.284			38.886.147
3 years later	1.298.076	505.449	1.761.283	3.904.273	6.184.117				13.653.198
4 years later	1.048.686	506.952	1.055.953	2.882.605					5.494.196
5 years later	1.749.770	725.999	1.927.462						4.403.230
6 years later	1.796.171	1.552.404							3.348.574
7 years later	2.208.795								2.208.795
Total outstanding claims based on the claim development table	31.155.283	12.495.418	17.146.848	30.938.601	54.466.298	93.984.224	138.144.686	207.361.273	585.692.632
Claims incurred but not reported									471.037.792
Outstanding claims reserve for works received									13.348.748
Quota share for the outstanding claims reserve (2007 and before)									(68.718)
Excess of loss									-
Cut off									24.839
Earnable Outstanding Claims									(20.164.853)
Discount due to cash şows									(120.760.588)
Total provisions for outstanding claims and compensations as of December 31, 2017									929.109.852

MAPFRE Sigorta Anonim Şirketi**Footnotes regarding the unconsolidated financial tables
as of December 31, 2018**

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

18. Investment agreement liabilities

None (December 31, 2017 - None).

19. Commercial and other payables, deferred income

The payables of the Company from main activities as of December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
<u>Payables for insurance activities</u>	190.614.213	148.628.445
Payables to Policy Holders/Intermediaries	190.614.213	148.192.899
Payables to Insurance Companies	-	435.546
<u>Payables for reinsurance activities</u>	204.980.532	128.521.048
Payables to reinsurance companies	108.299.677	112.219.624
Payables to intermediaries	78.530.400	16.441.452
Payables to Insurance Companies	23.042.082	2.652.301
Payable rediscount	(4.891.627)	(2.792.329)
<u>Deposits received</u>	68.905	355.772
Deposits received	68.905	355.772
<u>Payables for other main activities</u>		
Payables for other main activities	-	-
Total	395.663.650	277.505.265

The commercial and other payables in foreign currency as of December 31, 2018 and December 31, 2017 are stated in the footnote no. 4 (a) ii.

The Company's income relating to future months and accrued expenses as of December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Deferred commission income	63.290.891	55.879.747
Accrued expenses	-	-
Other	-	-
Total	63.290.891	55.879.747

20. Financial payables

The company does not have any financial liability as of December 31, 2018 (December 31, 2017 - None).

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

21. Deferred Income Tax

As of December 31, 2018 and December 31, 2017, the allocation of the temporary differences subject to deferred tax and tax assets and liabilities deferred by using the effective tax ratios is as follows:

	Cumulative temporary differences December 31, 2018	Deferred tax assets/ (liabilities) December 31, 2018	Cumulative temporary differences December 31, 2017	Deferred tax assets/ (liabilities) December 31, 2017
Deferred tax assets / (liabilities)				
Valuation of securities	(3.260.636)	(1.226)	255.115	53.252
Provisions for doubtful receivables	19.611.973	3.922.395	13.437.162	2.687.432
Reserve for on-going risks	-	-	864.563	190.204
Provisions for leave	6.117.976	1.223.595	5.135.726	1.027.145
Provisions for BITT	5.400.061	1.188.013	4.081.398	897.908
Rediscounts for receivables and payables	(6.728.520)	(1.480.274)	(2.796.703)	(615.275)
Staff Bonus Payment Advance	9.389.878	2.065.773	13.904.000	3.058.880
Over-allocated ACLM Amount	27.036.815	5.407.363	7.931.219	1.586.244
Provisions for recourse and recovery doubtful receivables	3.111.215	684.467	2.748.905	604.759
Incentive commission accrual	3.607.916	793.742	3.463.273	761.920
Social support fund deficit	2.090.015	418.003	2.260.892	452.178
Provisions for asset impairment	-	-	-	-
Provisions for severance pay	9.957.663	1.991.533	8.606.544	1.721.309
Provisions for security impairment	88.146	17.629	88.146	17.629
Fixed asset depreciation differences	(14.046.237)	(2.809.247)	(11.141.683)	(2.228.335)
Provision for discounts and bonuses	9.030.586	1.986.729	19.910.583	4.380.328
Opposition lawsuits	1.630.353	358.678	1.218.719	268.118
Other provisions	3.551.597	781.350	660.714	145.357
Cost margin for acquired property	46.752.328	9.350.466	47.726.335	9.545.267
Total deferred tax assets	123.341.129	25.898.989	118.354.908	24.554.320

As the 22 percent Corporate Tax rate became applicable through the "Law on the Amendment of Certain Tax Laws and a number of Other Laws" no. 7061, the deferred tax assessments during the preparation of financial statements as of December 31, 2018 were based on a rate of 22 percent for temporary differences which can probably be recovered in 2019, and 2020, and on 20 percent for the portion exceeding two years.

The activity table for the deferred tax assets is as follows

	January 1 - December 31, 2018	January 1 - December 31, 2017
Beginning of the period	24.554.320	4.316.723
Deferred tax effect reflected to equity (Note 15)	5.537.631	2.281.588
Deferred tax income/(expense)	(4.192.962)	17.956.009
End of period	25.898.989	24.554.320

MAPFRE Sigorta Anonim Şirketi**Footnotes regarding the unconsolidated financial tables
as of December 31, 2018**

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

22. Retirement social support liabilities

According to the Turkish Labor Law, the Company is obliged to pay severance pay to staff members who have completed one year of employment and have terminated their contract, retired, completed service years and earned their retirement, been called for military service or passed away. The compensation to be paid equals to a month's salary for each year of service and this amount is limited to TRY 5,434,42 as of December 31, 2018 (December 31, 2017 – TRY 4,732). The Company calculated its relevant liability in accordance with TAS 19 as of December 31, 2017 and recorded its severance pay liability amounting to TRY 9,957,663 (December 31, 2017 – TRY 8,606,544).

The provisions for severance pay is allocated by calculating today's value for the possible liability required to be paid in the event of employees' retirement. Accordingly; The actuary assumptions used to calculate the liability as of December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Discount ratio	4,23%	3,76%
Annual inflation rate	6,50%	6,50%
Average interest rate per annum	11,00%	10,50%

The provisions for severance pay activities for the accounting periods between January 1 – December 31, 2018 and ending on 2017 are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Beginning of the period	8.606.544	6.811.091
Paid in the period	(2.881.489)	(1.226.090)
Actuarial loss/(gain)	(412.769)	963.645
Provision amount allocated in the current period	4.645.377	2.057.898
End of period	9.957.663	8.606.544

The activity of the provisions for social support fund asset deficits for the accounting period between January 1 – December 31, 2018 and ending on 2017 is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Beginning of the period	2.260.892	2.290.045
Period (income)/expense, net	(170.877)	(29.153)
End of period	2.090.015	2.260.892

The provisions for leaves for the accounting periods between January 1 – December 31, 2018 and ending on 2017 are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Beginning of the period	5.135.726	4.307.948
Period (income)/expense	982.250	827.778
	6.117.976	5.135.726

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

23. Other liabilities and provisions

23.1 Provisions regarding the social security of the personnel and others:

The employees of the Company are the members of T. Genel Mapfre Sigorta A.Ş. Pension and Social Support Fund for Officials and Servants ("Fund") which was established in accordance with the provisional article 20 of the Social Insurance Law No. 506. In accordance with the legal regulations set out in detail in Note 2, the Company determined the fund deficit, which will be calculated in accordance with the methods stated within the scope of such legal regulations during the transfer to SSI, by using actuarial methods, and reflected the provision for the fund deficit as per TAS 37 as TRY 2,090,015 in its financial statements (TRY 2,260,892 as of 31 December 2017).

23.2 Provision for cost expenses

	December 31, 2018	December 31, 2017
Incentive commission provision	3.607.916	3.013.273
Staff bonus payment advance	9.389.878	13.904.000
Other provisions	5.181.950	2.329.433
	18.179.744	19.246.706

23.3 Total amount of undertakings not included in the liabilities:

The undertakings not included in the liabilities is defined in footnote no 43.

24. Insurance premium income

The details for net insurance premiums recorded in the accounting periods ending on December 31, 2018 and 2017 are as follows:

	January 1 - December 31, 2018			January 1 - December 31, 2017		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Land vehicles	374.866.179	(231.250)	374.634.929	294.316.658	(59.125)	294.257.533
Land vehicles liability	893.874.958	(142.487.732)	751.387.226	1.206.228.283	(200.582.088)	1.005.646.196
Financial losses	2.140.889	(1.780.316)	360.572	1.900.310	(1.584.286)	316.024
Fire and natural disasters	349.011.294	(274.712.440)	74.298.854	321.136.313	(251.967.652)	69.168.661
General losses	304.076.613	(244.903.488)	59.173.125	245.669.456	(179.846.973)	65.822.483
Disease/health	559.630.190	(1.587.061)	558.043.129	477.774.099	(1.562.068)	476.212.031
Transportation	52.434.026	(15.460.553)	36.973.474	43.243.440	(11.891.133)	31.352.307
Accident	23.802.005	(8.102.031)	15.699.975	17.422.728	(3.075.291)	14.347.438
General liability	75.366.496	(45.211.410)	30.155.086	65.227.479	(37.347.691)	27.879.788
Watercrafts	7.682.713	(6.053.684)	1.629.028	5.168.062	(3.914.012)	1.254.050
Aircrafts	617.311	(616.512)	799	465.735	(464.978)	758
Aircraft liability	468.938	(468.486)	452	324.162	(323.788)	374
Legal Protection	2.218.867	(2)	2.218.865	1.721.679	(5)	1.721.673
Bailment	1.561.553	(607.958)	953.595	1.419.273	(446.247)	973.025
Life	-	-	-	-	-	-
Total premium income	2.647.752.032	(742.222.922)	1.905.529.110	2.682.017.675	(693.065.336)	1.988.952.339

25. Subscription (fee) income

None (December 31, 2017 - None).

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

26. Investment income and expenses

The details for investment income and expenses for the accounting periods ending on December 31, 2018 and 2017 are as follows:

	January 1 -December 31, 2018	January 1 -December 31, 2017
<u>Decrease in Investment Value</u>		
Provision for Decrease in the Value of Stocks	(652.230)	273.000
Total Decrease in the Investment Value	(652.230)	273.000
<u>Depreciation Expenses</u>		
Depreciation Expenses	(15.464.677)	(10.177.930)
Total Depreciation Expenses	(15.464.677)	(10.177.930)
Stock Sale Losses	-	-
Fixed Asset Sale Losses	-	-
Total Losses After the Conversion of Investments to Cash	-	-
<u>Foreign Exchange Losses</u>		
Exchange rate difference in current transactions	(65.225.139)	(29.132.769)
Other foreign exchange losses	(7.178.467)	(1.297.542)
Foreign currency sale losses	(178.436)	(356.236)
Exchange rate difference losses in foreign currency deposits	56.040	(4.409)
Total Foreign Exchange Losses	(72.526.002)	(30.790.956)
<u>Investment Income Transferred to Non-Technical Department</u>		
State Bond Income	(111.527.479)	(35.982.763)
Repurchase Income	-	-
Term Deposit Income	(131.350.969)	(145.401.707)
Stock sale profits-losses	(1)	-
Private Sector Bills	(1.534.526)	(1.468.046)
Income from Real Estates	(3.660.899)	(6.944.329)
Dividend Income	(250.468)	(415.691)
Total Investment Income Transferred to Non-Life Technical Department	(248.324.342)	(190.212.536)
Total	(336.967.251)	(230.908.422)

(*) The investment income transferred to the Non-Life Technical Department was calculated in accordance with T.R. Ministry of Treasury and Finance's "Communiqué on the Procedures and Principles of the Keys Used in Financial Statements Prepared with Respect to the Uniform Chart of Accounts for Insurance" dated January 4, 2008.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

26. Investment income and expenses (cont'd)

	January 1 - December 31, 2018	January 1 - December 31, 2017
<u>Income from Financial Investments</u>		
Financial assets available for sale	115.679.846	30.728.106
Financial assets with purchase and sale purpose	-	-
Financial assets to be retained until maturity	-	-
Time-deposit account interest income	143.746.198	171.903.081
Interest income from the receivables from partners	-	-
Total Income from Financial Investments	259.426.044	202.631.187
<u>Income from Conv. of Financial Investments to Cash</u>		
Financial assets available for sale	2	-
Financial assets with purchase and sale purpose	-	-
Total Income from Conv. of Financial Investments to Cash	2	-
<u>Assessment of Financial Investments</u>		
Financial assets available for sale	8.051.509	13.548.605
Financial assets with purchase and sale purpose	-	-
Financial assets to be retained until maturity	-	-
Time-Deposit Account	-	-
Total Assessment of Financial Investments	8.051.509	13.548.605
<u>Foreign Currency Gains</u>		
Exchange rate difference profits in foreign currency deposits	29.452.772	3.194.424
Exchange rate difference profit in current transactions	62.995.375	31.199.609
Foreign currency sale profits	22.929.444	2.002.638
Other foreign currency gains	62.726.110	12.097.396
Total foreign currency gains	178.103.701	48.494.067
<u>Income from affiliates and subsidiaries</u>		
Income from affiliates and subsidiaries	340.724	631.989
Income from Subsidiaries	340.724	631.989
<u>Income from Plots, Lands and Buildings</u>		
Leasing	4.006.368	2.205.086
Sale	(16.216)	6.004.938
Total Income from Plots, Lands and Buildings	3.990.152	8.210.024
<u>Investment Income Transferred from the Life Technical Section</u>		
Investment Income Transferred from the Life Technical Section	-	-
Investment Income Transferred from the Life Technical Section	-	-
Total	449.912.132	273.515.872

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

27. Net accrual income of financial assets

The income and expense information related to government bonds and private sector bills monitored in the financial assets available for sale for the periods ending on December 31, 2018 and 2017 are as follows;

	January 1 - December 31, 2018	January 1 - December 31, 2017
Available-for-sale state bonds	8.198.989	13.353.293
Available-for-sale private sector bills	(147.480)	195.312
Other financial assets	-	-
Total	8.051.509	13.548.605

28. Assets whose fair value difference is reflected in the income statement

None (December 31, 2017 - None).

29. Insurance rights and claims

Insurance obligations and reinsurance assets are detailed in footnote no. 17.

30. Investment agreement rights

None (December 31, 2017 - None).

31. Other mandatory expenses

	January 1 - December 31, 2018	January 1 - December 31, 2017
Operation expenses classified under Non-life Technical Department	(397.079.409)	(418.807.064)
Operation expense classified under the Non-Technical Department	(15.464.677)	(10.177.930)
Total	(412.544.086)	(428.984.994)

32. Expense types

	January 1 - December 31, 2018	January 1 - December 31, 2017
Staff expenses	(116.653.741)	(94.785.070)
Net commission expenses	(203.882.634)	(246.760.378)
General management expenses	(36.106.685)	(30.184.680)
Marketing and sales expenses	(8.852.100)	(18.901.400)
Outsourced benefits and service expenses	(21.054.966)	(10.946.608)
Research and Development Expenses Other	-	(39.869)
Other	(10.529.283)	(17.189.059)
Total	(397.079.409)	(418.807.064)

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

33. Expenses of benefits provided to employees

	January 1 - December 31, 2018	January 1 - December 31, 2017
Salaries	(91.509.205)	(76.451.109)
Severance payment	(2.598.299)	(1.226.097)
Social support	(12.795.102)	(9.655.164)
Other	(9.751.135)	(7.452.700)
Total	(116.653.741)	(94.785.070)

34. Financial costs

34.1 All financial expenses of the period: None (December 31, 2017 - None).

34.1.1 Charged to production costs: None (December 31, 2017 - None).

34.1.2 Charged to fixed asset costs: None (December 31, 2017 - None).

34.1.3 Charged directly to expenses: None (December 31, 2017 - None).

34.2 The portion of financing expenses of the period regarding partners, subsidiaries and affiliates (those with more than 20% share in the total amount shall be shown separately):
None (December 31, 2017 - None).

34.3 Sales and purchases made with partners, subsidiaries and affiliates (those with more than 20% share in the total amount shall be shown separately):

	January 1 - December 31, 2018			
	Reinsurance commission received/(given)	Reinsurance premium received/(given) in claim	Reinsurance premium (transferred)/ taken over	Leasing
MAPFRE RE Compania				
Reaseguros S.A.	69.738.464	127.754.779	(293.990.963)	-
MAPFRE Global	8.874.668	7.591.534	(63.201.869)	-
MAPFRE Asistencia	2.792.188	203.925	(602.273)	-
MAPFRE Yaşam Sigorta A.Ş.	-	(1.018.011)	72.856	204.953
Total	81.405.320	134.532.227	(357.722.249)	204.953

	January 1 - December 31, 2017			
	Reinsurance commission received/(given)	Reinsurance premium received/(given) in claim	Reinsurance premium (transferred)/ taken over	Leasing
MAPFRE RE Compania				
Reaseguros S.A.	64.657.474	82.342.763	(261.233.855)	-
MAPFRE Global	5.671.558	7.545.151	(38.775.634)	-
MAPFRE Asistencia	771.037	437.035	(3.585.764)	-
MAPFRE Yaşam Sigorta A.Ş.	-	(799.352)	50.378	186.723
Total	71.100.069	89.525.597	(303.544.875)	186.723

MAPFRE Sigorta Anonim Şirketi**Footnotes regarding the unconsolidated financial tables
as of December 31, 2018**

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

34. Financial costs (cont'd)**34.4 Interests, leases, etc. received from and paid to partners, subsidiaries and affiliates (those with more than 20% share in the total amount shall be shown separately):**

Explained in footnote no. 45.

35. Income taxes

Company activities are subject to tax legislation and practices in Turkey.

The corporate tax ratio in Turkey is 20%. Corporate tax is declared before the evening of the twenty- fifth day of the fourth month following the end of the accounting period and is paid in one installment before the end of the relevant month. In accordance with the tax legislation, 20% advance tax is calculated on the quarterly earnings and the amounts paid in this way are deducted from the tax calculated on the annual earnings.

Pursuant to the Corporate Tax Law, financial losses indicated on the declaration can be deducted from the corporate tax base of the period, provided that it shall not exceed five years. Declarations and the related accounting records can be reviewed within five years of the tax year and tax accounts can be revised.

15% corporate tax is deducted from the dividends which are distributed to the limited taxpayers, apart from those obtaining dividends via a workplace or permanent representative in Turkey, or to limited taxpayers exempt from the corporate tax (adding profit to capital is not deemed as profit distribution) that are included in Article 75, paragraph two, sub-paragraphs (1), (2) and (3) of the Corporate Tax Law by the fully responsible taxpayer corporations. A deduction amounting to 15% of the tax is made from the dividends distributed to the corporations exempted from tax (Adding profit to capital is not deemed as profit distribution.) that are included in the sub-paragraphs (1), (2) and (3) in the second paragraph of Article 75 of corporate tax.

A deduction amounting to 15% is made from the dividends distributed to fully responsible taxpayer natural entities, those who are not income and corporate taxpayers and who are exempted from income tax (Adding profit to capital is not deemed as profit distribution.) that are included in the sub- paragraphs (1), (2) and (3) in the second paragraph of Article 75.

A deduction amounting to 15% is made from the dividends distributed to limited taxpayer natural entities and limited taxpayers exempt from income tax (adding profit to capital is not deemed as profit distribution) that are included in Sub-Paragraphs (1), (2) and (3), Paragraph 2, Article 75.

According to the provisions of the international agreements for the avoidance of double taxation, it is possible to apply a reduced rate of withholding, which can be applied by submitting a certificate of residence.

Corporations are exempt from corporation tax at a rate of 75% for their share earnings held for a period of two years in an establishment asset under Article 5 (1) of the Corporate Tax Law.

The prepaid tax and tax provision amount as of December 31, 2018 and December 31, 2017 are submitted below:

	January 1 - December 31, 2018	January 1 - December 31, 2018
Provisions for taxes to be paid	1.905.366	62.502.160
Prepaid tax	(35.766.446)	(91.282.303)
	(33.861.080)	(28.780.143)

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

35. Income taxes (cont'd)

The analysis of the provisions for tax expense reflected in the income statement for the periods ending on December 31, 2018 and 2017 are submitted below:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Profit before taxes (including deferred tax)	20.671.961	248.999.408
Deferred tax income/expense	4.192.962	(17.956.009)
Additions to/deductions from the tax base	(16.204.169)	80.854.349
Increase in tax rate		613.053
	8.660.755	312.510.801
Tax rate	22%	20%
Calculated corporate tax provision	(1.905.366)	(62.502.160)
Deferred tax income/expense	(4.192.962)	17.956.009
Current tax expenses, net deferred tax expenses	(6.098.328)	(44.546.151)
	January 1 - December 31, 2017	January 1 - December 31, 2017
Reflected to equity (Note 15)	-	-
Reflected to income statement	1.905.366	62.502.160
Current tax expenses	1.905.366	62.502.160

36. Net exchange rate change income/expenses

	January 1 - December 31, 2017	January 1 - December 31, 2017
Exchange rate difference profits/losses in foreign currency deposits	29.508.812	3.190.014
Exchange rate difference profits/losses in current transactions	(2.229.764)	2.066.840
Foreign currency sale profits	22.751.007	1.646.403
Exchange rate difference profits/losses in other transactions	55.547.644	10.799.854
	105.577.699	17.703.111
Technical Section		
Foreign currency gains/losses for life line of business	-	-
Total foreign currency gains	105.577.699	17.703.111

MAPFRE Sigorta Anonim Şirketi**Footnotes regarding the unconsolidated financial tables as of December 31, 2018**

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

37. Earnings per share**37.1 Profit per share and dividend rates, provided that they are shown separately for ordinary and preferred stocks:**

Earnings per share are calculated by dividing the net profit for the period by the number of weighted average shares of the Company's shares during the period. Calculation is as follows;

	January 1 December 31, 2018	January 1 - December 31, 2017
Net profit for the current period	18.766.595	186.497.248
Number of weighted average shares with a nominal value of 1 TRY	350.000.000	350.000.000
Profit per share (TRY)	0,05	0,53

38. Dividends per share

Dividend per share are calculated by dividing the dividend paid within the year by the number of weighted average shares of the Company's shares during the period. Calculation is as follows;

	January 1 December 31, 2018	January 1 - December 31, 2017
Dividends distributed within the period (*)	209.569.903	31.741.978
Number of weighted average shares with a nominal value of 1 TRY	350.000.000	350.000.000
Dividend by share (TRY)	0,60	0,09

(*) The Company paid to its shareholders TRY 60,940,917 as an advance dividend from the profits for year 2017, through a Board of Directors resolution dated December 21, 2017. In accordance with the resolution taken at the Ordinary General Assembly Meeting dated March 31, 2018, the Company paid to its shareholders TRY 79,907,089 on April 6, 2018 and the remaining TRY 68,721,897 on August 13, 2018 from dividends of TRY 148,628,986 that accrues to shareholders and holders of founder's dividend shares.

39. Cash generated from activities

Cash generated from activities is indicated in the Cash Flow Statement.

40. Convertible bonds

None.

41. Preferred stocks convertible to cash

None.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

42. Risks

The lawsuits brought against the Company are as follows as of December 31, 2018 and December 31, 2017:

	December 31, 2018	December 31, 2017
Claim lawsuits	494.275.466	378.233.514
Labor lawsuits	1.630.352	1.218.719
Other lawsuits	816.656	660.714
Total	496.722.474	380.112.947

43. Undertakings

	December 31, 2018	December 31, 2017
Letters of guarantee	67.098.810	36.691.400
	67.098.810	36.691.400

44. Establishment mergers

None (December 31, 2017 - None).

45. Transactions with related parties

The related parties is defined as the establishment that may control the other party directly or indirectly or affect it significantly via partnership, rights regarding contracts, family relationships, or similar manners. Related parties also include fund holders and Company management. Related party transactions, regardless of the application of price, include the transfer of resources and liabilities among the related parties. The related parties of the partners and Company management are defined as related parties in the financial statements dated December 31, 2018 and the related explanatory footnotes.

MAPFRE Sigorta Anonim Şirketi**Footnotes regarding the unconsolidated financial tables
as of December 31, 2018**

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

45. Transactions with related parties (cont'd)

The sales and purchases of the Company with other related parties for the periods ending on December 31, 2018 and 2017 are as follows:

The sales and purchases with partners and subsidiaries are explained in footnote no. 34.3.

	January 1 - December 31, 2018 Purchases/sales (net)	January 1 - December 31, 2017 Purchases/sales (net)
<u>1- Insurance activities</u>		
MAPFRE Yaşam	(884.190)	(1.384.670)
Total of Insurance Activities	(884.190)	(1.384.670)
<u>2- Rental income / (expense)</u>		
MAPFRE Yaşam	204.953	186.723
Genel Servis Yedek Parça Dağ.Tic. A.Ş.	(92.749)	(48.055)
Total Leasing Income	112.204	138.668
<u>3- Other Sales / (Purchases)</u>		
Mapfre Soft SA		(814.645)
Mapfre S.A.	(550.118)	(130.087)
Mapfre Tech	(10.007.587)	(12.403.379)
Mapfre RE	12.268	-
Mapfre Internacional	(917.653)	233.653
Mapfre Yaşam Sigorta A.Ş.	-	5.884
Genel Sigorta Pension and Social Support Fund for Officials and Servants	3.520.747	2.466.093
Turasist Yardım ve Servis Ltd.Şti.	(23.754.493)	(22.065.906)
Centro De Experimentacion Seguridad Vial Mapfre S.A.	-	-
Fundacion Mapfre	(3.309)	37.025
Genel Servis Yedek Parça Dağ.Tic. A.Ş.	(1.218.891)	(494.460)
Mapfre Global Risk	(8.366)	-
Mapfre Insurance	(477.547)	-
Total Other Sales/(Purchases)	(33.404.948)	(33.165.822)
<u>4- Received / (Paid) Dividends</u>		
Mapfre Internacional S.A.	(148.113.810)	(31.675.000)
Other Partners	(515.177)	(66.977)
Mapfre Yaşam A.Ş.	-	-
Genel Servis Yedek Parça Dağ.Tic. A.Ş.	274.104	491.456
Total Received / (Paid) Dividends	148.354.883	(31.250.521)

45.1 Doubtful receivable amounts and payables therein allocated due to receivables from partners, affiliates and subsidiaries: None (December 31, 2017 - None).

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

45. Transactions with related parties (cont'd)

45.2 Breakdown of affiliates and subsidiaries with an indirect capital and management relationship with the Company; names of the partnerships in the affiliates and subsidiaries account and rates and amounts of their affiliation; period profit or loss of such partnerships in the latest financial statements issued, net period profit or loss, and the period of these financial statements; whether it is issued in accordance with the standards of our Board, whether it is subjected to independent audit and whether the result of the independent audit report is negative, positive or conditional:

							December 31, 2018	
Other financial fixed assets	Amount TRY	Share	Period	Net period profit/ (loss)	Equity	Whether audited independently or not	Independent audit report	
Affiliates								
Tarım Sigortaları Havuz İşletmesi A.Ş. (Tarsim)	434.373	4,17%	31.12.2018	(519.244)	10.336.957	Geçmedi	Yok	
Subsidiaries								
MAPFRE Yaşam Sigorta A.Ş.	20.816.506	99,50%	31.12.2018	888.631	17.850.825	Geçmedi	Yok	
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	2.428.025	51,00%	31.12.2018	1.092.455	2.689.712	Geçmedi	Yok	
	23.678.904			1.461.842	30.877.495			

							December 31, 2017	
Other financial fixed assets	Amount TRY	Share	Period	Net period profit/ (loss)	Equity	Whether audited independently or not	Independent audit report	
Affiliates								
Tarım Sigortaları Havuz İşletmesi A.Ş. (Tarsim)	346.975	4,00%	31.12.2017	1.753.174	10.823.748	Geçmedi	Yok	
Subsidiaries								
MAPFRE Yaşam Sigorta A.Ş.	20.816.506	99,50%	31.12.2017	(256.933)	16.876.044	Geçti	Var	
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	2.428.025	51,00%	31.12.2017	617.894	2.103.928	Geçmedi	Yok	
	23.591.506			2.114.133	29.803.721			

45.3 Sum of bonus shares obtained due to capital achieved through internal sources of subsidiaries and affiliates: None (December 31, 2017 - None).

45.4 Limited property rights owned on immovables and values therein: None (December 31, 2017 - None).

45.5 Amount of liabilities such as guarantee, collateral, bailment, advance, reimbursement, etc granted for partners, affiliates and subsidiaries: None (December 31, 2017 - None).

46. Events after the balance sheet date

Provided in footnote no. 1.10.

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2018

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

47. Other

47.1 Names and amounts of the items exceeding 20% of the total amount of the group in which the account items bearing "other" in the financial statements are included or 5% of the total assets in the balance sheet:

	December 31, 2018	December 31, 2017
a) Other miscellaneous receivables:		
Creditors from compulsory earthquake insurance	(2.026.749)	(1.694.592)
Debtors from compulsory earthquake insurance	1.637.057	954.346
Creditors from state-supported agriculture insurance	(151.719)	(25.454)
Debtors from state-supported agriculture insurance	1.181.401	1.066.883
Miscellaneous receivables from agencies	6.213.296	8.248.759
Advances granted for real estate purchases	-	-
Real Estate Sales-Mersin	4.406.950	6.567.257
Real Estate Sales-Salıpazarı	-	-
Real Estate Sales-Bağcılar	-	-
Vendor Advances	-	-
Other	1,494,292	3.094.068
Total	12.754.528	18.211.267
b) Other miscellaneous receivables (long-term):	-	-
Real Estate Sales-Bağcılar	-	-
Real Estate Sales-Mersin	-	-
Total	-	-
b) Other miscellaneous payables:		
Payables to vendors	93.042.410	82.332.721
Other	1.326.854	554.263
	94.369.264	82.886.984
c) Other technical provisions:		
Balancing provisions	70.497.537	55.797.524
	70.497.537	55.797.524
d) Expenses for future months:		
Deferred commission expenses	153.372.827	144.258.433
Other expenses and accrued income	17.290.569	11.110.782
	170.663.396	155.369.215
e) Expenses for future months:		
Deferred commission income	63.290.891	55.879.747
Other expenses and accrued income	-	-
	63.290.891	55.879.747

MAPFRE Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

47. Other (cont'd)

47.2 Separate totals of the receivables from personnel and payables to personnel, which are included in the account items “Other receivables” and “Other short and long-term payables” and exceed 1% of the total assets in the balance sheet: None (December 31, 2017 - None).

47.3 Amounts related to recourse receivables followed in off-balance sheet accounts: None (December 31, 2017 - None).

47.4 Explanatory note showing the amounts and sources of income and expenses of the previous period, as well as expenses and losses of the previous period: None (December 31, 2017 - None).

47.5 Other notes that are to be included

Other income and profits:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Agency interest income	410.158	72.760
Other interest income	517,444	1,221,049
Other income	885,846	1,977,747
Security sale income	516.749	947.226
Cancellation of the provisions for BITT	-	-
Total	2.330.197	4.218.782

Other expenses and losses:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Bank virtual POS point and commission	(3.541.364)	(5.232.068)
Bank and insurance proceeding expenses	(13.288.724)	(10.020.174)
Non-deductible expenses	(353.946)	(544.359)
Interest expenses	(26.276)	(21.715)
Other	(1.411.404)	(4.099.045)
Total	(18.621.714)	(19.917.361)

Gross other technical expenses:

	January 1 - December 31, 2018	January 1 - December 31, 2018
Assistance and support services	(16.000.483)	(14.792.944)
SBM report margins for treatment costs, prior to the Law no. 6111*	-	-
SBM and TMTB participation and query fee	(1.920.293)	(1.970.049)
Other	(14.767.429)	(7.097.452)
Total	(32.688.205)	(23.860.445)

MAPFRE Sigorta Anonim Şirketi

**Footnotes regarding the unconsolidated financial tables
as of December 31, 2018**

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

47. Other (cont'd)

47.5 Other notes that are to be included (cont'd)

Provision and rediscount expenses for the period:

a) Provision expenses

	January 1 - December 31, 2018	January 1 - December 31, 2017
<u>Non-technical provisions</u>		
Other non-recurring provisions	341.538	837.781
Provisions for doubtful receivables, net (Note 12.1)	(30.691.033)	(27.061.159)
Provisions for doubtful severance pay, net (Note 22)	(1.763.898)	(831.808)
Provisions for security impairment	-	-
Provisions for social support fund deficit (Note 22)	170.877	29.153
Provisions for leave (Note 22)	(982.250)	(827.778)
Other provisions	(567.573)	(699.018)
Total non-technical provisions	(33.492.339)	(28.552.829)
<u>Technical provisions</u>		
Provisions for unearned premiums	(8.124.606)	164.120.873
Provisions for outstanding claim and compensation	(256.359.479)	(234.316.201)
Reserve for on-going risks (Note 17)	864.563	(732.061)
Mathematical provisions	-	-
Provisions for bonuses and discounts	(19.365.423)	(46.372.364)
Other technical provisions (balancing provision) (Note 17)	(14.700.013)	(12.672.013)
Total technical provisions	(297.684.958)	(129.971.766)
<u>Tax Provisions</u>		
Tax Provisions	(1.905.366)	(62.502.160)
Total tax provisions	(1.905.366)	(62.502.160)

b) Rediscount expenses

	January 1 - December 31, 2018	January 1 - December 31, 2017
Rediscount interest income	2.788.428	1.039.148
Rediscount interest expenses	1.143.886	(10.007)
Total	3.932.314	1.029.141

MAPFRE Sigorta Anonim Şirketi**Footnotes regarding the unconsolidated financial statements as of December 31, 2018 (cont'd)**

(The currency is displayed as Turkish Lira (TRY) unless stated otherwise.)

47. Other (cont'd)**47.6 Statement of Profit Appropriation**

The Company's dividend payment schedule for the year 2018 will be established in the General Assembly meeting to be held on March 29, 2019.

	December 31, 2018	December 31, 2017
<u>Period profit</u>		
Profit before corporate tax	20.671.961	248.999.408
Corporate tax	(1.905.366)	(62.502.160)
Tax expenses reflected to equity	-	-
Net profit for the period	18.766.595	186.497.248
Losses in the previous period	-	-
Primary reserve	-	(27.296.164)
Legal funds required to be left to the Company and saved	-	(4.522.822)
Distributable period profit	-	154.678.262
<u>Primary dividends to partners</u>		
To stock holders	-	(17.500.000)
To preferred stock holders	-	-
To participation dividend stocks	-	(137.178)
To profit sharing bond holders	-	-
To profit and loss partnership certificate holders	-	-
<u>Secondary dividend to shareholders</u>	-	-
To stock holders	-	(123.336.975)
To preferred stock holders	-	-
To participation dividend stocks	-	-
To profit sharing bond holders	-	-
To profit and loss partnership certificate holders	-	-
<u>Secondary reserves</u>	-	-
<u>Extra reserves</u>	-	(13.704.109)
<u>Other reserves</u>	-	-
<u>Special funds</u>	-	-

