



*Together, All the Way*

**Cigna**<sup>®</sup>  
Sağlık·Hayat·Emeklilik

2020  
Annual Report

**Cigna**  
**Annual Report 2020**

# Contents

<b>Introduction</b>		
12	2020 Highlights	
14	About Cigna	
	14 Our Mission	
	14 Our Vision	
15	Strong Shareholder Structure	
	15 Cigna	
	15 QNB Finansbank	
	15 Shareholder Structure	
16	Cigna's 2020 Operational Results	
	16 Summary of Financial Results	
17	Financial Indicators	
18	2020 in Review	
	18 World Economy	
	19 Turkey's Economy	
	20 The Insurance Industry in 2020	
	21 Private Pension System	
	21 Cigna's Industry Position	
<b>Management</b>		
22	2020 Ordinary General Assembly Meeting Agenda	
24	Assessment by the Chairman of the Board	
28	Board of Directors	
30	Assessment by the Chief Executive Officer	
34	Senior Management	
36	Organizational Chart	
<b>2020 Activities</b>		
38	Distribution Channel Activities	
	38 Alternative Distribution Channels	
	39 Branch Sales Channels	
40	Product Development Activities	
	40 Within the Scope of Health Insurance	
	40 Within the Scope of Life and Personal Accident Insurance	
	41 Within the Scope of Private Pension	
42	Brand and Communication	
44	Digital Transformation	
	46 Customer Analytics and Customer Experience	
46	Customer-Focused Services	
	46 Call Center	
	48 Insurance and Private Pension Operational Activities	
	49 Customer Services	
51	Process and Strategic Program Management	
52	Human Resources Practices	
	53 Employee Profile and Training Activities	
	53 Information on Human Resources Practices	
	53 Talent Acquisition	
	53 Talent Retention and Development	
	54 Performance Management	
	55 Assessment and Development Center Practices	
55	Training Activities	
56	Licensing Activities	
56	Employee Engagement and Good Living Practices	
	57 Appraisal and Rewarding	
	57 Other Practices	
	57 Culture and Values Practice	
57	Social Responsibility Activities	
58	Information Technologies, R&D and Innovation	
	58 Information Technologies	
	59 Business Intelligence and Data Analytics Activities	
	59 Data Management Activities	
	59 Innovation	
60	Technical and Actuary	
<b>Internal System Assessments and Risk Management Policies</b>		
62	Information on the Company's Internal Control System and Internal Audit Activities and the Governing Body's View	
62	Information on Internal Systems	
	62 Internal Audit Activities	
	62 Compliance, Risk Management and Internal Control Activities	
	62 Compliance Activities	
	63 Internal Control Activities	
	63 Risk Management Activities	
	64 Heads of Units Under the Internal Systems	
64	View of the Board of Directors	
65	Information About Risk Management Policies According to Risk Type	
66	Financial Risks	
	65 Market Risk	
	65 Loan Risk	
	65 Liquidity Risk	
	65 Compliance Risk	
66	Technical Risks	
	66 Insurance Risk and Insurance Risk Management Process	
	66 Medical Risk Assessment	
	66 Personal Risk (Pertaining to Living Conditions, Job, Morale and Hobbies) Assessment	
	67 Financial Risk Assessment	
	67 Management Process Regarding Risks Related to Reinsurance Companies	
<b>Information on Management and Corporate Governance Practices</b>		
70	Information on Chairman and Members of the Board of Directors, CEO and Executive Vice Presidents, and Managers of Internal Systems	
71	Summarized Board Report Submitted to the General Assembly	
71	Disclosures Regarding Private Audits and Public Administration Conducted During the Fiscal Period	
	71 Public Audits	
	71 Private Audits	
72	All Other Measures Taken or Avoided for the Benefit of the Parent Company and Its Subsidiaries	
72	Allowances Paid, Travel Accommodation and Representation Expenses, Benefits in Kind and in Cash, Insurance and Similar Guarantees	
73	Information on Board Members' Activities with the Company, on Its Behalf or on Behalf of Another Party Which Fall Within the Scope of Prohibition of Competition	
73	Participation of Board Members in Relevant Meetings During the Accounting Period	
74	Company History and Amendments to the Articles of Incorporation and Reasons for Such Amendments, If Any	
75	Information on the Extraordinary General Assembly Meeting	
75	Changes in the Capital and Shareholder Structure of the Company, Titles of Real or Legal Persons Holding Qualified Shares and Information About Their Shares	
76	Direct or Indirect Affiliates of the Company and Share Rates	
76	Information About the Company's Own Shares Acquired	
76	Statements of the Company's Chairman and Members of the Board Along with the CEO and Executive Vice Presidents Regarding the Shares They Hold, If Any	
<b>Financial Status</b>		
77	Profit Distribution Statement	
78	Assessment of Financial Standing, Profitability and Ability to Pay Damages	
78	Assessment of Financial Standing and Profitability	
	78 Assessment of Ability to Pay Damages	
79	Profit Distribution Policy	
<b>Financial Information</b>		
81	Convenience Translation of Financial Statements for the Period 1 January - 31 December 2020 Together with the Independent Auditor's Report	
86	Company Disclosure Regarding Financial Statements Prepared as of December 31, 2020	
88	Financial Statements Pertaining to the January 1-December 31, 2020 Accounting Period of Cigna Sağlık Hayat ve Emeklilik A.Ş.	
88	Balance Sheets	
93	Income Statements	
96	Cash Flow Statement	
97	Statement of Changes in Equity	
98	Profit Distribution Statement	
99	Explanatory Footnotes Concerning Financial Statements	
174	Balance Sheet	
175	Balance Sheet (5-Years)	
176	Income Statement	
176	Income Statement (5-Years)	
177	Independent Auditor's Report of Board of Directors Pertaining to the Annual Report	
178	Unconsolidated Year-end Financial Report Prepared by Cigna Sağlık Hayat ve Emeklilik A.Ş. after December 31, 2020	
<b>Contact</b>		
179	Regional Cigna Representatives	

*Cigna Finans operates under the partnership of Cigna Group, an international insurance company with more than 200 years of experience serving over 180 million customers in more than 30 countries, and QNB Finansbank, and one of Turkey's private banks. Now Cigna Finans is in the process of change and innovation.*

*As a pension, life and health insurance company, Cigna Finans continues its operations under the name Cigna following the brand transformation process. Cigna promises its customers to be "Together, All the Way."*



# Together with the World

*The world is changing rapidly, and we are keeping pace with this change. We initiated the transformation process to further highlight Cigna's deep-rooted, global insurance expertise, and to most effectively respond to industry and customer expectations. In this respect, we achieved a profound transformation by fulfilling our goals targeting digitalization, infrastructure investments, and the expansion of our service and product range.*







# Together with Health

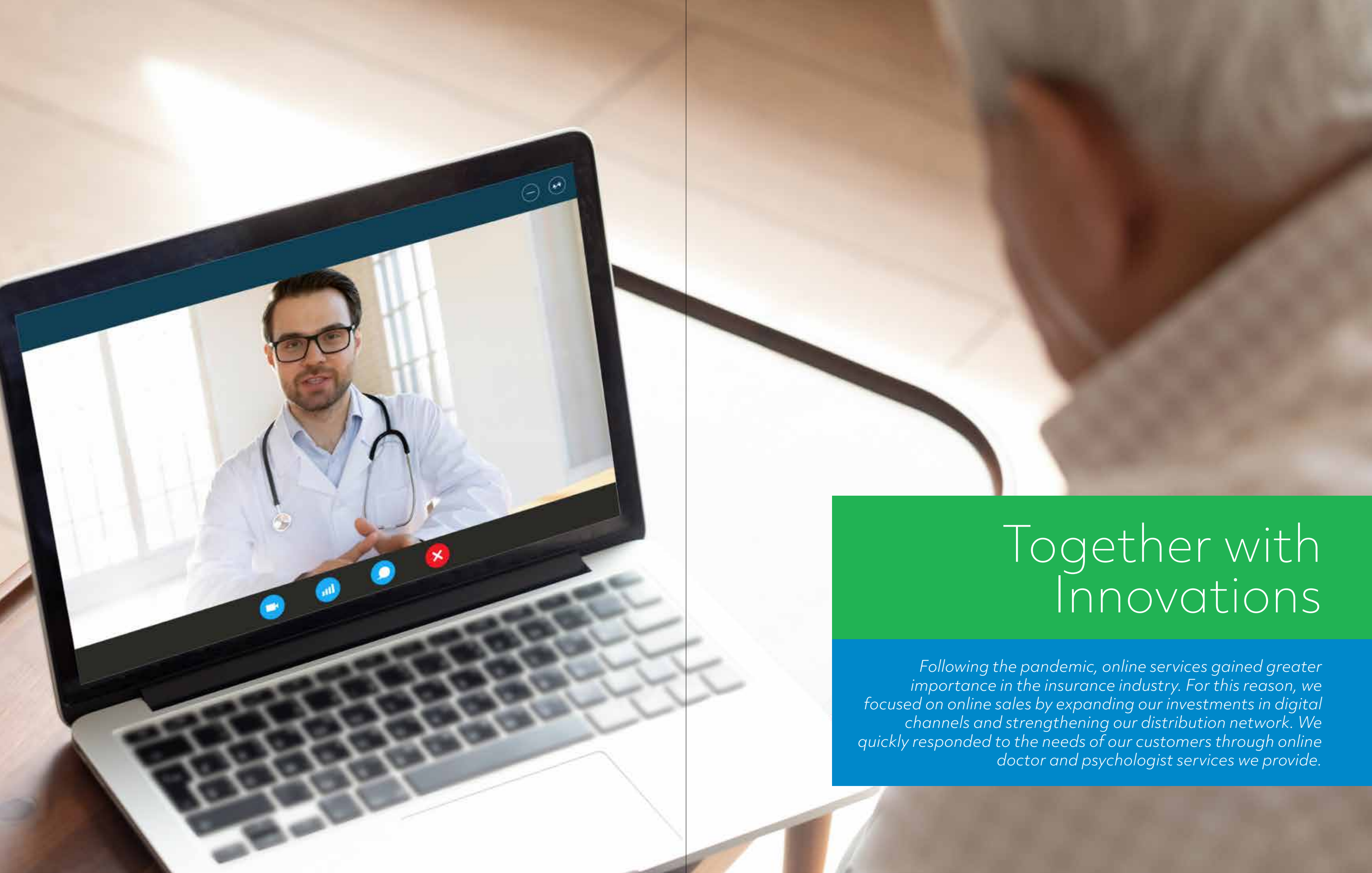
*Our people-oriented approach constituted the basis of our most important actions during the pandemic, as well. At Cigna, we swiftly implemented practices to benefit our customers from the onset of the pandemic, announced expanding the coverage of our life insurance products to include all epidemic diseases, such as COVID-19.*



# Together with the Producer

*By constantly centering our activities around the changing insurance needs of our customers, we continued our efforts to present them with the latest and optimized products in accordance with their needs and expectations. We provided products tailored to SMEs and farmers, who make up the backbone of our economy, through "KOBİmin Yanında Hayat Sigortası (Beside My SME Life Insurance)," "KOBİmin Yanında Ferdi Kaza Sigortası (Beside My SME Personal Accident Insurance)," and "Çiftçimin Yanında Hayat Sigortası (Beside My Farmer Life Insurance)."*





## Together with Innovations

*Following the pandemic, online services gained greater importance in the insurance industry. For this reason, we focused on online sales by expanding our investments in digital channels and strengthening our distribution network. We quickly responded to the needs of our customers through online doctor and psychologist services we provide.*



## 2020 Highlights



### **Cigna Entered the Health Industry by Obtaining a License**

We took a firm first step towards health insurance. We aim to make a difference in the industry through innovative products and services. By drawing from the expertise of Cigna Global, a world leader in health insurance, we issued our first insurance policy and commenced our activities in this field on a strong foundation.

### **Cigna's Brand Transformation**

We continue this journey with the same strength and confidence under the Cigna name, reinforced by Cigna Global's deep-rooted insurance experience of more than 200 years and the strength of QNB Finansbank. We underpin our aim to continuously present our customers with the best products through our motto "Together, All the Way" By implementing numerous innovations in the transformation period, including technology and infrastructure investments, we consistently provide our customers with the best service possible.



### **Digitalization and Innovation**

We redesigned our sales and after-sales processes with fast, accessible, and people-oriented services and digital solutions. As part of this transformation, we developed the "Cigna Kolay" platform, which will facilitate the business processes of sales teams and enhance their productivity, and we invested in structures that enable our products to be purchased online.



### **Pinar Kuriş is in the "50 Most Powerful Female CEOs in Turkey" List for the 2<sup>nd</sup> Time**

Our CEO, Pinar Kuriş, was named one of the "50 Most Powerful Female CEOs in Turkey" at the 50 Most Powerful Female CEOs Summit, organized by Capital and Ekonomist magazines. Kuriş, who has ranked on the list for two consecutive years, was recognized as the female leader of the only life and pension company included in the list.



# About Cigna

*With a vast service network in Turkey, we promise to stand by our customers in all moments of their lives, armed with our deep-rooted experience of more than 200 years, and solutions that offer more than insurance.*



## Our Mission

To become the undisputed company of choice by creating the best services and solutions for our customers,

To become the market leader,

To achieve the best financial results for our shareholders.



## Our Vision

To become a customer-oriented insurance solution provider with the necessary competencies to provide a mindful and safe future to all.

Cigna Sağlık Hayat ve Emeklilik A.Ş. is a pension, life and health insurance company that operates under the partnership of QNB Finansbank, one of Turkey's largest banks, and Cigna Global, one of the largest insurance companies in the world. At Cigna, we make it our priority to protect our customers and their loved ones against potential life risks through services designed specifically for the protection and savings needs that emerge on a daily basis, along with our enriched personal accident insurance, life insurance, health insurance, and individual pension products.

With a vast service network in Turkey composed of QNB Finansbank branches, our sales representatives, and our online channels, we promise to stand by our customers in all moments of their lives, armed with our deep-rooted experience of more than 200 years, and solutions that offer more than insurance.

# Strong Shareholder Structure

*Cigna sets an example for the global industry by combining needs and experience and continues to deliver customized, people-focused solutions.*

## CIGNA

Founded in the United States, Cigna is an insurance company that boasts more than 200 years of experience and serves over 180 million customers in more than 30 countries. Cigna puts people at the center of its business and sets an example for the global industry by diversifying services in accordance with the needs it foresees and combining them with experience. Cigna continues to deliver customized, people-focused solutions.

## QNB FİNANSBANK

Founded on October 26, 1987, Finansbank, Turkey's young and dynamic bank, was acquired by the National Bank of Greece (NBG) in 2006, followed by Qatar National Bank (QNB), Qatar's largest bank and a leading financial institution in the Middle East and Africa region, in 2015. Finansbank, Turkey's fifth largest private bank in terms of asset size, was renamed QNB Finansbank in October 2016.

QNB Finansbank offers a wide range of solutions specifically tailored to customer needs through numerous products and services, including but not limited to corporate and retail banking, branch and mobile banking, credit cards and deposits. Today, the Bank, with its 475 branches and more than 11 thousand employees, the subsidiaries of the QNB Finansbank Financial Services Group, namely QNB Finansleasing, QNB Finansinvest, QNB Finansportföy, QNB Finansfaktoring, Cigna Sağlık Hayat ve Emeklilik A.Ş., the technology company IBTech, and QNB eFinans, continues to provide customers with financial solutions.

## SHAREHOLDER STRUCTURE

Name/Title of Shareholder	Share Group	Number of Shares	Amount of Shares - TL	Partnership Rate - %
Cigna Nederland Gamma B.V.	A	22,949,999	22,949,999.0000	50.9999978%
Cigna Nederland Gamma B.V.	AI	1	1.0000	0.0000022%
QNB Finansbank A.Ş.	B	22,049,999	22,049,999.0000	48.9999978%
QNB Finansbank A.Ş.	B1	1	1,0000	0.0000022%
<b>Total (*)</b>		<b>45,000,000</b>	<b>45,000,000,0000</b>	<b>100.0000000%</b>

(\*) In the 2009 General Assembly of the Company, a fraction document was issued for shares that could not be rounded up to 1 TL with capital increase provided by internal resources. For this reason, one share is divided, and a fraction document is issued for shareholders based on the rate of their shares.

# Cigna's 2020 Operating Results

## SUMMARY OF FINANCIAL RESULTS

The insurance industry continued to grow this year with its dynamic and strong financial structure in Turkey. Due to the low rate of insured individuals in Turkey despite its young population, it continued to be an attractive market. The growing interest in the industry and the new actors that emerged as a result have given rise to gradually intensifying competition in the market. The life insurance premium production of the insurance sector in Turkey at the end of 2019 was 11.4 billion TL (11,359,715,131 TL), and this figure reached 14.4 billion TL (14,431,890,533 TL) at the end of 2020. Cigna Sağlık Hayat ve Emeklilik A.Ş. achieved a market share of 5.80% in the health insurance industry, ranking 8<sup>th</sup> in terms of premium production.

Summary of Financial Results	2020	2019	Change
Non-Life Technical Revenue	80,075,841	69,177,980	16%
Non-Life Technical Expenses (-)	(40,629,992)	(39,148,964)	4%
Life Technical Revenue	824,831,453	653,449,568	26%
Life Technical Expenses (-)	(685,140,353)	(541,424,604)	27%
Pension Technical Revenue	15,789,985	16,199,170	(3%)
Pension Technical Expenses (-)	(13,282,300)	(13,886,957)	(4%)
Investment Revenues	86,819,590	92,905,459	(7%)
Investment Expenses (-)	(24,039,908)	(21,204,230)	13%
From Other and Extraordinary Activities Income and Profit & Expenses and Loses (+ -)	(3,890,329)	(8,814,267)	(56%)
<b>Net Term Profit/Loss</b>	<b>185,645,859</b>	<b>159,470,843</b>	<b>16%</b>

<b>Technical Category Balance (Non-Life)</b>	<b>39,445,849</b>	<b>30,029,016</b>	<b>31%</b>
<b>Technical Category Balance (Life)</b>	<b>139,691,100</b>	<b>112,024,964</b>	<b>25%</b>
<b>Technical Category Balance (Pension)</b>	<b>2,507,685</b>	<b>2,312,213</b>	<b>8%</b>
<b>General Technical Category Balance</b>	<b>181,644,634</b>	<b>144,366,193</b>	<b>26%</b>

## Financial Indicators

Cigna Sağlık Hayat ve Emeklilik A.Ş. ("Company"), paid 154.7 million TL in insurance indemnities compared to its premium production of 923.1 million TL in 2020. In the same period, the company's general expenses totaled 126.3 million TL, while the investment income was 86.8 million TL.

Financial Indicators (TL)	2020	2019	Change (TL)	Change (%)
PPS Contribution Margin*	224,081,760	251,166,169	(27,084,409)	(10.78%)
PPS Total Fund Size**	1,132,883,372	1,003,332,431	129,550,938	12.91%
Premiums Received	923,160,205	746,898,997	176,261,208	23.60%
Indemnifications Paid	154,706,647	130,669,519	24,037,128	18.40%
General Expenses***	126,304,589	112,299,255	14,005,333	12.47%
Technical Profit/Loss	181,644,634	144,366,193	37,278,441	25.82%
Investment Revenues	86,819,590	92,905,459	(6,085,869)	(6.55%)
Investment Expenses	(24,039,908)	(21,204,230)	(2,835,678)	13.37%
Net Profit/Loss	185,645,859	159,470,843	26,175,016	16.41%

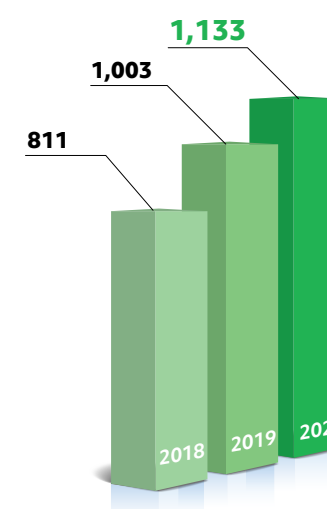
(\*) The PPS Contribution Margin includes amounts that are blocked on credit cards.

(\*\*) State Subsidy is included.

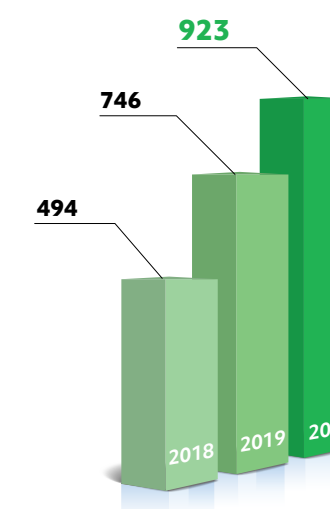
(\*\*\*) General expenses are composed of total operating expenses excluding respectively deferred commission expenses and deferred commission revenues and net production commission expenses and reinsurance commission revenues.

As a result, the Company wrapped up its fourteenth year of activity with a net profit of 185.6 million TL.

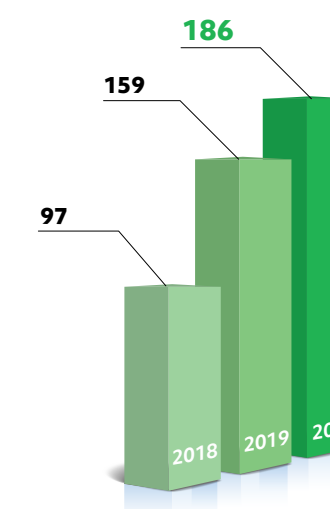
**PPS Total Fund Size**  
(Million TL)



**Premiums Received**  
(Million TL)



**Net Profit**  
(Million TL)





## 2020 in Review

*Global measures were taken to prioritize the protection of health systems, and strict social and economic measures have been taken to combat the pandemic.*



### 3.5% shrinkage

The IMF has indicated that the world economy shrunk by 3.5% in 2020.

#### WORLD ECONOMY

The COVID-19 pandemic, which broke out in China in the first quarter of 2020, plunged the world economy into one of its worst crises in history, resulting in a shrinkage of 3.5%, the most dismal performance since World War II. Measures – such as months-long curfews in virtually all countries across the globe, partial and total restrictions, and travel bans – took a heavy toll on economic activity. As a result, there was a serious decline in gross domestic product.

The hottest and most-debated topic of 2020 was how quickly the world economy would recover after the pandemic. Although vaccine developments revived the economic outlook to a certain point, experts are of the consensus that, if vaccination is slow in developing countries, it will take a long time for the global economy to return to pre-pandemic levels.

New restrictions introduced in developed countries to reduce the spread of the virus are also expected to delay economic recovery. Generally speaking, economists agree that improvements will be seen in 2021 due to the base effect of 2020, a year of economic downfall, and that the upward trajectory will start in 2022.

Global measures were taken to prioritize the protection of healthy systems, and strict social and economic measures have been taken to combat the pandemic. These measures have led to a decline in production rates, a loss in the labor force, and severe economic impacts resulting from decreasing confidence indices across the globe.

On a global scale, all growth forecasts for 2020 were revised significantly downwards. The IMF has indicated that, in 2020, the world economy shrunk by 3.5%, and the Eurozone experienced a negative trend of 10.2%, while the European countries most affected by this pandemic-induced contraction were Italy, Spain, and France. Contrary to the previous year's estimates for the US economy, the IMF forecasted shrinkage of 8% and, for the Chinese economy, it announced an estimated shrinkage of 1%.

Due to the combined negative impacts of this year and the previous year, a consensus was reached that "2021 may be a difficult year, although not as difficult as 2020."



We can consider 2021 as a year of sacrifice, due to the management style that will be necessary to manage the cash flow of companies, and protect and maintain assets in the market, as well as practicing financial discipline and ensuring that smart measures are taken by foreseeing negativities. However, some hold the opinion that, in 2022, we will reap the positive outcomes of these sacrifices.

#### TURKEY'S ECONOMY

Like other countries' economies, Turkey's economy took a blow due to the devastating pandemic. The pandemic conditions ongoing since March 2020 and the economic problems passed on from 2019 have had a profound impact on the indicators.

After the first COVID-19 case was announced in March, in the first quarter of the year, Turkey achieved growth of 4.5% as compared to the first quarter of the previous year; meanwhile the Turkey's economy shrunk by 9.9% in the second quarter as a result of the global economic crisis. The initiatives that were implemented after the initial shockwave caused by the pandemic, the loosening of COVID-19 measures, and government-backed loans accelerated economic activity, leading to growth of 6.7% in the third quarter and enabling Turkey to become one of the few countries to achieve minimal growth. Turkey's economy, which closed the last quarter with 5.9% growth performance, grew 1.8% in 2020.



## 2020 in Review

*According to data from the Insurance Association of Turkey (TSB), premium production increased by 19.3% in 2020 compared to the previous year, amounting to 82 billion 576 million TL.*

*In 2020, we continued to further grow by drawing from Cigna's global insurance expertise and QNB Finansbank's vast banking experience in Turkey and by placing customers first in the insurance industry.*

Foreign currencies most affected the macroeconomic indicators for Turkey's economy. The depreciation of the Turkish lira against foreign currencies, which was triggered by the political developments in the second half of 2018, was even higher in 2020 as compared to 2019. While the Turkish lira gained value against foreign currencies in the final months of 2020 due to a change in the economic management, the overall performance of the Turkish lira was lackluster throughout 2020. There was a significant decrease in the current account deficit, which is a major problem due to exports that are expected to have a positive effect on the rise in exchange rates; it remained a problem when considering the overall year. This stems from two main reasons: the fact that Turkish exports rely heavily on the import of intermediate goods, and the fact that the import of energy, a crucial item, is carried out through foreign currency.

Most experts have expressed that progress achieved in treatment and vaccinations have raised expectations and reduced uncertainty, and stated that 2021 will be a "year of recovery." Factors such as the monetary policies implemented in the final months of 2020, the economic reforms put into effect and the recovery in tourism revenues will also support the current account balance in the upcoming

period, as will the depreciation of gold and foreign currency due to the partial decrease in demand compared to previous months. A positive outlook regarding global trade and finance markets, coupled with vaccinations, will assist the recovery of economic growth in the medium term.

### THE INSURANCE INDUSTRY IN 2020

According to data from the Insurance Association of Turkey (TSB), premium production increased by 19.3% in 2020 compared to the previous year, amounting to 82 billion 576 million TL. Of the total production, 68 billion 144 million TL was obtained from non-life categories, and 14 billion 432 million TL was obtained from life insurance. While the yearly increase in elementary categories was 17.7%, the increase in life insurance was 27%. In 2020, the fire and natural disasters category and the disease-health category were the insurance categories that witnessed the highest increase compared to the previous period. The total increase was 2.1 billion TL and 1.7 billion TL, respectively. The two categories that decreased in 2020 compared to 2019 were accident insurance and complementary insurance.



### PRIVATE PENSION SYSTEM

According to data from the Pension Monitoring Center (EGM) dated December 31, 2020, by the end of 2020, the number of participants in the PPS increased by 0.43% to 6 million 900 thousand, while the number of participants in the Automatic Enrollment System (OKS) increased by 10.53% to 6 million 635 thousand, compared to the previous year. At the end of 2020, the total fund size of the system, including the Automatic Enrollment System, increased by 34.81% compared to the previous year and reached 148 billion 398 million TL. The number of participants who were eligible for retirement from the system was 137,676 as of the end of 2020.

### CIGNA'S INDUSTRY POSITION

In 2007, the Company set out under the name Finans Emeklilik to operate in the fields of life insurance, personal accident insurance, and private pension. Acquired by Cigna and QNB Finansbank through a partnership agreement signed in 2012, our Company carried out activities in the same fields, arriving at 2020 under the name Cigna Finans. As of October 2020, we took fast and firm steps

under the name "Cigna Sağlık Hayat ve Emeklilik" to further our growth by drawing from Cigna's global insurance expertise and QNB Finansbank's vast banking experience in Turkey and by placing customers first in the insurance industry.

We entered the private pension category at the end of 2008. According to data from the Emeklilik Gözetim Merkezi (Pension Monitoring Center) dated December 31, 2020, we reached a total of 186,553 participants and a fund size of 951.1 million TL, including data from the Automatic Enrollment System (AES). Meanwhile, in the categories of life and personal accident insurance, according to data published by the Insurance Association of Turkey (TSB), we ranked in the top ten life and pension companies in terms of total premium production as of December 2020 by reaching a total premium production of 923.2 million TL, amounting to a market share of 6.1%. We continue our efforts to make the growth achieved in 2020 sustainable in 2021 and in subsequent years as well, and to become a company that produces solutions for insurance and savings needs with innovative products that best suit the needs of our customers.



## 2020 Ordinary General Assembly Meeting Agenda

1. Opening and attendance check,
2. Election of the Presidency Council and delegation of the authority to the Presidency Council for signing the Minutes of the General Assembly,
3. Review and discussion of the Annual Activity Report of the year 2020,
4. Review and discussion of the Board of Directors' Activity Report of the year 2020,
5. Review of the independent audit company's report,
6. Review, discussion and approval of the balance sheet and profit/loss statements of the year 2020,
7. Discharge of the Members of the Board of Directors for their activities in 2020,
8. Election of the Board of Directors and determination of their term of office,
9. Discussion of the remuneration of the Members of the Board of Directors,
10. Review and decision regarding the distribution of dividend as per the balance sheet of the year 2020,
11. Appointment of an independent audit company for auditing of the Company in 2021,
12. Information on the donations made in 2020 and review and discussion of the total donation amount planned for the year 2021,
13. Authorization of the Members of the Board of Directors as per articles 395 and 396 of the Turkish Commercial Code,
14. Wishes and closing.



## Assessment by the Chairman of the Board

*In a statement, the IMF indicated that the most recent monetary policy measures boosted confidence in the Turkish lira and projected growth of 6% in the Turkish economy in 2021.*



**1.8%**

Turkey's Economic Growth Rate in 2020



**6.1%**

Cigna's Market Share Among Life and Pension Companies

Dear Shareholders,

We left behind quite an unusual year. In 2020, we learned that many of the goals and expectations set at the beginning of the year were no longer priorities and that health comes first; 2020 revealed to us that we now live in an entirely different world.

The pandemic did not just take a toll on human health. One of the biggest economic contractions in history – second only to the one experienced during World War II – is expected to strike. The World Bank announced in its January 2021 Global Economic Prospects Report that, in 2020, it anticipates shrinkage of 3.5% in the global economy due to the COVID-19 outbreak.

In order to support the real sector in particular, Turkey's government made various decisions, supported by the banking system, to mitigate the economic challenges caused by the pandemic. Due to this approach, it was announced that Turkey's economy grew by 1.8% in 2020.

For 2021, the World Bank forecasts growth of 4.5% in Turkey's economy. As well, the IMF indicated in a statement that the most recent monetary policy measures had boosted confidence in the Turkish lira and projected growth of 6% in the Turkish economy in 2021.

The rollout of vaccines offers hope, especially for the second half of the year, as compared to the previous year. Indicators that global trade will rebound in the second half of 2021 have led to expectations that the world economy will grow by 5.5% in 2021 and 4.2% in 2022.

A more urgent matter lies ahead, after the pandemic is brought under control and the economic crisis subsides. Global warming and the depletion of natural resources, especially water, will be another critical issue this year. It is high time that we all begin working towards reduced carbon emissions and a sustainable planet.

Apart from the economic numbers, there is an essential concept – also highly relevant to our lives – that is changing. We know the importance of health and human lives, and we also understand the importance of the concept of “compassionate management,” which is human-centered as opposed to goal-oriented.

In this new world, we will continue to grow within a management structure that is more digital, is increasingly adopting remote working processes, and is centered around both technology and the human factor.





## Assessment by the Chairman of the Board

*Through our brand transformation focused on digitalization and the human factor, we not only modified our logo and name, but we also entered the health insurance business and started to offer customers Supplementary Health Insurance.*

Despite the chaotic environment of 2020, Cigna maintained steady growth. Despite the highly challenging conditions and slowdown in economic growth caused by COVID-19, we concluded the year with success, as the need for and awareness of insurance expanded in 2020. We reached a premium production of 836 million TL in the life category and 87 million TL in the accident category, a 24% increase compared to the previous year, amounting to a total of 923 million TL in premium production and a market share of 6.1% among life and pension companies. With respect to the Private Pension System, which was considered a safe harbor during the pandemic, we reached 187 thousand participants and a fund size of more than 1 billion TL, including the figures of the Automatic Enrollment System.

2020 was also a year filled with innovations at Cigna. Through our brand transformation focused on digitalization and the human factor, we not only modified our logo and name, but we also entered the health insurance business and started to offer customers Supplementary Health Insurance.

The strong business partnership between Cigna and QNB Finansbank is at the core of our success. Through insurance products created in accordance with customer needs and the services we offered, in line with our promise to be together all the way, we jointly completed numerous projects across various areas. In 2021, we will further consolidate our strong business partnership with the aim of boosting our growth momentum. We will continue to create a difference in our field of operation with services and products that add value to the lives of our customers.

I would like to reiterate my gratitude to all my colleagues and the families that supported them throughout the pandemic, to our customers, and to our stakeholders, both for driving the growth of Cigna in 2020, a year of extraordinary conditions, and for their contributions.

Respectfully yours,

**Ömer A. Aras**  
*Chairman of the Board*



## Board of Directors



### ÖMER ARAS

#### *Chairman of the Board*

Ömer Aras graduated from the Higher School of Economics and Finance under the Academy of Economics and Commercial Sciences in 1975. He received an MBA and a PhD from Syracuse University in 1978 and 1981, respectively. Between 1981-1984, Aras served as a faculty member in the Business Administration Department at Ohio State University. From 1984 to 1987, he held the roles of Credit Marketing Manager and Member of the Credit Committee at Citibank and, at the beginning of 1987, he became Head of the Securities Center of Yapı Kredi Bank. Aras was involved in the establishment of Finansbank in October 1987 and served as the Bank's Executive Vice President for two years, CEO for six years, and Managing Board Member of Finansbank and Vice Chairman of the Board of Fiba Holding until December 2006. In the same period, he also served as the Chairman of the Board of Fiba Holding's domestic and foreign subsidiaries, including Marks & Spencer. Between 2003 and 2007, he was a Member of the Board of the Turkish Industry and Business Association (TÜSİAD), and between November 2006 and April 2010, he held the roles of Vice Chairman of the Board of Directors and Group CEO at Finans Leasing, Finans Yatırım Menkul Değerler A.Ş. and Finans Portföy Yönetimi A.Ş. Aras has served as the Chairman of the Board of Directors since April 2010.



### JASON DOMINIC SADLER

#### *Vice President of the Board of Directors*

Jason Dominic Sadler graduated from the Business Administration Department at Bromsgrove University. He started his career at Zurich Financial Service in the UK, and worked as Marketing Director in the Hong Kong HSBC Insurance Unit between 1994-2010. Since June 2010, Sadler has served as the President of Cigna Global, headquartered in Hong Kong, and is also currently the Vice Chairman of the Board of Directors at Cigna Sağlık Hayat ve Emeklilik A.Ş.



### PINAR KURİŞ

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

Pinar Kuriş graduated from the Department of Industrial Engineering at Boğaziçi University in 1995. She started her career in 1998, serving as a Project Manager at Citibank until 2000. She was a Senior Consultant at McKinsey Company from 2000 to 2004, and continued her career as a Director at Finansbank between 2005-2013. Kuriş became a Head of Department at Akbank in 2013, and served as the Executive Vice President of Burgan Bank between 2013-2018. Kuriş has served as the CEO of Cigna Sağlık Hayat ve Emeklilik A.Ş. since July 16, 2018.



### ADNAN MENDERES YAYLA

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

Adnan Menderes Yayla graduated from the Department of Economics under the Faculty of Political Sciences at Ankara University in 1985. He completed his MBA at the University of Illinois at Urbana-Champaign between 1992-1994. Yayla served as Deputy Finance Inspector and Finance Inspector at the Ministry of Finance between 1985-1995, Head of the Project Appraisal Department at the Privatization Administration between 1995-1996, and Manager, Senior Manager and Partner at the Istanbul and London offices of Price Waterhouse Coopers between 1996-2000. From 2000 to 2008, he served as Financial Control Group and Assistant General Manager responsible for Risk Management at Türk Dış Ticaret Bankası (Fortis). He joined Finansbank on May 20, 2008 as an Executive Vice President and Group CFO. As of October 2013, Yayla has served as Executive Vice President of Financial Control and Planning and Group CFO.



### ERKİN AYDIN

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

Erkin Aydın graduated from the Department of Civil Engineering under the Faculty of Engineering at Boğaziçi University in 1997. In 2003, he received his MBA from the University of Michigan's School of Business. Aydın started his career in 1998 as a Business Development and Project Engineer at Guy F. Atkinson Construction in the United States, and later worked as a Project Manager at Clark Construction Group in California. In 2002, Aydın started to work at McKinsey Company in Istanbul, where he served as Consultant, Project Manager and Associate Partner. During his career at McKinsey & Company, he provided consultancy on marketing, growth strategies, sales penetration, operational efficiency, organizational strategy, mergers and acquisitions to a number of prominent financial institutions in Turkey and Eastern/Western Europe. In 2008, Aydın undertook the role of Group Manager of Housing and Consumer Loans at Finansbank A.Ş. He was appointed as a Retail Marketing Coordinator in February 2010 and as Executive Vice President of Retail Banking in May 2011. He has held the role of Executive Vice President of Retail and SME Banking since September 2017.



### JEROME DROESCH

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

Jerome Droesch holds a Master's degree in engineering from Ecole Centrale and a Master's degree in Asset Management from SKEMA Business School. He completed his advanced business education at INSEAD. Droesch spent a significant part of his career, more specifically 27 years, at AXA Group, where he was instrumental in establishing robust operations and making the brand a market leader in the region. He held various management positions in multiple locations and businesses, and also served as a Member of the Executive Board of AXA Group. Before joining Cigna, Droesch assumed the role of CEO of AXA Partners, a unit under AXA dedicated to developing partnership activities on a global scale. Droesch, who is currently the Chief Executive Officer for the Middle East and North Africa Region at Cigna and a Board Member of Cigna's operations in India and Turkey, is responsible for leveraging his skills to advance the Company's operations as a leading insurance provider that serves the individuals, groups and government entities within its sphere of influence. He aims to achieve the long-term profitability targets of the Company and Cigna by establishing high-level strategies.



## Assessment by the Chief Executive Officer

*Thanks to support packages designed to mitigate the pandemic's adverse impact on the economy, Turkey achieved GDP growth of 6.7% in the third quarter, ranking third among the G20 countries in terms of growth.*



**25% growth**

Cigna achieved a growth rate of 25% in the life insurance category in 2020.



**185.7 million TL**

Cigna's net profit amounted to 185.7 million TL as of the end of 2020.

The pandemic – the first one experienced in our lifetimes – was the most critical item on the global agenda in 2020 in terms of both economic and socio-cultural issues. To slow the spread of the virus, restrictions were introduced and production halted; as a result, costs rose, and employment declined. These factors catalyzed changes in the industries that drive the nation's economy. In the first quarter, the impact of the pandemic on our country was relatively mild, and Turkey achieved a growth rate of 4.5%. The second quarter of 2020 – a year spent mostly at home, for our health and safety – saw shrinkage of 9.9% in parallel with declines in the industry and service sectors. Thanks to the support packages that were introduced to mitigate the adverse effects of the pandemic on the economy, Turkey achieved a GDP growth rate of 6.7% in the third quarter, landing it in third place among G20 countries in terms of growth rate. In 2020, I believe the growth process will continue as a result of the promising vaccine-related developments.

The COVID-19 pandemic triggered a need to feel secure in many areas, especially health, leading to a profound transformation in the priorities, habits, and expectations of all individuals. From the perspective

of the insurance industry, it is safe to say that our industry experienced a successful year. In 2020, we experienced a year that reminded us of the necessity for insurance and raised the general awareness of insurance among individuals. With growth of 19%, total premium production in all categories exceeded 82 billion TL. We also observed the impact of the pandemic on saving habits. The Private Pension System (PPS) reached a fund size of 137 billion and 6.9 million TL participants as of December 2020, while the Automatic Enrollment system reached 5.7 million participants. The effects of the pandemic on consumption and spending behavior, coupled with the new adjustments to be made on the system, signal an increase in the number of participants in the upcoming period. Following the onset of the pandemic, the benefits offered by health insurance, SSI, and public and private hospitals became urgent issues for many people. Individuals who sought to secure their health directed attention to both their health insurance and their life insurance. The category of life insurance, which has maintained rapid growth for the past decade and continues to present tremendous potential, achieved growth of 27% as of December 2020; the number of people with private health insurance and supplementary health insurance reached nearly 4 million.



## Assessment by the Chief Executive Officer

*Our transformation process included updating and developing a range of elements, from our name to our branches, and from our service infrastructure services to our distribution center. We crowned 2020 with the promise to customers to be “Together, All the Way.”*

*We will stand by our customers at all times as they strive to live in safety, seek solutions to unforeseen risks, make profitable plans for the future, and are in search of the right health companion.*



**24% growth**  
Cigna's premium production increased by 24% in 2020.

At Cigna, we centered our activities around customers' changing insurance needs throughout 2020. We continued efforts to provide our customers with new and different products in accordance with their expectations at full speed, thus achieving continued robust growth. The year was one of numerous innovations and incentives. At the end of 2020, by increasing our premium production by 24%, we reached a premium production rate of 923 million TL. Achieving growth of 25% in the life insurance category and 8% in the accident insurance category, we concluded the year successfully. With respect to the Personal Private Pension, we reached a total of 187,000 participants when combined with the Automatic Enrollment System, growing at a rate parallel to the industry. In addition to our successful growth in premiums and funds, we completed 2020 with a net profit of 185.7 million TL and a growth rate of 16% compared to the previous year.

to provide more comprehensive service. It is with pride and pleasure that we present premium service, along with Cigna Global's profound experience and expertise in health insurance, to our customers in Turkey through the Supplementary Health Insurance product. The year 2020 was also one in which we turned our attention to our life and personal accident insurance products. We added products specially tailored for SMEs and farmers, which make up the backbone of our economy, to our existing product portfolio, developed by placing our customers at the center of our business and focusing on their needs. Directing our efforts towards the benefit of society, in the second quarter of 2020 – a year in which social isolation was imperative – we presented customers with the 7/24 Online Doctor Life Insurance, which offers remote doctor and psychologist consultancy services. Moreover, in the same period, we extended the duration of our gratuitous supplementary services to enable our customers to take full advantage of our services. We took an important step for our customers, informing those who hold life insurance policies that pandemics like COVID-19 are included in our coverage. Thus, we helped customers feel more secure.

At Cigna, one of the most exciting developments for us was our venture into the field of health insurance. We continue on this journey, commenced with Cigna Global's more than 200 years of insurance expertise and QNB Finansbank's strength, with a promise

With a solid strategy at its foundation, our “brand transformation” was one of our most important developments in 2020. In the new brand positioning, our name evolved from “Cigna Finans” to “Cigna.” Our transformation process, initiated to more extensively touch the lives of our customers, consistently placed innovation at the center of our business and processes, as we renewed and developed various elements, from our brand to our insurance branches and from our service infrastructure to our distribution network. We completed 2020 with a promise to our customers to be “Together, All the Way.” With our venture into the category of health insurance and the momentum gained through our new ways of doing business, we made significant investments in service infrastructure and new sales channels as part of the digital transformation process.

At the heart of our achievements are our colleagues, who demonstrated incredible agility and adaptation in this unprecedented period, and who are passionate about their jobs. In 2020, we became closer – despite the growing distance. While we were not physically together as usual, we interacted on digital

platforms, internalizing the 5 Values that make up our corporate culture, and transforming our way of doing business accordingly. We are firmly committed to the five values, namely “Valuing Trust,” “Valuing Collaboration,” “Valuing the Purpose,” “Valuing People,” and “Valuing Innovation,” and these values served as a compass when conducting business, as they did the previous year, consolidating our bond and our passion to present our customers with the best possible service. In addition, our ever-strengthening bond with our business partner QNB Finansbank, one of Turkey's largest private banks, played an important role in our success.

Thanks to our brand transformation, our infrastructure activities, our entry into the health business, and our consistent growth across all other categories, we laid a strong foundation for our potential achievements in 2021. Our primary goal for the new year is to gain deeper experience in health insurance and increase the share of non-credit-linked insurance products in our total premium production. We believe that rapidly increasing insurance penetration in all the channels of our business partner QNB Finansbank

and better analyzing our customer portfolio through our telesales channel, whose performance is increasing by the day, are critical success factors, as is achieving a wider reach with solutions tailored to customer needs. Moreover, 2021 will be a year in which we utilize the digital platform as a distribution channel and enhance the customer experience with effectively designed products, offers, and services. We will stand by our customers at all times as they strive to live in safety, seek solutions to unforeseen risks, make profitable plans for the future, and are in search of the right health companion.

At Cigna, we will we maintain our development processes in all areas and implement our agile business and people-oriented approach. On behalf of Cigna, I extend my sincerest gratitude to our shareholders who walk with us on our journey to success, our customers, and our colleagues for their support.

I wish us all a year of continued accomplishment.

Sincerely,

**PINAR KURİŞ**  
Chief Executive Officer



## Senior Management



**PINAR KURİŞ**  
CEO



**MEHMET ÇAPKIN ERSOY**  
Executive Vice President



**NAZLI TLABAR GÜLER**  
Executive Vice President



**NURİ ÖZYER**  
Executive Vice President



**TOLGA CEYLANTEPE**  
Executive Vice President



**MELDA ŞUAYİPOĞLU**  
Executive Vice President



**BARIŞ BEZEL**  
Executive Vice President



**ÜMİT SÖNMEZ**  
Executive Vice President



**ECE KAZCILAR**  
Group Manager



**SERDAL GAZCILAR**  
Group Manager



**ÖVÜNÇ ÖZBİLGİÇ**  
Group Manager



**HARUN PABUŞÇU**  
Group Manager



**BİRSEN ÖZTÜRK KIRÇAL**  
Group Manager



**ERÇİN ACAR**  
Group Manager



**BEYHAN TUNCAY**  
Group Manager



**ASLI BENGİ**  
Group Manager



**CAN DEMİRAĞ**  
Group Manager



**BAHAR ELİF KANTARCIOĞLU**  
Group Manager

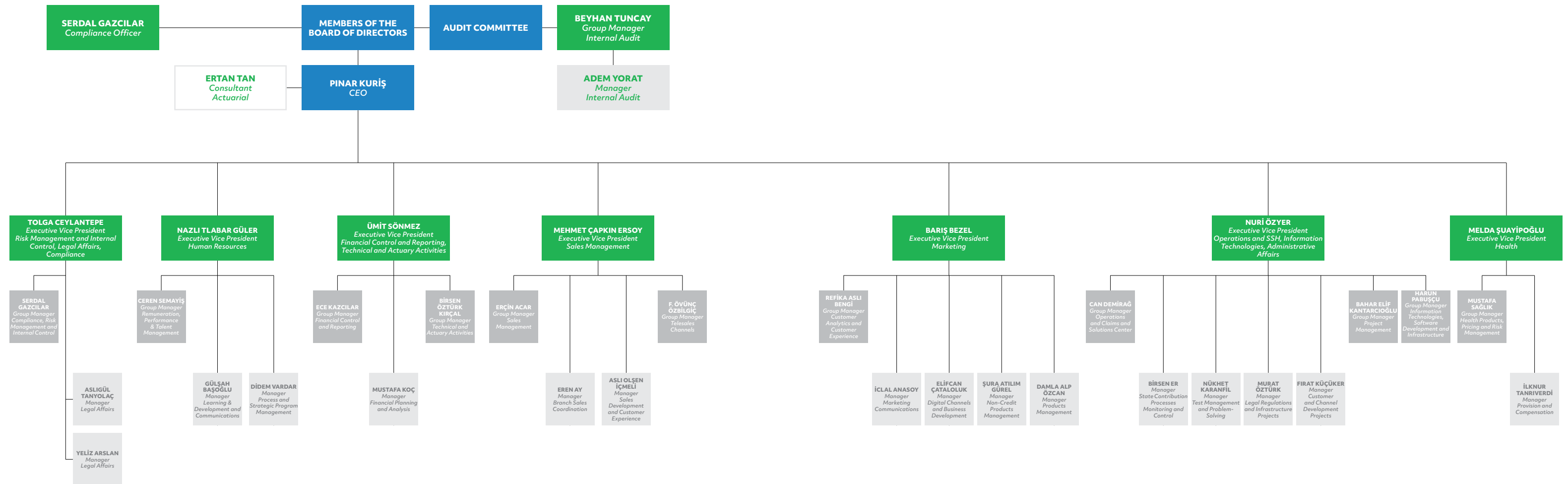


**MUSTAFA SAĞLIK**  
Group Manager



**CEREN SEMAYİŞ**  
Group Manager

# Organizational Chart





## Distribution Channel Activities

*As a result of our human focus and our emphasis on both internal and external customer satisfaction, our employee satisfaction score rose and our workforce turnover rate is at a point far below the industry average.*

*By adopting our motto, “Together, All the Way,” we continued to support and touch the lives of our customers through online health visits even under the difficult conditions during the pandemic, which prevented many from leaving their homes.*

Thanks to the smart suggestions we delivered to our current customers, the cross-product ownership rate significantly increased at the end of 2020 compared to previous periods.

### ALTERNATIVE DISTRIBUTION CHANNELS

For our telesales teams, 2020 marked a year of change and transformation. To advance our customer experience philosophy, which constitutes the basis of all our activities, sweeping changes were made in our sales strategies this year. We attained serious gains by virtue of such changes.

In line with our company strategy, all performance management metrics and sales texts were enriched, and a structure that further rewards absolute customer satisfaction was adopted. Accordingly, our vision of becoming a leading customer-oriented sales organization in the insurance industry was more clearly demonstrated, and significant learning and development were achieved.

As a result of these changes, the time our customers spent with us increased along with their satisfaction rates. All these improvements were monitored by way of our growing experience in speech analytics and supported by additional efficiency-enhancing activities.

Despite the country’s slowing economy, caused by the pandemic, we concluded 2020 with performance

levels that exceeded the targets of the telesales channel. Through our experience-focused approach, which gained prominence throughout the year, we transformed our portfolio by extending its longevity through fewer cancellations and increased use of the supplementary services offered alongside our products.

Thanks to the smart suggestions we delivered to our current customers, the cross-product ownership rate significantly increased at the end of 2020 compared to previous periods.

As a result of our human focus and our emphasis on both internal and external customer satisfaction, our employee satisfaction score rose and our workforce turnover rate is at a point far below the industry average.

As we do every year, we continued efforts to increase operational efficiency in 2020, as well. Performance tracking reports and reports on recovery and collection, which had for quite some time been prepared manually, were automated and real-time performance monitoring introduced. In addition, customer recovery processes were renewed from end to end, yielding increased operational efficiency and customer satisfaction.

In 2020, and in accordance with our motto “valuing people,” we enabled all our employees to work from home, within one week following the detection of the first coronavirus case in Turkey. During this period, the health of our employees was prioritized even in the most difficult of periods by virtue of our company policy, which directs a supportive and people-oriented approach rather than a target-oriented management approach. As of March, all our teams started working remotely. Thus, we again underlined that our priority is always “people” – not just in terms of our customers but also with regard to our employees.

To compensate for the pandemic-driven downsides of remote work, online motivational activities, such as video conferences, coffee breaks, motivational competitions, first-place celebrations, and various other meetings, were held for our telesales teams, thus keeping them engaged. Our teams are accustomed to working together and draw strength from one another; they are also adept at adapting to change and successfully passed a test in this regard, transferring the high energy of the office environment to their homes.

The human-focused projects we develop in each period will focus on growth in innovative and alternative channels in 2021 by drawing from this central approach. We will implement our expanding business models to achieve our targeted success in the health insurance business, into which we have only recently ventured. In 2021, we plan to present our customers with new strategies, targeting digital channels through activities to enhance our effectiveness in such channels.

### BRANCH SALES CHANNELS

In 2020, the Branch Sales Channel saw a 25% increase in premium production for life and personal accident branches, compared to 2019. In 2020, a year when the pandemic impeded sales representatives from conducting their usual face-to-face activities, remote sales were made possible by turning phones into offices, thus eliminating the need to visit branches. Thus, we reached the highest premium production in the branch sales channel in June.

We maintained our priority to “increase efficiency” in 2020 as well, and we implemented several new practices in line with this strategy. Moreover, we continued activities and operations with the aim of ensuring that their central objective was to enhance our sales efficiency.

In accordance with our fundamental focus on the customer and product diversity strategies, we continued to deepen our “Refund of Premium Life Insurance” premium production, which constitutes a central component of our product focus. By adopting our motto, “Together, All the Way,” we continued to support and touch the lives of our customers through online health visits even under the difficult conditions resulted by the pandemic, which prevented many from leaving their homes.

In 2020, we implemented many projects in the individual and corporate segments and secured a greater number risks for QNB Finansbank and our customers. The profound partnership we achieved by doing so helped to increase awareness of insurance. We continued penetration tracking through our deep integration with the Bank, seamless sales processes, and rule sets.

In 2021, we aim to move forward with strong steps on our 2020-launched operations in the field of health insurance, and we aim to further touch the lives of our customers through our expanding product portfolio.

## Product Development Activities

*Our Supplementary Health Insurance product was offered for sale by our telesales and sales consultants.*

*Not only do we offer farmers life and personal accident coverage in one product through Beside My Farmer Life Insurance, we also extended the coverage of the product to include gratuitous/discounted supplementary services that support agriculture and animal husbandry activities.*

### **WITHIN THE SCOPE OF HEALTH INSURANCE**

To bring Cigna's more than 200 years of health insurance experience to Turkey, we obtained our Health license in 2020. With the subsequent expansion of our field of activity, the Company established the Health Insurance department at the level of executive vice president, thus leading to the creation of the Claims, Provisions And Contracted Organizations units, along with the Product, Pricing And Risk Assessment units.

Following the establishment of the Health Management team, we initiated activities to enter the health industry through Supplementary Health Insurance, with the aim of making a difference in the sector. The Supplementary Health Insurance product provides examination and treatment services at private hospitals and other private health institutions that have an agreement with SGK (Social Security Institution) at no additional cost, excluding state participation margins. In 2020, we finalized our agreement process with TPA (Third Party Administration) to manage processes for contracted institutions by designing our compensation and provision processes in parallel with technical infrastructure activities.

We at Cigna define our company not only as an insurance company that stands by policyholders when they experience health problems, but also as a companion that supports policyholders in leading a healthy life. Drawing from this understanding, we enriched our Supplementary Health Insurance product with the Complementary Life Package, which includes check-up, online doctor, online psychologist, emergency ground ambulance, dental and eye care package services, as well as outpatient and inpatient treatment coverage.

Our Supplementary Health Insurance product was offered for sale by our telesales and sales consultants with a plan containing inpatient treatment coverage, and our first policy was produced on the same day. In the first quarter of 2021, plans were made for the sale of our alternative product, which includes outpatient as well as inpatient treatment coverage.

In 2021, the product is planned to be offered for sale by QNB Finansbank customer representatives and via our mobile application and online sales platform.

### **WITHIN THE SCOPE OF LIFE AND PERSONAL ACCIDENT INSURANCE**

As the needs of customers evolved in 2020 due to the pandemic, we accelerated the process of transitioning our products and services to a digital platform. While the challenges created by change increased, digitalization developments that allow for greater productivity paved the way for new ideas and possibilities in terms of our product portfolio and complementary services. In line with changing needs, we introduced new products that vary according to corporate and individual customer groups in our product portfolio.

Following the outbreak of the pandemic in the first half of 2020, we launched 7/24 Online Doctor Life Insurance. Aside from covering epidemics as part of death coverage, another prominent feature of the product is that it includes supplementary health services, such as online doctors and online psychologists. Despite growing health needs, policyholders who possess this product began to receive these services 24/7 in audio, written or video form through an online platform, without having to go to a health institution during a time when visiting such institutions could cause great anxiety, due to the pandemic.

Policyholders who held an insurance product containing supplementary services before the pandemic, but whose policy expired in the first phase of the pandemic, were unable to benefit from these supplementary services due to changing conditions. In accordance with our motto "Together, All the Way," we made it possible for our policyholders to benefit from these services by extending the duration of their supplementary services even if their policy expired. In addition, we informed all our customers who have life insurance that COVID-19 is included in their coverage.

Specifically for our latest personal accident insurance products, we designed supplementary services such as check-ups, dental health and eye health services in a manner that is more advantageous and accessible for our customers.

Meanwhile, in the second half of the year, we focused on the needs of our corporate customers and developed products tailored for SMEs and farmers through "Beside My SME Life Insurance," "Beside My SME Personal Accident Insurance," and "Beside My Farmer Life Insurance."

Not only do we offer farmers life and personal accident coverage in one product through Beside My Farmer Life Insurance, we also extended the coverage of the product to include gratuitous/discounted supplementary services that support agriculture and animal husbandry activities.

Beside My SME Life and Personal Accident Insurance secures our SME customers with coverage for death, accidental death, permanent disability as a result of an accident, and accidental treatment costs. Moreover, we aimed to expand its benefits by incorporating gratuitous/discounted supplementary services.

The life insurance and personal accident insurance products we have recently developed respond to the needs of our customers. Furthermore, we continue to stand by our independent and corporate customers by offering gratuitous, supplementary services they can benefit from in their daily lives.

As insurance companies started to make greater use of technology and support Insurtech startups in 2021, we will continue to design our products in accordance with customer needs and improve the customer experience for all products and services delivered through all channels – primarily the digital channel. We plan to provide our customers with an enhanced insurance experience through processes such as end-to-end digital confirmation and the delivery of policies by email and SMS, and through our value-added personal accident and life insurance products, which we plan to position primarily in the digital channel and are designed in line with market dynamics.

### **WITHIN THE SCOPE OF PRIVATE PENSION**

We continued to meet demands by presenting our individual customers with Easy and Elite Pension Plans, our group customers with group pension and AES plans, and our corporate customers with the Employer Group Pension Plan.



## Brand and Communication

*To ensure that our customers know we are always by their side, we at Cigna diversified communication activities with information that customers use in their daily lives, which have changed with the pandemic.*

In a year in which we were all affected by the pandemic, the importance of communication became even clearer. In 2020, traditional communication channels evolved into digital communication channels, as we learned how to communicate with family and loved ones remotely. During this period, to ensure that our customers know we are always by their side, we at Cigna diversified our communication activities to include information that customers use in their daily lives, which have changed with the pandemic. In addition to product and service-related posts on Cigna's social media accounts, we also shared content on social isolation, adapting to new ways of doing business, healthy nutrition, personal hygiene, the normalization period, and other issues related to life during the pandemic. We communicated more frequently with our customers, via e-mail, text messages and social media, and shared content that supported the "Stay at Home" theme. We offered suggestions to customers with children on how to have fun with their kids at home; weekly

healthy living menus were among these communication activities. Via Instagram, we held a fun competition themed "Corona Out of the Mouths of Babes" in which children described the COVID-19, which marked the beginning of a new era.

We implemented an ongoing communication plan to share information on policies and agreements that our customers may need. This plan, prepared in consideration of our Net Promoter Score (NPS), aims to regularly inform customers regarding their products and the privileged services that come with such products, and to increase customers' satisfaction level. The plan proved to have a positive impact on our NPS results in the final quarter of 2020.

In the last quarter of the year, we launched our brand transformation projects following an extensive process, and updated our brand name and logo, continuing our operations under the name Cigna. Alongside our new, streamlined

and more insurance-oriented logo, we continued to carry out genuine, sincere communications with our customers, in accordance with our promise to be "Together, All the Way." In the process of our brand transformation, we restructured our communication material to offer a simpler and more customer-focused perspective, and our corporate identity transformed in line with our corporate branding.

Our strong collaboration with QNB Finansbank extended into our communication channels. We carried out efforts to increase the visibility of Cigna across the Bank's customer contact points; by being active on digital channels such as social media, ATMs, and the mobile branch, we seized the opportunity to convey our promise to our customers to be together for life through various channels. By placing emphasis on our corporate communication activities, we distributed information on various projects and services, including our new products, the area of activity developed with our health license, and the results of COVID-19 related research conducted by Cigna Global on an international scale. This information was communicated to a large audience through the industry's media channels throughout the year, and we started to publish press releases.



Through iyihisset.com, which features articles on various topics related to life, we monitored the constantly changing, pandemic-induced developments. To support the theme of "Stay at Home," we created a world that appeals across all audiences, regardless of age and gender, with beneficial content specific to this period, including bread recipes and other healthy recipes, tips on home and personal hygiene, and enjoyable family-friendly shows, as well as home fitness suggestions, and methods for adapting to the new order. We shared this content on our social media pages with the aim of reaching a greater number of people. To end the year on a high note, we launched a competition in which we awarded a Netflix memberships through the "İyi Hisset" Instagram account.

We will continue to take strong steps towards investing in our brand, initiated through our brand transformation in 2020, in 2021, as well. Following our entry into the health insurance industry, we at Cigna have embraced the goal of acting as a companion to our policyholders by promising to be "Together, All the Way," to enable them to live a healthy life with their loved ones. We will move forward on this journey, commenced to achieve this goal, in 2021 through advertising activities, collaborations with experts on good living and health, research, and corporate

communication activities. Digital communication will be on the top of our agenda in 2021; the prominent projects planned in 2021 include the renewal of our website in parallel with user habits and needs, and the transformation of our blog into a more interactive and user-specific platform, in accordance with our "İyi Hisset" brand goals.

## Digital Transformation

*Through Refund of Premium Life Insurance project, we developed processes whereby customers can complete the product ownership process on their own and negotiate with a sales consultant by way of the fully digitalized purchasing process.*

Our Digital Channels and Business Development team, which was formed in 2019 to meet the changing needs of customers while putting digitalization first, continued its activities in 2020 by performing functions such as introducing new digital channels to Cigna, turning them into profit centers, developing business partnerships, and leading the digital transformation of our conventional channels.

Gaining momentum in 2019, our digital transformation projects started to bear fruit in 2020, and we launched three new projects within the same year. The first of these projects was to enable quick, easy sales of our Refund of Premium Life Insurance product through the corporate website. Through this project, we developed processes whereby customers can complete the product ownership process on their own and negotiate with a sales consultant by way of the fully digitalized purchasing process.

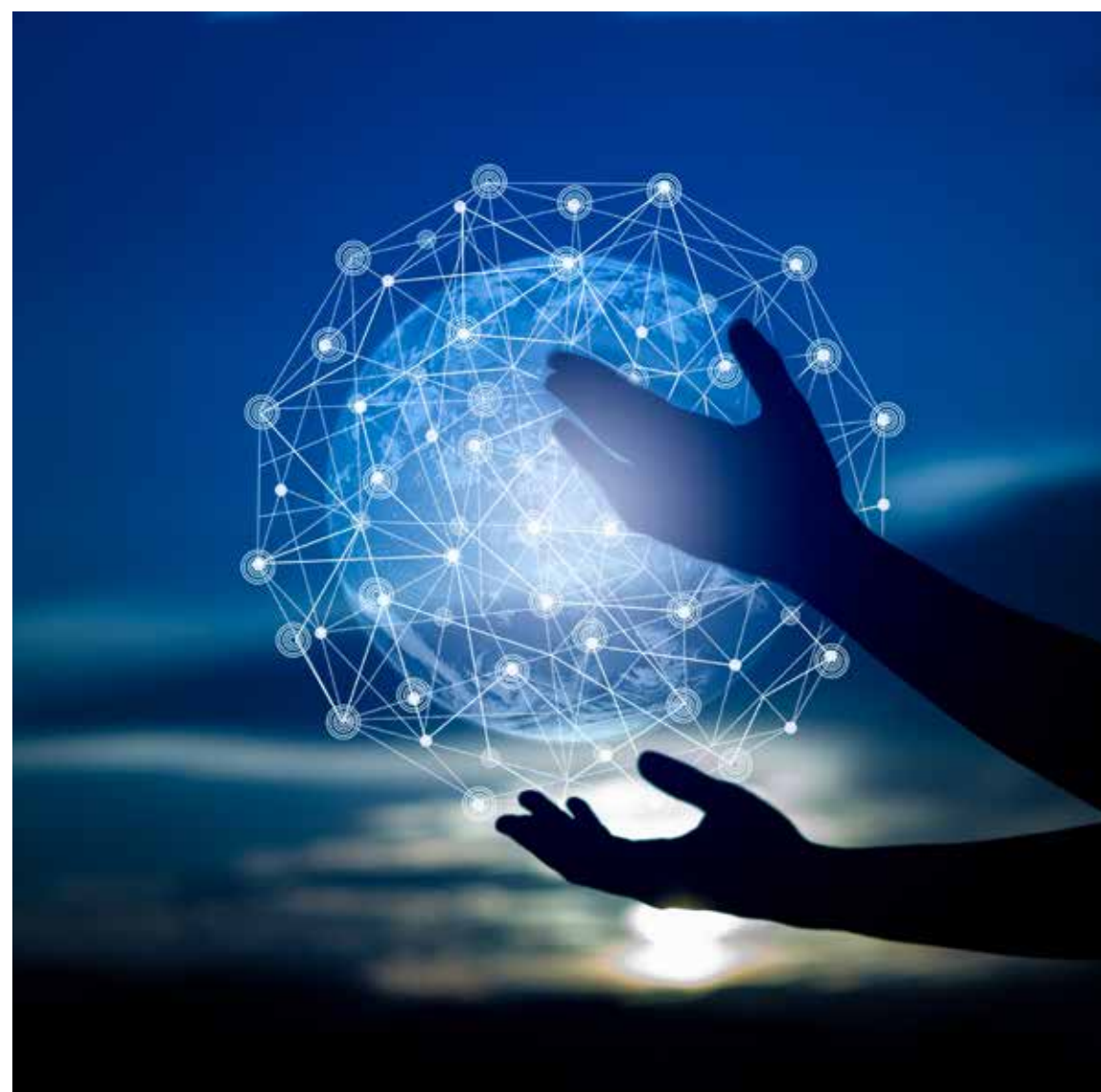
Another project was the “Cigna Kolay” platform, the first step in our digital transformation, which focuses on facilitating the daily activities of our field sales team. Through this platform, our sales consultants can monitor their performance, perform sales within minutes via user-friendly interfaces, keep track of their reports, view the applications assigned to

them, communicate for new customer acquisition, and manage the reference processes.

The last project launched in the final quarter of 2020 was our easily customizable flexible infrastructure for our business partners. Through this project, we were able to achieve a range of unparalleled capabilities in the insurance industry, such as the ability to create short-term products, the ability to offer products on web pages unique to each business partner, and the ability to gift products and assistance services to customers.

In 2021, we will focus both on expanding the range of the products we sell online and perfecting our after-sales services relating to health insurance, our most recent field of operation. To this end, we will launch our new mobile application and diversify the distribution channels through which we reach our customers by introducing a new after-sales service channel that is unprecedented in the insurance industry.

Furthermore, in 2021, through partnerships that will enhance the visibility of the Cigna brand, we will launch projects that will play a role in the daily lives of our customers and make a difference in the insurance sector through technological infrastructure and customer-oriented solutions.



*Through the Customer Analytics and Customer Experience organization we established in mid-2020, we continue to place our customers at the center of all our activities.*

We will continue to provide full support to Insurtechs, as we have for the last two years. As well, we will enter into strong collaborations with start-ups in 2021 to accelerate our digital transformation processes and keep the ecosystem alive.

### CUSTOMER ANALYTICS AND CUSTOMER EXPERIENCE

Through the Customer Analytics and Customer Experience organization we established in mid-2020, we continue to place our customers at the center of all our activities. We will consistently enrich the journey of our customers, who are always our highest priority, with the insights we gain from them.

By virtue of our analytical and customer experience studies, we guided our customers by better understanding them through machine learning models. We consistently strive to gain an all-around understanding of our customers and we respond to their needs with segmentation and predictive modeling studies utilizing new generation analytical solutions. We will continue to present customers with products and services designed for them at the right time and through the right channels.

Within the scope of our sales and marketing focused analytics and customer experience research, we accelerated our data enrichment

studies. We will focus on infrastructure projects, upon which we will build big data infrastructures with new generation analytical solutions and health insurance, our most recent field of operation.

We analyzed customer insights in accordance with a design-oriented approach via a comprehensive evaluation of corporate and customer net recommendation scores, internal and external customer satisfaction survey results, and instant complaints and requests. We continued our improvement and development efforts with the aim of prioritizing and scaling through implementing data-based decisions, and designing customer requests based on their needs by listening, understanding and empathizing when delivering products, services, and processes.

Established in 2020, the Customer Experience Department initiated activities to enhance customer satisfaction in accordance with its customer-oriented approach. This initiative is in line with our vision of providing a unique interaction to customers at all touchpoints and offering them an emotionally as well as professionally fulfilling experience. We will continue to take actions aimed at raising both internal and external customer satisfaction by more rapidly responding to customer expectations and adding value to their lives.



# Customer-Focused Services

*By removing long announcements at our Call Center at 0850 222 0 860, we enabled our customers to connect to a customer representative in a shorter time.*

## CALL CENTER

The most important change we introduced in 2020, in order to protect the health of our employees and their families and continue to provide uninterrupted service to our customers, was undoubtedly the transition to remote work at the start of the pandemic in Turkey.

Taking into account our customers' feedback, we removed the lengthy announcements of Cigna Sağlık Hayat ve Emeklilik IVR (Interactive Voice Response), reached by calling the number 0850 222 0 860; this change enabled our customers to connect more quickly to customer representatives.

Within the scope of logo and title change activities, both the IVR announcements and the content of our written texts were revised; thus, we improved these processes with a more sincere approach to our customers.



In addition, through our card masking practice, customers who requested a payment instrument change via IVR started to perform their transactions more quickly by entering the first six and last four digits of their card. The removal of the field requiring expiration date information enabled us to build trust on the customer end.

Within the scope of activities carried out in 2020 in accordance with our motto "Together, All the Way" we administered a Net Promoter Score (NPS) survey and personally contacted customers who gave us a low score, to better understand their needs. Based on these results, we determined action items together with our business units and carried out activities to enhance the customer experience.

One of the most prominent achievements of our call center teams for 2020 was obtaining an average recommendation score of 61.9%. The average rose from 57.4% in January to 78.3% in December.

When available, the call center line was used by select customer representatives to support operation teams, resulting in increased efficiency and the opportunity to more closely observe and experience the functioning of a different team.

Successful results were obtained in the quality follow-up of the "Welcome" calls delivered to our high-income segment team in March.

With respect to call center services, we achieved an average satisfaction rate of 85% for service level and 85% for service quality, a net recommendation score of 61.9%, a response time of 11 seconds, and a response rate of 99%.

We fulfilled customer requests by responding to 32,518 calls out of the 361,306 calls received by the call center and the Automatic Enrollment individual line. Moreover, 4,482 calls were responded and 49,267 outbound calls were made through our high-income segment line.

We met all the addendum demands of our policyholders and participants regarding life insurance and private pension product requests conveyed through the Call Center.

We played an active role in resolving complaints about the Company's products and services in a timely fashion and increasing customer satisfaction.

In accordance with the needs of the Company's business units, outbound calling activities were carried out for a number of issues.

### **The activities of our call center during the pandemic:**

Due to the pandemic, the entirety of our call center teams started working from home, and we provided services with the same sensitivity and customer-focused approach we demonstrated before the pandemic. During this process, we added a coronavirus message to our IVR, to promote the protection of our employees and ensure the highest level of customer satisfaction while also targeting potential problems that could emerge in the system.

We took actions during the pandemic to enable the remote execution of customer transactions, such as confirmations via email and audio, thus demonstrating maximum sensitivity to the health of both our customers and our branch employees.

To adhere to social distancing guidelines following the onset of the pandemic, we suspended intra-city and inter-city business travel and conducted our external trainings through online platforms. For the same purpose, we started to hold recruitment interviews and meetings online.

In line with our goals for 2021, we have emphasized the importance of digitalization, and we aim to enable customers who reach the call center to perform some of their transactions through the voice response system without connecting to a representative, thereby shortening waiting times for customers on the line and providing faster service.

For customers who request a detailed explanation of deductions within the scope of submission of documents, efforts are taken to enable instant printing of the document through the system and immediate fulfillment of customer requests during the call. The aim is to streamline the document preparation process by providing solutions during the initial call to the call center, rather than channeling such requests to the customer solution center.



**361,306 calls**  
361,306 calls were received



**78.3% NRS**  
The average recommendation score rose to 78.3% in December.

## Customer-Focused Services

*Within the scope of the Operations and Claims Unit's field of activity, all change (addendum) requests regarding life insurance policies and private pension contracts were performed in 2020.*

*In 2020, within the scope of Life and Personal Accident Insurance claims transactions, 7,857 claims notices were evaluated, and the total amount of indemnities paid to banks, policyholder and other right holders reached 73,342,993.48 TL.*



**72,095**

In 2020, a total of 72,095 participation certificates were issued.



**857 policies and certificates**

857 policies and certificates were sent to customers' addresses in 2020.

### INSURANCE AND PRIVATE PENSION OPERATIONAL ACTIVITIES

Within the scope of the Operations and Claims Unit's field of activity, all change (addendum) requests regarding life insurance policies and private pension contracts were performed in 2020 and, within the framework of the relevant legislation, documents such as policies, certificates, contracts, receipts of payment, and account statements were sent to policyholders and participants. Agreements were made with employers who were provided coverage in 2020, thus supporting both employers and their employees included in the system.

In 2020, a total of 72,095 participation certificates were issued by the Policy Operation Unit in the category of life and personal accidents. Within the scope of our life and personal accident operations, 34,265 cancellation addendum transactions were carried out and 857 policies and certificates were sent to customers' addresses.



Within the scope of our private pension activities, general asset controls were performed for 646 proposal forms, and 1,657 private pension contracts were sent to participants by courier. Moreover, 63,191 changes were made. As of 2020, the process of sending account statements via e-mail rather than postal mail has been adopted.

In 2020, within the scope of Life and Personal Accident Insurance claims transactions, 7,857 claims notices were evaluated, and the total amount of indemnities paid to banks, policyholder and other right holders reached 73,342,993.48 TL.

The Operations and Claims Unit is in close contact with both the sales teams and the insurance-related business units of QNB Finansbank, our main distribution channel; this Unit has coordinated the healthy execution and development of operations and claims workflows.

Robotic processes, which were initiated in 2019 as a result of an end-to-end evaluations of operational processes and which primarily target policy entries for Life operations, continued in 2020 with the transfer of policy cancellations to the robot.

We enhanced the robotic system for cancellation and early exit processes within the scope of the operations of the private pension system.

### CUSTOMER SERVICES

Within the scope of the customer solution center's field of activity, processes were undertaken for receiving and evaluating customer complaints and directing them to the relevant units, as were follow-up activities regarding responses and assessments. Data regarding the complaints in question were regularly reported to the Company's senior management.

To ensure the satisfaction of our current customers and prospective customers, all complaints examined by the Unit are treated as the primary priority for customer satisfaction and finalized in this way. By establishing a Complaint Committee in 2020, we took action to rapidly resolve recurring issues that give rise to customer dissatisfaction due to extended solution times, and to uniformly inform units of the issues that affect the general public.



## Customer-Focused Services

*Our Customer Solution Center resolved 88% of the complaints received in 2020 in the first five days.*

In 2020, the Unit prepared and submitted response letters for 181 levy notices and 455 circulars issued by the Insurance Association of Turkey.

Like the rest of our Company, we switched to remote work during the pandemic. We improved business processes conducted with our administrative affairs unit; these processes are under the responsibility of our Unit and involve the receipt and archiving of documents submitted by mail. We helped reduce the administrative workload by creating a new process with our partner, Zip courier, for PTT shipments. We modified our wet signature process for external correspondence to enable digital confirmation, thus saving paper and time. We completed the ongoing training of new recruits who joined our team in the first three months of the year in a digital environment.

We transferred the complaint result calls from the high-income segment team to our business partner CMC. We developed processes to automatically search the data on the CMC side and notify customers who cannot be reached through calls via automatic SMS. Through our complaint-tracking system, we designed processes for automatic reminders and the transferring of time-based processes to the top manager.

We increased our response rate to complaints received through şikayetvar.com to 100% by the end of the year. In addition, we aim to reduce our response time on şikayetvar.com, which was 54 hours in the first six months of 2020, to 33 hours by the end of the year, and to one hour as of 2021.

Responding to complaints within five days is essential in terms of the Company's quality standards. Our Customer Solution Center resolved 88% of the complaints received in 2020 in the first five days, and it carried out transactions for a total of 6,225 customer requests received through all communication channels of the Company.

Moreover, in 2020, the Unit prepared and submitted response letters for 181 levy notices and 455 circulars issued by the Insurance Association of Turkey.

Following our entry into the health industry, among our projects in 2021 is to create a module for tracking customer demands and complaints through the same platform used for tracking health policies, and for swiftly managing and reporting customer requests and complaints through a single platform.

## Process and Strategic Program Management

*To contribute to digitalization and keep pace with innovative practices in the industry, we prioritized our value, "Innovation Is Worth It."*

We are continuing efforts to achieve our strategic goals by aligning the objectives and activities of our business units, integrating the strategies, objectives and goals, determining and adhering to priorities for risk management and strategic business planning, and analyzing such priorities. Our efforts contribute to the improvement and development activities of our Company in accordance with our 5 Colors/5 Values policy.

We facilitated the dissemination of our value "Collaboration Is Worth It" throughout various lines of business by providing program management for our new health branch, transferring corporate memory, designing new processes and creating system development requests, as well as preparing end-to-end process maps in parallel with improvements, and publishing documents regarding practices in the information library.

A Branch-, Channel- and Product-Based Customer Experience Map with pre-sales and after-sales activities, which serves to help understand customers and prepare sales strategies and approaches in accordance with customer needs, was created. In addition, the current status for resolving company and customer problems in the short- and long-term was completed and transferred to the newly established

Customer Experience team, and priority was accorded to our value, "The Customer Is Worth It."

Within the scope of information technology processes, the objectives of providing continuous improvement infrastructure in accordance with CoBIT 4.1 Standards and the establishment of corporate structure, along with the securement of the functionality of the practice through written documentation, was completed, with priority accorded to our value, "Trust Is Worth It."

With remote work, the communication with the stakeholders within the team and between the teams has been increased by adapting quickly, and thus our business has been continued to be managed effectively and efficiently, prioritizing our "Human Is Worth It" value.

To contribute to digitalization and keep pace with innovative practices in the industry, we prioritized our value, "Innovation Is Worth It."

Within the scope of other activities, the following were performed:

- As part of the revision of GRC documents, we carried out the maintenance of policy, process and procedure documents in which management rules, business processes and practices are

indicated, by taking into account quality management standard.

- We ensured the information library was updated.
- We performed the annual review of the process inventory.
- We determined and tracked key performance indicators, together with all stakeholders.
- We performed a current situation/target structure analysis.
- We took actions deemed necessary as a result of process evaluations and fulfilled the necessary requests.
- We improved processes in accordance with strategies.
- We designed the processes of the determined projects.
- We ensured the necessary coordination with relevant parties within the Company by monitoring actions taken as a result of the findings.
- We carried out authorization control activities for the application system.
- We aligned the objectives and activities of business units in order to achieve strategic goals.
- We ensured the integration of strategies, goals and objectives and the implementation of priorities relating to risk management and business planning.

We carried out activities to ensure that strategic projects and policies were initiated and completed on time, and that strategic targets were assessed, monitored and analyzed.

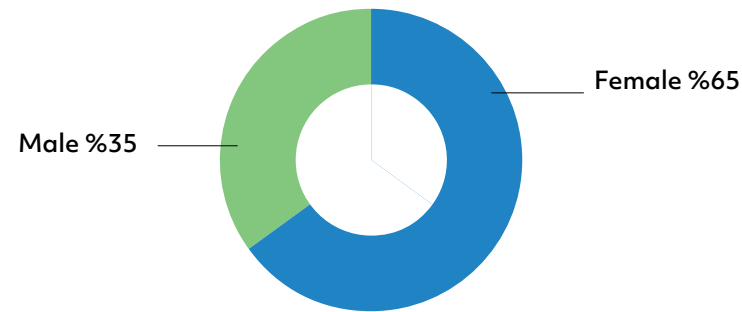
# Human Resources Practices

*In 2020, emphasis was placed on activities aimed at acquiring both external and in-house talent and boosting the experience of these recruits along with enhancing the experience of candidates and employees.*

## EMPLOYEE PROFILE AND TRAINING ACTIVITIES

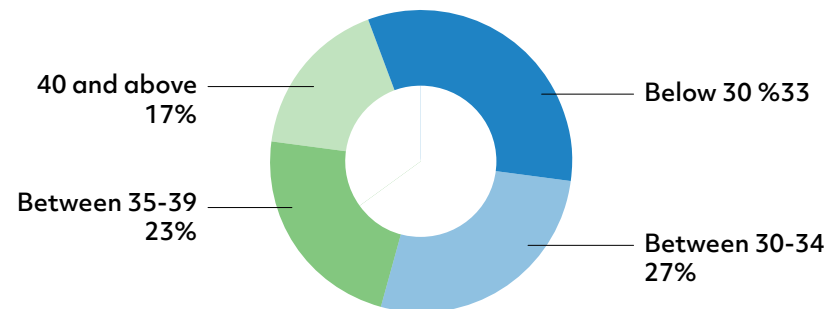
### GENDER DISTRIBUTION

Our employee demographics data dated December 31, 2020, demonstrates our commitment to promoting female employment, as a majority of the Company's employees are female.



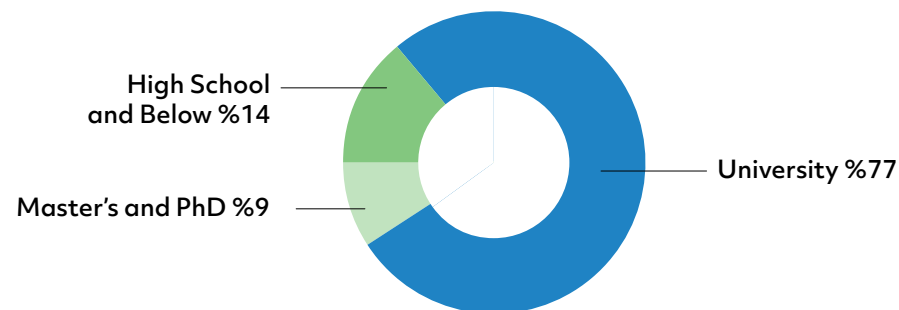
### AGE DISTRIBUTION

The mean age of our employees is 32, demonstrating our young and dynamic structure.





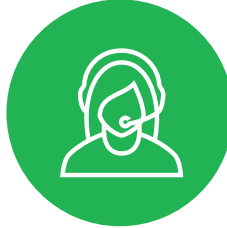
### ANALYSIS OF EDUCATION STATUS

We have qualified employees who possess a high level of education alongside the training and expertise necessary to conduct the Company's general activities and their own line of business.



## NUMBER OF EMPLOYEES

Between 2017-2020, employees were employed by the Company in direct correlation with our growth strategy and economic indicators.

	 <b>General Management</b> Number of Employees	 <b>Region</b> Number of Employees	 <b>Telesales</b> Number of Employees
2017	<b>241</b>	<b>370</b>	<b>140</b>
2018	<b>236</b>	<b>270</b>	<b>118</b>
2019	<b>198</b>	<b>226</b>	<b>128</b>
2020	<b>225</b>	<b>201</b>	<b>102</b>

## INFORMATION ON HUMAN RESOURCES PRACTICES

### Talent Acquisition

The Human Resources Partnership is responsible for generating strategies that attract candidates aligned with the Cigna values and goals, and for developing the candidate and employee experience.

To ensure the optimal resource during the recruitment journey, the Branch Sales, Telesales And General Management units are treated as separate entities, and recruitment practices are accordingly differentiated. Recruitment was

carried out in line with this approach, and 77 people, including permanent employees and outsourcing management, joined the Cigna family in 2020. In the same year, emphasis was placed on activities aimed at acquiring both external and in-house talent and boosting the experience of these recruits along with enhancing the experience of candidates and employees.

### Talent Retention and Development

By restructuring our talent management process in 2020, improvements were carried out as part of the existing process to establish the definition of talent

at Cigna, form trust in the talent management process within the Company, support the personal development of identified talents, and help create career plans. The talent management process was merged with the performance process; and the performance potential matrix was created and implemented with the help of evaluation tools that allow objective evaluation. In addition to this process, efforts are underway to prepare the organization for the future through the determination of structured critical role and succession plans.



# Human Resources Practices

*To differentiate and fairly reward performance, we effectively conducted processes for target setting, mid-term evaluations, within-year target revisions, and year-end assessments.*



**201 regional employees**

As of 2020, Cigna employs 201 regional employees.



**255 people in the general management**

As of 2020, Cigna employs 255 people in the general management.

The Personal Development and Career Planning process was created under the supervision of Human Resources in order to enable our employees to see their current status and their areas for development, as well as areas specific to their next career step, thus empowering them to map their own career paths.

**Performance Management**

Our performance management process, called Come Together for Development, which was updated last year, was implemented from end-to-end for the first time this year. To differentiate and fairly reward performance, we effectively conducted processes for target setting, mid-term evaluations, within-year target revisions, and year-end assessments.

With the awareness that the most important step of the performance management process is giving and receiving the right feedback, we shared effective feedback videos and supportive contents and information throughout the year. As well, the performance system was made accessible year-round, and the opportunity to provide instant feedback was created.

To share the purpose, function and general perspective of our process with all our employees, Human Resources Open Door meetings were organized, and one-to-one process support was provided to all interested employees with the aim to clarify all questions.

**Assessment and Development Center Practices**

Our principle of "valuing people" is at the center of all steps taken by Human Resources. Accordingly, one of our top priorities is to stand by each employee in their development stage and provide them with the tools they need. In line with this approach, assessment and development center processes were implemented in 2020 to find solutions to the following needs.

- Determining the readiness of our employees for new duties and responsibilities during the promotion or appointment processes.
- Enabling the identification of employees' strengths and areas for development in an effective manner during the transition to managerial roles.
- Ensuring the Company can identify potential employees that it will need in the future, especially for critical roles.

- Enabling our employees to better assess their current state, their areas for development, and areas specific to their next career step, thus empowering them to map their own career paths.
- Providing the opportunity to create training and development programs tailored to the individual or team by targeting employees' areas for development.

**TRAINING ACTIVITIES**

In 2020, the training headings that emerged as a result of Cigna's training activities, focus groups, and needs analysis meetings were brought together under a single umbrella through the "Arti Akademi Development Catalog." The Catalog includes a total of 60 training headings in the following categories. The Catalog, which includes both individual requests and academy programs, was made accessible throughout the year for our employees to choose from.

Following the outbreak of the pandemic in March, all in-class trainings were transferred to an online environment, and all our training and development activities were carried out through this online platform. To ensure continuous improvement and the retention of information during and after the transition to remote work under pandemic conditions, 43 online trainings were assigned to all our employees on a weekly or monthly basis, and 109 development links for different areas were shared.

**1- "Development Is Worth It" Trainings:** These are trainings containing technique and competency-based programs shaped by the Company's priorities and the requests of managers and employees in 2020. Employees can choose from these programs based on areas for development that are identified in performance interviews with their managers. The trainings under this heading consist of competency trainings, technical trainings, Cigna University trainings, and online trainings.

**2- Orientation Trainings:** These are trainings designed to offer guidance to colleagues who have recently joined us, who have changed their role within the Company or who have just entered professional life, in performing their jobs and adapting to the position. This process helps the employee or new recruit feel a sense of belonging in the institution and acquire professional skills as soon as possible. Moreover, technical trainings, which are required for the adaption to new roles, were specially designed under the name of the "Cigna Path to Leadership" for executives transitioning to managerial and higher positions within the organization.

**3- Technical Insurance Trainings:** This program, which provides in-depth information about the insurance market, aims to equip participants with the necessary knowledge on technical issues and regulations, and enable them to view the insurance business from a holistic perspective.

**4- Mandatory Trainings:** These are trainings organized to keep employees updated and to fulfill legal obligations in accordance with the Company's field of activity.

**5- Academic Trainings:** These are long-term training programs designed for different fields, such as leadership, sales and actuary. The content of the program is shaped by the goals and strategies of the Company for that year.

**a. The Leadership Academy** offers trainings designed to develop the leadership skills of managers holding the title of assistant manager and above in order to support the transition from management to leadership.

**b. Sales Academies** are trainings designed to support the development and career advancement of the main sales positions that contribute to the Company strategy within their efficiency cycles.

**c. The Actuary Academy** consists of trainings designed to prepare employees in the Actuary and Internal Audit Units for exams, with the aim of enabling them to enhance their professional competencies.

**d. From the Campus to the Office Trainings** consist of professional and personal development trainings designed to prepare young talents for business life and increase brand awareness.

**e. The Health Academy**, which was introduced after the Company obtained a health license, consists of trainings designed to enhance the legislation, sales, product and display knowledge of employees and strengthen their expertise in this field.

**6- Individual Trainings:** These are trainings created to meet the special development needs of employees that emerge on a personal or situational basis and are not included in the Catalog.

**7- "Our Culture and Values" Trainings:** These are training programs designed to emphasize our values of human-centeredness, purpose, innovation, trust, and collaboration, which make up our corporate culture, in our daily business and routines, as well as in each step of our business lives.

# Human Resources Practices

*By adopting the motto “Our mental and physical health is important for our wellbeing,” we continued to support the movement for good by participating in the “Global Wellness Challenge,” a healthy living activity organized in all Cigna countries.*

Training Data	2015	2016	2017	2018	2019	2020
Number of Training Participants	17,127	1,198	14,945	11,251	7,098	16,213
Number of Training Days Per Capita	8.7	6.2	7.2	4.0	7.1	9.9
Duration (People/Hours)	39.6	30.8	38.4	21.7	50.2	59.7

As we are part of a global organization, our employees participated in international programs as well as domestic programs. In this respect, international training programs were organized for the purposes of preparing employees for future roles and opportunities, establishing a global network, and raising awareness of activities carried out in other countries. Thirteen of our employees had the opportunity to participate in the programs, held in a virtual environment.

### LICENSING ACTIVITIES

In-class training support was provided for the Personal Pension System (BES) License and the Insurance Training Center (SEGEM) License, which are crucial for our pension and insurance consultancy employees. In 2020, 88% of employees held a BES license whereas 99% held a SEGEM license. Furthermore, 96% of our telesales consultants held a SEGEM license.

### EMPLOYEE ENGAGEMENT AND GOOD LIVING PRACTICES

Meeting Human Resources needs in line with the Company's vision and strategy and in a quick and effective manner tailored to the Company's structure and culture are a crucial component of our Human Resources approach. In this respect, one of the most effective internal communication tools used to ensure the adoption of this strategy by our employees was our “Wellbeing” practices. During the pandemic in 2020, we had the opportunity to implement open-door practices by rapidly transferring all existing and newly organized events to virtual environments. We created social media accounts directed towards our employees during this period, and offered special meeting opportunities through creative events, competitions and practices such as “Thank You Thursday,” where our employees virtually came together regardless of their location, thus promoting constant communication.

By adopting the motto “Our mental and physical health is important for our wellbeing,” we continued to support the movement for good by participating in the “Global Wellness Challenge,” a healthy living activity organized in all Cigna countries. Through travel, music, cinema, social responsibility and sports clubs established by Company employees, we directed organizations under the leadership of our employees.

Monthly evaluation surveys were shared with employees and senior management, and the efficiency and added value of our projects were measured.

Our Employee Loyalty Survey is prepared in cooperation with Cigna Global. The survey, administered annually to evaluate activities involving the performance system, appraisal and rewards, leadership, loyalty and training, is shared with all employees and their feedback is obtained. In accordance with the results of the survey, focus groups are created and actions are taken.

### Appraisal and Rewarding

The appraisal and rewarding system, which positively reinforces the adoption of company values and corporate culture, is an effective tool utilized by companies to create a work environment in which employees feel valued and happy. In this respect, Cigna rewarded and recognized several of its employees in annual domestic and international rewarding processes held in 2020. Employees were rewarded for their record sales performances, their projects that pioneer innovations and development, and their long years of dedication and contribution to our Company.

### OTHER PRACTICES

#### Culture and Values Practice

In the second phase of the initiative to rebuild our corporate culture, we focused on the adoption and dissemination of our values. “Pioneers of Values” were selected to represent all units in order to promote values that were established through joint contributions, and action plans were drawn up with our management teams to increase good examples and target areas for improvement. Short-, medium- and long-term projects were determined, and our values were incorporated into all our practices.

Through the “5 Colors - 5 Values Monthly Employee Bulletin,” we created a platform to share our good examples and projects completed within the scope of our values; the importance of promoting these values was reiterated at every opportunity. We implement our action plans under the leadership of our management teams, and we take firm steps forward on our journey to promote an “attractive company” under the guidance of the determined 5 Values, namely Valuing People, Valuing the Purpose, Valuing Collaboration, Valuing Innovation, and Valuing Trust.

### Social Responsibility Activities

This year, we are planning and implementing activities to help children. We have collectively carried out several social responsibility projects and we have experienced how strong and how helpful we can be, even in the most difficult times. In 2020, we provided clothing and supply aid to the victims of the Erzincan and Malatya earthquakes. We also provided rent aid to the victims of the Izmir earthquake through the “One Rent One Home” campaign within the scope of activities carried out by the “Cigna Stands By You” employee club. We provided basic needs support, over-the-counter medicine, and comfort-enhancing medical supplies to the young souls being treated at the Pediatric Bone Marrow and Oncology Unit of Ümraniye Training and Research Hospital, thus meeting their physical needs while also boosting their morale and quality of life. Within the scope of our partnership with the Emergency Needs Foundation, we provided clothing aid to families in need before the Ramadan Feast. When schools were planned to be reopened during the pandemic, we took actions to meet the stationery needs of school-age children as part of our partnership with the Association for Supporting Contemporary Life, thus gifting the children with a future to make their dreams come true. During the “Global

Wellness Challenge,” which brings all Cigna members across the globe together to promote wellness, we ranked 2<sup>nd</sup> among 18 countries by participating in the most events, and we also provided scholarships to cover the education expenses of school-age children through the Association for Supporting Contemporary Life. In accordance with our motto, “Together, All the Way,” and under the leadership of our employee social responsibility club, we worked in solidarity to provide hope for children in need – and we continue this journey at full pace.



**9.9 training days per capita**  
Number of training days per capita was 9.9 in 2020.



**16,213 people**  
Number of training participants was 16,213 in 2020.



## Information Technologies, R&D and Innovation

*In order to improve our internal processes, all request and project processes were made traceable and measurable end to end through the digitalization of the request generation system.*

### INFORMATION TECHNOLOGIES

In 2020, within the scope of our information technology activities, we carried out 220 projects focused on digitalization and customer satisfaction with 3,480 people/day.

We achieved main system integration with QNB Finansbank for our Refund of Premium Life Insurance product, thus enabling the product's sale through the Bank. In addition, we implemented projects aimed at receiving applications for Refund of Premium Life Insurance through our corporate website, enhancing the sales process by increasing engagement with customers through a user-friendly interactive demo area, and finalizing sales by calling customers upon their completion of or inability to complete online purchases. Cigna Kolay, which was digitized for the field sales team, started to be used, and more user-friendly screens were introduced for the sale of the Refund of Premium Life Insurance product. In this respect, we tested processes for performing sales with non-QNB Finansbank customers and made the system ready for sales.

Within the scope of our midlayer project launched last year, we continued to make improvements and prepared the infrastructure for partnerships by organizing a short-term campaign for Life and Personal Accident Insurance.

Within the scope of the brand transformation process, initiated to robustly position our brand as an insurance company, the Company logo and name were successfully developed as a result of meticulous efforts and strong cooperation among many units that enabled the tracking of all changes relating to our internal systems, QNB Finansbank and all related infrastructure areas.

Integration was established with the Message Management System (iYS), designed to manage commercial electronic message permissions and complaint processes, thus enabling the sending of existing customers' SMS and email permissions to the system, the regular feeding of information on changes in permissions to the iYS, and the reflection of these changes in the iYS to our systems.

System and infrastructure compatibility was ensured through the completion of projects involving legal processes, such as Legislation and the Protection of Personal Data. The necessary inspections were carried out within the scope of the Treasury Audit activities, mutual controls were carried out with QNB Finansbank, and the necessary actions were taken. Data controls were completed within this scope, and demand and project processes were examined in detail.

In order to improve our internal processes, all request and project processes were made traceable and measurable end to end through the digitalization of the request generation system.

Following the introduction of the health insurance category, the establishment and development of the health insurance management system was completed. In 2021, we plan to improve healthcare products and the infrastructure system, and enable their integration with QNB Finansbank.

### Business Intelligence and Data Analytics Activities

In 2020, we continued efforts aimed at the creation of consolidated data sources, the development and dissemination of central business intelligence practices throughout Cigna, and the creation of data-oriented business processes.

Below is a recap of the Unit's 2020 activities:

- Developments to unify the source of documents relating to in-house data, dashboards, ad-hoc reports, and analytics activities were enriched.
- Support was provided to establish a ticket system for instantly responding to frequent inquiries and data requests by the Cigna general management, telesales and field sales teams, thus enabling them to design their own reports. Developments for dashboards, which are mainly used by senior management, were completed.
- During the year, efforts to resolve internal audit findings were completed, and the data services expected by the auditors from the treasury were also seamlessly provided.
- Data requested by the business units within the scope of the International Financial Reporting Standards (IFRS 17) Project was prepared and shared.
- Requests received during the bank's treasury audit were quickly prepared and shared with the Audit and business units.
- System infrastructure was designed for the Collection Performance Report.
- For sales made through the direct sales channel, the design of the target scorecard used by sales consultants and the reflection of the sales in the reports were completed.

### Data Management Activities

The transfer of files from different sources and partners to the data warehouse environment was completed as requested.

In 2020, activities on code development, the follow-up of infrastructure activities, and controls for the preparation of HAYMER data, which are part of the legal submissions process, and the transfer of such data to the Insurance Information Center, were continued. Currently, the daily generation of life, personal accident and group life termination, claims, and mathematical reserves data continue to be transferred to the Insurance Information Center.

Through the development of a code in the data warehouse environment, efforts were made to prepare the data set requested by the Insurance Supervisory Board.

Routine activities are carried out on a monthly basis to create and share manual month-end closing reports with business units.

Reports for failure to collect payments through telesales were prepared and shared with business units.

New reports requested by the Business Intelligence and Data Analytics team are planned and created.

Within the scope of the International Financial Reporting Standards (IFRS 17), the demands of the business units have been met and projects have been carried out, and other related activities are still ongoing.

Sales representative dashboards were completed; support for the project was provided via the preparation of midlayer dashboard data and the transfer of such data to source systems.

The Collection Performance Report was developed and shared with the Collections department.

In 2021, to attain our business goals, we will realize an end-to-end transformation project targeting data management and business intelligence processes. The objective is to redesign the data warehouse and business intelligence processes in order to obtain reports requested by Cigna business units quickly and effectively, and to create new structures by comprehensively evaluating the requests of the business units. An additional aim is to review the data architecture, improve data transfers and processes, analyze requests collected from business units, and create models according to need.

### INNOVATION

In 2020, we carried out important activities for customer experience and efficiency under the banner of digitalization. In this respect, Cigna Kolay was developed for both our customers and field teams and was realized as an important transformation project to insulate users from the complexity of classical main systems. In addition, efficiency and standardization were achieved through the implementation of robotic process automation in operational processes. Moreover, within the scope of efficiency, an important initiative was introduced through the implementation of resource sharing among different departments within the organization.

## Technical and Actuary

*Through the project, jointly carried out with Information Technologies, we ensured that the deduction addendum in the Refund of Premium Life Insurance product and the post-deduction addendum in the other insurance products functioned properly in the system.*

The Technical and Actuary Activities group consists of the Valuation and Modeling, Pricing and Technical Assessment and Risk Assessment units. The Department employs four actuaries, one assistant actuary and three trainee actuaries, amounting to 14 people in total.

In 2020, the Actuarial team collaborated with the Finance and Information Technologies teams and achieved progress in the International Financial Reporting Standards (IFRS 17) project, the first comprehensive and truly international standard that will determine the accounting of insurance contracts to be implemented as of 2023 in Turkey. In addition to IFRS 17 activities, the project involving the revision of USGAAP accounting standards (LDTI) for long-term policies was initiated.

By drawing from Cigna Global's experience in health insurance, we supported the launch of our Supplementary Health Insurance product, which we developed with the contribution of many different units within the Company.

We completed activities to update the continuity, damage, and cost assumptions used in budget and profitability projections. Afterwards,

profitability was analyzed on a channel and product basis, and regulatory actions were planned or taken accordingly.

In accordance with our motto, "Together, All the Way" a reinsurance agreement was signed with BNP Paribas Cardif for the unemployment-covered Credit Card Protection product, which was unavailable due to the pandemic. Through the project, jointly carried out with Information Technologies, we ensured that the deduction addendum in the Refund of Premium Life Insurance product and the post-deduction addendum in the other insurance products functioned properly in the system.

During the year, efforts were made to resolve internal/external audit findings.

To better manage the increasing risk resulting from the pandemic, which has impacted the entire world including Turkey, the Risk Acceptance regulation was updated, and the maximum age limits and policies were reviewed. During this period, the Company saw an increase in death claims. In this respect, the effect of the increase in claims due to the pandemic was reflected in the incurred but not reported (IBNR) claims.

The main goals of the Technical and Actuarial department for technology and innovation in 2021 are to improve processes for reports, controls and analyses obtained from the system, and to develop reporting and supporting tools within the scope of IFRS 17.

The total number of life insurance policies/certificates in force as of December 31, 2020 was 2,401,551, and the total life insurance premium production was 836,441,084 TL.

In the accident category, the total number of personal accident insurance policies/certificates in force as of December 31, 2020 was 142,058, and the total premium production was 86,719,121 TL.

As of December 31, 2020, the average death coverage was 17,009 TL for the existing 2,401,551 life insurance policies/certificates.

The distribution of policyholders for the life category by age group is shown in the table below. As can be seen from the table, in 2020, claims were mainly offered to policyholders between the ages of 38-47.

### DISTRIBUTION OF DEATH COVERAGE AMOUNT FOR ACTIVE LIFE INSURANCE BY AGE GROUP AS OF 31.12.2020:

Age Range	Individual	Group	Total Death Coverage (TL)	Rate (%)
18-27	405,777,848	2,690,747,062	3,096,524,910	8%
28-37	2,292,646,122	10,794,065,798	13,086,711,920	32%
38-47	2,716,872,428	11,457,088,758	14,173,961,186	35%
48-57	1,013,714,817	6,336,889,174	7,350,603,991	18%
58-67	218,268,555	2,712,956,795	2,931,225,350	7%
68-77	11,950,402	196,495,144	208,445,546	1%
78-87		1,777,037	1,777,037	0%
88+		220,000	220,000	0%
<b>Total</b>	<b>6,259,230,172</b>	<b>34,190,239,768</b>	<b>40,849,469,940</b>	<b>100%</b>

As of December 31, 2020, the total amount of death coverage for active life insurance was 40,849,469,940 TL.

### DISTRIBUTION OF LIFE INSURANCE POLICY/CERTIFICATE AMOUNT AND TOTAL DEATH COVERAGE AMOUNT AS OF 31.12.2020:

Insurance Duration	Policy/Certificate Amount	Total Death Coverage (TL)
1 Year	785,092	7,139,324,774
2-5 Years	1,583,150	30,211,482,020
6-10 Years	31,735	3,110,849,612
10+ Years	1,574	387,813,534
<b>Total</b>	<b>2,401,551</b>	<b>40,849,469,940</b>



# Information on the Company's Internal Control System and Internal Audit Activities and the Governing Body's View

## INFORMATION ON INTERNAL SYSTEMS

### Internal Audit Activities

Internal audit activities are carried out by the Internal Audit Unit to ensure that the Company's activities are performed in accordance with the relevant legislation and the Company's internal strategies, policies and targets, as well as to provide assurance to the Board of Directors regarding the effectiveness and adequacy of the Company's internal control and risk management systems.

The Internal Audit Unit carries out its activities directly under the Board of Directors in accordance with the provisions of the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies," published in the Official Gazette dated June 21, 2008 and numbered 26913.

Internal audit activities are carried out within the scope of annual audit plans, which are prepared to cover all the activities of the Company based on periodic and risk-based evaluations, and which contain the assessments of the Company's senior management and the approval of the Board of Directors.

In 2020, the Internal Audit Unit fulfilled its responsibilities to ensure that the Company's activities were carried out in accordance with legal regulations, legislative provisions and internal regulations in an objective and independent manner.

The audit reports issued as a result of the audit activities were placed on the agenda of the Board of Directors by the Audit Committee, chaired by the Board Member Responsible for Internal Systems, and the actions to be taken following the reports were resolved with the approval of the Board of Directors. Actions taken regarding issues identified in the audit reports were monitored regularly throughout the year through the audit findings follow-up module that is integrated into the system.

Special assessments and investigations were made on case-by-case basis when deemed necessary. The main aim was to perform audit activities in accordance with the Internal Audit Standards determined by the International Institute of Internal Auditors (IIA).

In 2020, internal audit activities were carried out by a group manager, a manager and three auditors.

### Compliance, Risk Management and Internal Control Activities

Compliance, risk management and internal control activities are carried out by the Compliance, Risk Management and Internal Control Department in accordance with the provisions of the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies" and the "Regulation on the Compliance Program for the Prevention of Laundering Proceeds of Crime and the Financing of Terrorism."

The Department consists of two units, namely "Compliance" and "Risk Management and Internal Control," and it reports to the Compliance, Risk Management and Internal Control Group Manager, who is also the MASAK Compliance Officer.

### Compliance Activities

Compliance activities are carried out by the Compliance Unit in order to provide assurance to the Board of Directors regarding the execution of Company activities in accordance with the relevant legislation.

The Compliance Unit operates in accordance with the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies" and the "Regulation on the Compliance Program for the

Prevention of Laundering Proceeds of Crime and the Financing of Terrorism." The Group Manager of the Compliance Unit also serves as the Compliance Officer.

The Compliance Officer operates under the Board of Directors to carry out activities involving the prevention of the laundering of proceeds of crime and terrorist financing.

The Compliance Unit carried out activities in 2020 with one Group Manager (Compliance Officer), one Assistant Manager, and two Senior Specialists, one of whom was a Deputy Compliance Officer.

The Compliance Unit reviews the Official Gazette on a daily basis within the scope of legislative follow-up activities, prepares legislative announcements on issues concerning the Company, and monitored actions to be taken.

The Compliance Bulletin, which contains legislation, draft legislation, internally published policies and procedures, decisions, decision summaries and data breach notifications published in the relevant month, was published on a monthly basis. In addition, an active role was played in projects carried out within the scope of legislative compliance.

Within the scope of the obligations required by the Law on Protection of Personal Data, projects were developed, and awareness activities were conducted in cooperation with other departments to ensure personal data security.

The criteria determined by the Financial Crimes Investigation Board within the scope of international regulations concerning domestic policies and Turkey were implemented and, to this end, control mechanisms were put in place to detect suspicious transactions and regular checks were carried out, based on information received from the system.

Various actions, such as the publication of announcements and the implementation of trainings, were taken within the Company in areas such as the prevention of laundering proceeds of crime and terrorist financing, the protection of personal data, anti-corruption and sanctions, data security, ethical rules and Principles of Conduct. Reflecting our principle that "Value Is Worth It," the week of November 30-December 4 was declared Ethics and Compliance Awareness Week, and awareness activities were continued for the adoption and implementation of the Code of Ethics and Principles of Conduct.

### Internal Control Activities

Our internal control activities aim to protect the Company's assets and perform activities effectively and efficiently in accordance with the laws and other relevant legislation, internal policies and rules, insurance practices and the principle of the separation of duties, thereby ensuring the reliability and integrity of the systems and the timely availability of information.

Internal control activities consist of periodic controls, critical risk indicators and on-site control activities. Periodic control activities are performed by monitoring the Level 1 and Level 2 control points that are created as a result of risk management activities and are integrated into the system. Following the assessment of the results of the control activities, the effectiveness of the controls is monitored, all results are shared with the relevant business unit managers and the Company's Senior Management, and the necessary improvements are made. In 2020, the system integration of the Company's control map, consisting of existing and proposed control points determined following discussions with all units, along with control points added in accordance with legal obligations, was completed, and all controls and results started to be monitored online. The root causes of problems identified through control

activities and the effectiveness of existing controls were evaluated, and the monitoring of actions determined jointly by the Risk Management and Internal Control Unit and the business units was performed.

The results of all control activities are reported to Senior Management through the managers of the relevant unit.

### Risk Management Activities

Our risk management activities aim to define, measure, manage, report and control the risks to which the Company may be exposed.

The Risk Management and Internal Control Unit carried out its 2020 activities with one Group Manager (Compliance Officer), one Assistant Manager and two Senior Experts. Risk management activities are carried out in the form of process-based risk assessments, the periodically monitored incident reporting of operational risk, and the reporting of critical risk indicators. Within the scope of process-based risk assessment activities, risks that may arise in business processes and the existing Level 1 control points are determined and evaluated, risk-reducing actions are determined for risks that are deemed appropriate to risk appetite, and Level 2 controls are assigned for risks that are deemed critical. Incidents subject to operational risk are monitored, the effectiveness of existing controls is evaluated for recurrent and critical risks, and risk-reducing Level 1 and 2 controls or process improvements are recommended if any area for improvement is observed. One main objective is to identify the necessary risk-reducing actions for the early detection and control of the risk by monitoring the critical risk indicators created on a unit basis. In 2020, the Company's Risk Appetite Document was renewed and approved by the Board of Directors, the risk acceptance practice was

## Information on the Company's Internal Control System and Internal Audit Activities and the Governing Body's View

initiated, the process was improved for the identification and follow-up of individuals with critical roles and responsibilities in the Company, and the follow-up responsibilities regarding business continuity management and corporate insurance policies were undertaken. In 2021, risk assessment activities are planned to be carried out through the system and a risk module practice is planned to be introduced for the strengthening of corporate memory.

### Heads of Units Under the Internal Systems

#### Serdal Gazcılar

##### *Compliance, Risk Management and Internal Control Group Manager*

Serdal Gazcılar graduated from the Department of Statistics at Mimar Sinan University in 1995. He started his career at Yapı Kredi Sigorta A.Ş. in 1996, assuming various roles within the Fire Insurance, Marketing, Internal Audit, Internal Control and Risk Management departments, and he served as MASAK Compliance Officer until 2011. He took on the role of Corporate Governance and Compliance Manager and MASAK Compliance Officer at ERGO Sigorta A.Ş. from March 2011 to September 2019. Gazcılar joined Cigna Sağlık Hayat ve Emeklilik A.Ş. in September 2019. In addition to his roles as Compliance, Risk Manager and Internal Control Group Manager, he continues to serve as MASAK Compliance Officer.

#### Beyhan Tuncay

##### *Internal Audit Group Manager*

Beyhan Tuncay graduated from the Department of Business Administration at İnönü University in 1996. He started his career in the insurance industry with Acıbadem Sağlık ve Hayat Sigorta in 1999 and completed the Financial Law Master's Program at Marmara University in 2004. He received the title of Independent Accountant and Financial Advisor in 2006. In 2007, he undertook the role of Internal Control Manager at Ergo Emeklilik ve Hayat A.Ş. and later served as Financial Planning and Control Manager at Ergo Group Holding. Since 2010, he has served as an Internal Audit Group Manager at Cigna Sağlık Hayat ve Emeklilik A.Ş.

### VIEW OF THE BOARD OF DIRECTORS

The activities that fall within the scope of the Company's internal systems are conducted in accordance with the Insurance Law numbered 5684 and dated June 3, 2007, the Private Pension Savings and Investment System Law numbered 4632 and dated March 28, 2001, and the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies" published in the Official Gazette numbered 26913 and dated June 21, 2008 in relation to the above laws.

## Information About Risk Management Policies According to Risk Type

### FINANCIAL RISKS

The aim of the Company's capital management strategy is to ensure the continuity of the company as a profitable organization, look out for the interests of shareholders and corporate partners, and secure the continuity of the most efficient capital structure to lower the cost of capital.

The Company is exposed to market risk (currency risk, interest rate risk, price risk), loan risk, and liquidity risk due to its financial assets and liabilities. The Company's risk management program primarily focuses on minimizing the potential adverse effects of uncertainty in financial markets on the financial performance of the Company. The Company is generally exposed to interest rate and price risk due to its financial investments, loan risk due to its insurance receivables, and currency risk due to its foreign currency indexed assets and liabilities.

The risks the Company may potentially face with respect to its field of activity and the precautions and actions it takes to manage such risks are provided below.

#### Market Risk

Market risk involves the financial loss the Company may incur as a result of changes in market interest rates, securities prices, and exchange rates. The value and risk of the financial instruments we hold for trading purposes are dependent on the fluctuation of exchange rates.

#### Loan Risk

Loan risk refers to the risk that arises when an individual who is indebted to the Company is unable to fulfill this debt obligation in a timely manner.

The Company monitors and minimizes its loan risk relating to its financial assets classified as loans and receivables, and its receivables (including reinsurance receivables) resulting from its insurance activities through the procedure it implements for collaterals received and the selection of the counter party.

The financial assets that do not fall within the loans and receivables category and that are exposed to loan risk represent the time deposits and demand deposits held at banks and other financial institutions in Turkey, and such receivables are considered to have high credit risk.

#### Liquidity Risk

Liquidity risk occurs when the Company does not have the necessary funds to meet its financial obligations in a timely manner without any loss.

Moreover, during periods of excessive volatility in interest rates due to economic and political uncertainties, it has been observed that transaction volumes in the government debt securities market decrease significantly. This shows that the Company may be exposed to liquidity risk.

Cash flow and portfolio activities are carried out monthly in order to meet the Company's commitments, especially regarding the payment of claims, on time, determine the required liquidity level, manage the liquidity risk, conduct the risk analysis studies, and determine investment priorities and potential risks in budget estimates. In addition, information about the status of markets is obtained from Finans Portföy, which manages the company's pension investment funds.

In the risk assessments conducted in 2020, it was observed that no financial risks exceeding the risk appetite determined by the company emerged.

### Compliance Risk

The Compliance Unit carries out regular activities to monitor new regulations or changes in legislation and eliminate the risk of an adverse impact to the Company's operations and reputation.

One of the most critical tasks of the Compliance Unit in 2020 was the surveillance of the legal regulations concerning the Company's field of activity, the review of the changes in these regulations, and the provision of timely information to the Company's management and employees regarding the implementation of obligations arising from the above. The Company organized meetings for the Compliance Unit, Legislation Committee and Data Privacy Committee, made legislative reviews and announcements, prepared a monthly compliance bulletin, and provided employee trainings on obligations (pertaining to the Prevention of Laundering Proceeds of Crime and the Financing of Terrorism, the Protection of Personal Data, Information Security, Anti-Corruption and Sanctions, our Code of Ethics, etc.), thus supporting employees in adapting to changes in the Company's obligations and taking an active role in minimizing the regulatory risk. In 2020, with the participation of the relevant units, the Compliance project was carried out, current processes were reviewed, and additional processes were designed when deemed necessary. In addition, the Compliance Unit, together with the Compliance Officer, ensures that the necessary measures are taken, and the necessary notifications are made within the scope of national and international regulations regarding the prevention of the laundering of proceeds of crime and terrorist financing.



# Information About Risk Management Policies According to Risk Type

## TECHNICAL RISKS

### Insurance Risk and Insurance Risk Management Process

Insurance risk refers to the potential instances in which the premiums paid by the policyholder do not meet the indemnity to be paid in the case that the event subject to the insurance activity occurs.

That the risk is random and unpredictable demonstrates the importance of risk assessment. The Risk Acceptance Regulation was prepared in order to create an effective risk assessment policy regarding the insurance risks of the Company, and the insurance risks assessment activities of the Company were carried out within this framework. The Risk Acceptance Regulations are reviewed every year in accordance with the Company's needs and the structure of the updated life insurance portfolio.

All medical risk assessment procedures were carried out in-house in 2020 in accordance with the agreement, with the aim of providing effective and professional service through risk assessment activities regarding the insurance applications and claims of the Company. The organization process was performed by the Branch Sales Management Platform Assistant. In 2020, service was received from Compu Group Medical Bilgi Sistemleri A.Ş. with respect to the contracted hospital network.

In addition to this assessment, an in-house medical risk assessment process is carried out by the Technical and Actuarial Group within the scope of our medical risk assessment process. Moreover, the Company's Technical and Actuarial Group also

performs personal (occupational, hobby, lifestyle, geographical residency and moral risk) and financial risk assessments for prospective policyholders.

The Company utilizes insurance risk assessment tools that are accepted worldwide and adopted internationally in risk assessment processes for policies. In the assessment of medical, personal and financial technical risks, controls are carried out through the internet-based insurance risks assessment tool called Swiss Re Life Guide (Swiss UW System), which is owned by our leading reinsurance company, Swiss Re, and the numerical risk rating results obtained from this program are utilized. In addition to this assessment, an in-house medical risk assessment process is carried out by the Technical and Actuarial Group within the scope of our medical risk assessment process. Moreover, the Company's Technical and Actuarial Group also performs personal (occupational, hobby, lifestyle, geographical residency and moral risk) and financial risk assessments for prospective policyholders.

In the risk assessment processes that changed during the pandemic period, compliance and continuity were prioritized for each line of business, and the analysis and assessment of financial and medical risks were ensured through the enforcement of strict controls. In response to the pandemic, a COVID-19 Company status report was created. Furthermore, the Company's risk assessment is regularly monitored in this regard.

In 2020, customer satisfaction and operational efficiency were prioritized. Blacklist cumulative data were

reviewed in the same year, and new decisions and issues that expired were reviewed. Body mass index evaluations were integrated into the system, and operational efficiency was increased.

### Medical Risk Assessment

The changing order that emerged due to the pandemic has also affected activities developed for the evaluation of insurance applications received by the Company. Exceptions were made, to a certain extent, for those customers who did not want to go to the hospital during the pandemic. To speed up document transactions, coordinated processes were carried out with the sales teams. For prospective policyholders who request coverage that exceeds the amount specified in the Risk Acceptance Regulation – amounts which are determined according to life insurance coverage amounts requested in the initial phase of insurance applications submitted to the Company – we ask that they undergo certain sets of check-ups at a contracted health institution; information about the health status of prospective policyholders is obtained in this way. These medical results are examined by the Company's Technical and Actuarial Group and a medical opinion is prepared and communicated. The life insurance applications of prospective policyholders are rejected, if those prospective policyholders are found to have a mortality risk above a specified rate following the insurance risk assessment performed according to the numerical risk rating method.

### Personal Risk (Pertaining to Living Conditions, Job, Morale and Hobbies) Assessment

In the second phase of our insurance risk assessment process, the information obtained from prospective policyholders regarding

their gender, lifestyle, residence and profession is evaluated with insurance risk assessment tools, and risks are re-evaluated through requests for additional information and documents from prospective policyholders when necessary.

### Financial Risk Assessment

In the third stage, compatibility between the amount of life insurance coverage requested by customers and the annual income of prospective policyholders and/or the loan amount requested from the Bank is assessed. Since the Company portfolio consists primarily of life insurance products for bank risk, assessments are made at this stage to determine whether the requested insurance coverage amounts are compatible with the loan amounts provided by the Bank. The fact that the initial financial analysis is performed by the Bank to determine whether credit life insurance will be granted is an important indicator for the Company in terms of financial risk assessment. At this stage, as stated in the Risk Acceptance Regulation, a financial statement form, a copy of the loan agreement, and information and documents showing the income status of the candidate policyholder are requested. When necessary, it is deemed mandatory for prospective policyholders to fulfill the information and document requests of the sales consultants with whom they are affiliated, thus preventing the prospective policyholder from experiencing health risks during the pandemic. The items that require joint decisions to be made with the business units are specified and requested to be clarified in the UW - Committee processes. The primary objective is to reduce the workload of the policyholder, whose health declaration is reliant on certain criteria, through a re-analysis of their status within the scope of improvements in blacklist processes.

The evaluation of the underwriting risk aims to ensure that the activities of all units within the Company comply with legal regulations, Company strategies and policies, and implementation principles, and are in accordance with the Company's actuarial principles.

The process for auditing the underwriting risk consists of notifying the Company's senior management of certain components, such as the following:

- The effectiveness of the risk management process.
- Compliance with processes determined in writing.
- Compliance with the agreed-upon limits.
- The extent to which the data and reports produced reflect the actual situation.

This is followed by the proposal of suggestions regarding the necessary precautions to be taken and the necessary changes to be made to practices.

### Management Process Regarding Risks Related to Reinsurance Companies

Reinsurance activities are carried out for risks (death, accidental death, disability as a result of illness, accidental disability, dangerous diseases, cancer, etc.) which are assured by the Company in the form of death risk and additional coverage. For life insurance tariffs with risk factors, the maximum conservation amount for death and additional coverage is determined annually through actuarial calculations.

A portion of this risk, which does not exceed the specified amount, is retained by the Company and the remainder is transferred to partner reinsurance companies through proportional reinsurance agreements (surplus and quota-share reinsurance contracts). In addition, some of the expected risks for underwriter personal accident products are transferred to the reinsurer through the Excess of Loss agreement put into effect in 2015.

A non-proportional catastrophic Excess of Loss (XL) reinsurance contract is signed every year by the Company in order to protect to put safeguards in place in the event of as a result of major natural disasters such as earthquakes and floods, traffic accidents in public transportation vehicles, and terrorist attacks.

In the category of life and accident insurance, the Company, through an agreement with its contracted reinsurers, carries out reinsurance transactions in accordance with the appropriate risk assessment conditions and reinsurance capacity.

The results of the Company's reinsurance activities in the categories of life and accidents as of the end of December 2020 are presented below:

## REINSURANCE RESULTS FOR THE CATEGORY OF LIFE AND ACCIDENTS

Reinsurance Results for the Category of Life	January-December 2020 (TL)
Transferred Premium	17,555,595
Commission Received	9,265,094
Reinsurer's Share in Check-up Expenses	18,123
Reinsurer's Share in Claims	2,557,672
<b>Total</b>	<b>5,914,706</b>
Reinsurance Results for the Category of Accidents	January-December 2020 (TL)
Transferred Premium	3,807,959
Commission Received	1,306,066
Reinsurer's Share in Check-up Expenses	0
Reinsurer's Share in Claims	1,279,421
<b>Total</b>	<b>1,222,471</b>

## Information About Risk Management Policies According to Risk Type

The following selection criteria are decisive in the Company's business relations with reinsurers and in the selection of the reinsurance companies involved in the reinsurance program; these criteria aim to promote reliable and high standards of service and ensure that reinsurers fulfill their obligations.

1. The companies with which reinsurance agreements are to be made should be located in politically and economically safe geographies, away from conditions such as war, civil turmoil, rebellion and uprising.
2. Financial strength and credit ratings given by international credit rating agencies.
3. A long-term approach in business relations.

4. Competitive reinsurance premium prices.
5. The capacity provided for facultative activities and non-proportional (catastrophic) reinsurance contracts.
6. Opportunities offered to the Company in areas such as risk assessment, notices about new developments, product development, training, and so on.

The Company's policy for managing reinsurance operations is rooted in business relationships established with stable and financially reliable reinsurance companies. Reinsurance contracts are signed with reinsurance companies in consideration of the financial situation of the relevant company, industry developments, and market conditions.

As a result of the stable and consistent pricing and risk acceptance policies implemented by the Company, the risk assessment terms and procedures agreed upon with treaty reinsurers allow for the automatic coverage of high amounts of coverage well above market averages.

The ranges of our current life insurance coverages, according to coverage amount and the distribution of reinsurance within these ranges, are shown in the table below:

We work with Swiss Re, SCOR, Cigna Re and Munich Re regarding excess-type reinsurance agreements in the category of Life and Personal Accidents. In addition, we work together with RGA, the reinsurer for our Surgery-Related Personal

Accident product. In September 2020, we started working with BNP Paribas Cardif (Cardif), located in Turkey, for insurance riders involving unemployment/temporary incapacity/hospital daily cash.

The ratings of these reinsurance companies according to S&P and A.M. Best are as follows:

	S&P			A.M. Best		
	Rating	Outlook	Date	Rating	Definition	Date
Swiss Re	AA- (Strong)	Stable	24.10.2018	A+ (Strong)	Stable	13.11.2018
Cigna Re	-	-		A (Strong)	Stable	31.12.2015
RGA	AA- (Strong)	Stable	27.10.2016	A+ (Strong)	Stable	30.11.2017
Munich Re	AA- (Strong)	Stable	21.07.2015	A+ (Strong)	Stable	07.12.2017

The existing reinsurance companies that we have agreements with are among the organizations whose activities are deemed appropriate by the Republic of Turkey Ministry of Treasury and Finance within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy for Insurance, Reinsurance and Pension Companies."

In the selection of reinsurers, the following are taken into consideration: balance sheets, income statements, and the results of the research (ratings) conducted by foreign independent rating institutions in determining the financial strength of the companies, all of which document that the reinsurer is subject to audit by legal audit and control authorities. The selection of reinsurance companies is made by the Company's senior management in line with the recommendations of the relevant executive unit.

### TOTAL NUMBER OF POLICIES/CERTIFICATES AND REINSURANCE DISTRIBUTION BASED ON DEATH COVERAGE AMOUNT RANGES (31.12.2020):

Risk Profile (Death Coverage)	Coverage Number as of 31.12.2020	± Δ%	Total Indemnity Amount (TL) as of 31.12.2020	Conservation (TL)	Conservation Rate	Excess	Facultative
1-5,000	1,022,114	0.42	2,270,746,592.95	2,268,240,180.23	1.00	2,506,412.72	0.00
5,001-10,000	409,395	0.17	3,218,352,323.56	3,212,605,574.81	1.00	5,746,748.74	0.00
10,001-25,000	557,001	0.23	9,466,611,959.90	9,418,336,151.53	0.99	48,275,808.36	0.00
25,001-50,000	294,462	0.12	10,762,557,216.96	10,510,188,273.16	0.98	252,368,943.80	0.00
50,001-100,000	90,625	0.04	6,717,611,153.92	6,067,604,556.40	0.90	650,006,597.52	0.00
100,001-200,000	31,381	0.01	4,644,621,558.07	3,632,378,448.58	0.78	1,012,243,109.49	0.00
200,001-500,000	10,755	0.00	3,179,561,881.96	1,540,579,489.14	0.48	1,638,982,392.83	0.00
500,001-1,000,000	810	0.00	541,371,001.45	130,689,659.86	0.24	410,681,341.59	0.00
1,000,001-5,000,000	31	0.00	48,036,251.71	5,888,532.18	0.12	42,147,719.53	0.00
5,000,001 +	0	0.00	0.00	0.00	-	0.00	0.00
<b>Total</b>	<b>2,416,574</b>	<b>100%</b>	<b>40,849,469,940</b>	<b>36,786,510,866</b>	<b>90%</b>	<b>4,062,959,075</b>	<b>0</b>



## Information on the Chairman and Members of the Board of Directors, CEO and Executive Vice Presidents, and Managers of Internal Systems

Name-Surname	Position/Title	Education Status	Work Experience (Years)
MEHMET ÖMER ARIF ARAS	Chairman of the Board	PhD	41
JASON DOMINIC SADLER	Vice Chairman of the Board of Directors	BA	30
ERKİN AYDIN	Member of the Board of Directors	MA	23
ADNAN MENDERES YAYLA	Member of the Board of Directors	MA	35
JEROME DROESCH	Member of the Board of Directors	MA	26
EMİNE PINAR KURUŞ	Chief Executive Officer	PhD	21
	Member of the Board of Directors		
	Senior Management		
ÜMİT SÖNMEZ	Executive Vice President	MA	23
	Financial Control and Reporting, Technical and Actuary Activities		
TOLGA CEYLANTEPE	Executive Vice President	MA	18
	Legal Affairs, Compliance, Risk Management and Internal Control		
NURİ ÖZYER	Executive Vice President	MA	24
	Operations and SSH, Information Technologies, Administrative Affairs		
NAZLI TLABAR GÜLER	Executive Vice President	MA	16
	Human Resources		
ÇAPKIN ERSOY	Executive Vice President	MA	23
	Sales Management		
MELDA ŞUAYİPOĞLU	Executive Vice President	MA	26
	Health		
BARIŞ BEZEL	Executive Vice President	BA	20
	Marketing		
BEYHAN TUNCAY	Group Manager	MA	21
	Internal Audit		
SERDAL GAZCILAR	Group Manager	BA	24
	Compliance, Risk Management and Internal Control		

## Summarized Board Report Submitted to the General Assembly

Our company achieved a market share of 1.12% among all insurance companies by reaching a premium production of 923,160,205 TL in 2020.

Our company obtained a pre-tax profit of 240,533,987 TL as a result of its 2020 activities, and wrapped up the year with a net profit of 185,645,859 TL.

Our equity capital reached 255,275,055 TL with an increase of 13% compared to the previous year, and our asset size reached 1,982,836,147 TL with an increase of 16%.

## Disclosures Regarding Private Audits and Public Administration Conducted During the Fiscal Period

Information on the private and public audits carried out within Cigna Sağlık Hayat ve Emeklilik A.Ş. in the 2020 accounting period is provided below.

### PUBLIC AUDITS

In 2020, the Republic of Turkey Ministry of Treasury and Finance audited the state subsidy transactions involving the private pension system for 2018.

### PRIVATE AUDITS

1. The independent external audits of the financial statements prepared by the Company in accordance with the accounting principles and standards determined by the regulations in force pursuant to the Insurance Law

No. 5684 and the Private Pension Investment and Savings System Law No.4632 and the statements and principles made by the Republic of Turkey Ministry of Treasury and Finance, published in the Official Gazette dated July 12, 2008, and numbered 26934, in accordance with the "Regulation on Independent Audit of Insurance, Reinsurance and Pension Companies," were conducted by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. during the fiscal period.

2. The verification of the annual income and corporate tax declarations and the financial statements attached thereto, and the audit and certification of the notifications and/or the verification

of other activities in accordance with Law No. 3568 and relevant legislation were conducted by PwC Yeminli Mali Müşavirlik A.Ş.

3. The evaluation of our control mechanism, which was put into place to regulate the processes and systems relating to our Company's information systems and data generation, in terms of efficiency, adequacy, and compliance was performed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in accordance with the "Regulation on Bank Information Systems and Banking Processes Audit to be Performed by External Audit Institutions" published by the Banking Regulation and Supervision Agency in the Official Gazette dated January 13, 2010, and numbered 27461.

## All Other Measures Taken or Avoided for the Benefit of the Parent Company and Its Subsidiaries

In 2020, the Company did not carry out any transactions or make any decisions in favor of the Parent Company or its affiliates with the Parent Company, or with a company operating under the Parent Company, or under the guidance of the Parent Company, and it did not take any measures in favor of the Parent Company and its affiliates, and no losses were suffered as a result.

## Allowances Paid, Travel Accommodation and Representation Expenses, Benefits in Kind and in Cash, Insurance and Similar Guarantees

	January 1-December 31, 2020	January 1-December 31, 2019
Salaries and similar interests paid to managers	(8,842,728)	(9,122,935)

Benefits offered to our senior managers in the years ending on December 31, 2020 and 2019 (Chief Executive Officer and Executive Vice Presidents) include salaries, bonuses, SSI and unemployment employer's share.

## Information on Board Members' Activities with the Company, on Its Behalf or on Behalf of Another Party Which Fall Within the Scope of Prohibition of Competition

In the Ordinary General Assembly Meeting of the 2019 fiscal year dated April 15, 2020, the General Assembly of the Company gave written permission to the Members of the Board of Directors for Articles 395 and 396 of the Turkish Commercial Code numbered 6102.

## Participation of Board Members in Relevant Meetings During the Accounting Period

In 2020, the Board of Directors held four Board meetings and Board Members attended regular Board meetings. Apart from the Board of Directors Meetings, various decisions have been made without holding a meeting in accordance with Article 390 of the Turkish Commercial Code.



## Company History and Amendments to the Articles of Incorporation and Reasons for Such Amendments, If Any

Efforts to establish Finans Emeklilik ve Hayat A.Ş. were initiated at the beginning of 2007, and the necessary preparations and feasibility activities were completed. On April 20, 2007, an application was made to the Republic of Turkey Ministry of Treasury and Finance, Treasury Undersecretariat for an establishment permit. Accordingly, the Company was granted an establishment license on May 9, 2007, as a result of the evaluations conducted by the Republic of Turkey Ministry of Treasury and Finance, Treasury Undersecretariat within the framework of Insurance Law No. 5684, Private Pension Savings and Investment System Law No. 4632, and the relevant legislation.

Following the completion of the establishment activities, Finans Emeklilik ve Hayat A.Ş. was founded on July 4, 2007 to operate in the fields of life insurance, accident insurance, and private pension.

Finans Emeklilik ve Hayat A.Ş. filed an application to obtain an operating license in the fields of life and accident insurance on August 20, 2007 and, as a result of the inspections and evaluations performed by the Republic of Turkey Ministry of Treasury and Finance, Treasury Undersecretariat, the Company was granted an operating license in the fields of life and accident insurance on November 21, 2007. The Company initiated its operations in the field of life and accident insurance on November 27, 2007.

Finans Emeklilik ve Hayat A.Ş. filed an application to the Republic of Turkey Ministry of Treasury and Finance, Treasury Undersecretariat on December 17, 2007, to obtain an operating license after completing the necessary preparations in the field of private pension. After the inspections and audits required for the operating license were carried out by the Capital Markets Board and the Pension Monitoring Center, the Company obtained an operating license for the private pension branch on April 11, 2008 and issued its first private pension contract on November 30, 2008.

Following the decision of the Republic of Turkey Ministry of Treasury and Finance, Treasury Undersecretariat dated October 26, 2009, and numbered B.02.1.HZN.0.10.04.01, the Company obtained a license to perform insurance activities in the branches of "capital redemption, marriage/maternity and insurance with investment funds." The aforementioned decision was published in the Turkish Trade Registry Gazette dated November 13, 2009, numbered 7438.

The Company's Articles of Association were amended in the 2012 activity year. Amendments were made to the previous article numbers of the Company's Articles of Association along with articles numbered 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, and new article numbers, along with articles numbered 8, 9, 10, 15, 24 and 31, were added to the Company's Articles of Association. The amendment agreement approved by the Republic of Turkey Ministry of Customs and Trade as per the approval numbered 6935 and dated November 2, 2012 and the decisions made in the extraordinary general assembly meeting dated November 9, 2012 were registered by the Istanbul Trade Registry Directorate on November 14, 2012 in accordance with the Turkish Commercial Code, and they were announced in the Turkish Trade Registry Gazette numbered 8197 and dated November 20, 2012.

Finansbank A.Ş., one of the shareholders of the Company, transferred 51% of the Company's capital to Cigna Nederland Gamma B.V. The transfer of shares was approved by the Company's Board of Directors in the decision numbered 172 and dated November 9, 2012, and the transferred shares were registered in the Company's share register on behalf of the new shareholder.

In consideration of this change, Articles 2, 12 and 15 of the Company's Articles of Association were amended in 2013. The amendment draft for the Articles of Association, which included the change

of the Company's name to Cigna Finans Emeklilik ve Hayat A.Ş., was resolved during the extraordinary general assembly meeting dated May 31, 2013 following the approval of the Republic of Turkey Ministry of Customs and Trade on April 16, 2013 and May 17, 2013; and in accordance with the Turkish Commercial Code, it was registered by the Istanbul Trade Registry Office on June 10, 2013 and announced in the Turkish Trade Registry Gazette numbered 8341, dated June 13, 2013.

The Company obtained a license in the "Illness/Health" insurance branch, which was declared by the Republic of Turkey Ministry of Treasury and Finance General Directorate of Insurance through the letter numbered 70761236-301.02-E.212409 and dated March 19, 2021 and approved by the Office of the Deputy Minister via the decision numbered 594480 and dated December 30, 2019. The aforementioned decision was announced in the Turkish Trade Registry Gazette dated January 29, 2020.

Following the expansion of our product range and the change in our brand strategy upon obtaining a license in "Illness/Health" insurance branch, the decision was made to change the trade name, business name and logo.

Following the approval of the Republic of Turkey Directorate General for Domestic Trade under the Ministry of Commerce, dated September 23, 2020 and numbered 50035491-431.02-E, a decision was reached to amend Article 2 of the Company's Articles of Association during the extraordinary general assembly meeting dated October 15, 2020; it was registered by the Istanbul Trade Registry Directorate on October 22, 2020 in accordance with the Turkish Commercial Code, and announced in the Turkish Trade Registry Gazette numbered 10187 and dated October 22, 2020. The Company's trade name was changed to Cigna Sağlık, Hayat ve Emeklilik A.Ş. and its business name was changed to Cigna; the Company continues its activities under this name.

## Information on the Extraordinary General Assembly Meeting

Following the approval of the Republic of Turkey Directorate General for Domestic Trade under the Ministry of Commerce dated September 23, 2020 and numbered 50035491-431.02-E, an extraordinary general assembly meeting was held on October 15, 2020 and registered by the Istanbul Trade Registry Directorate on October 22, 2020 in accordance with the Turkish Commercial Code; it was announced in the Turkish Trade Registry Gazette numbered 10187 and dated October 22, 2020. During this extraordinary general assembly, a decision was reached to amend Article 2 of the Company's Articles of Association, and the trade name of the Company was changed to Cigna Sağlık, Hayat ve Emeklilik A.Ş., and the business name was changed to Cigna; the Company continues its activities under this name. All the necessary official notices regarding the name change of the Company were issued. In parallel with the said extraordinary general assembly, the authority to make donations for the 2020 financial year, which was decided at the Ordinary General Assembly held on April 15, 2020, was revised.

## Changes in the Capital and Shareholder Structure of the Company, Titles of Real or Legal Persons Holding Qualified Shares and Information About Their Shares

No changes were made to the shareholder structure of the Company during the accounting period. The capital of the Company consists of group A, A1, B and B1 shares specified in the table in Article 1.4.1.

## Direct or Indirect Affiliates of the Company and Share Rates

The Company does not have any direct or indirect affiliates other than the Pension Monitoring Center, of which it is a shareholder as per the legislation.

## Information About the Company's Own Shares Acquired

The Company does not own any shares acquired.

## Statements of the Company's Chairman and Members of the Board Along with the CEO and Executive Vice Presidents Regarding the Shares They Hold, If Any

The Chairman of the Board of Directors, the Members of the Board, the chief executive officer, and the executive vice presidents of the Company do not hold any partnership shares in the Company.

## Profit Distribution Statement

	Footnote	Current Term (31/12/2020)
<b>I. PROFIT DISTRIBUTION OF THE PERIOD</b>		
1.1. PROFIT FOR THE PERIOD		240,533,987
1.2. TAXES AND GOVERNMENTAL LIABILITIES		(54,888,128)
1.2.1. Corporate Tax (Income Tax)		(54,888,128)
1.2.2. Income Tax Deduction		-
1.2.3. Other Taxes and Governmental Liabilities		-
<b>A NET PROFIT FOR THE PERIOD (1.1 - 1.2)</b>		<b>185,645,859</b>
1.3. ACCUMULATED LOSS (-)		-
1.4. PRIMARY RESERVE		-
1.5. LEGAL REQUIRED SAVING FUNDS THAT MUST BE LEFT IN THE COMPANY (-)		-
<b>B DISTRIBUTABLE NET PROFIT OF THE PERIOD [ (A - (1.3 + 1.4 + 1.5) ]</b>		<b>185,645,859</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		(2,250,000)
1.6.1. To Shareholders		(2,250,000)
1.6.2. To Privileged Shareholders		-
1.6.3. To Dividend Share Owners		-
1.6.4. To Participation Bond Holders		-
1.6.5. To Profit and Loss Sharing Certificate Holders		-
1.7. DIVIDEND TO PERSONNEL (-)		-
1.8. DIVIDEND TO FOUNDERS (-)		-
1.9. DIVIDEND TO BOARD OF DIRECTORS (-)		-
1.10. SECONDARY DIVIDEND TO SHAREHOLDERS (-)		(183,395,859)
1.10.1. To Shareholders		(183,395,859)
1.10.2. To Privileged Shareholders		-
1.10.3. To Dividend Share Owners		-
1.10.4. To Participation Bond Holders		-
1.10.5. To Profit and Loss Sharing Certificate Holders		-
1.11. SECONDARY RESERVE FUND (-)		-
1.12. STATUTORY RESERVES (-)		-
1.13. EXTRAORDINARY RESERVES		-
1.14. OTHER RESERVES		-
1.15. SPECIAL FUNDS		-
<b>II. TRANSFERS FROM RESERVES</b>		
2.1. RESERVES TRANSFERRED		-
2.2. SECONDARY LEGAL RESERVES (-)		-
2.3. SHARES TO SHAREHOLDERS (-)		-
2.3.1. To Shareholders		-
2.3.2. To Privileged Shareholders		-
2.3.3. To Dividend Share Owners		-
2.3.4. To Participation Bond Holders		-
2.3.5. To Profit and Loss Sharing Certificate Holders		-
2.4. SHARES TO PERSONNEL (-)		-
2.5. SHARES TO BOARD OF DIRECTORS (-)		-
<b>III. PROFIT PER SHARE</b>		
3.1. TO SHARE OWNERS		4,125
3.2. TO SHARE OWNERS (%)		412.55%
3.3. TO PRIVILEGED SHARE OWNERS		-
3.4. TO PRIVILEGED SHARE OWNERS (%)		-
<b>IV. DIVIDEND PER SHARE</b>		
4.1. TO SHARE OWNERS		4,125
4.2. TO SHARE OWNERS (%)		412.55%
4.3. TO PRIVILEGED SHARE OWNERS		-
4.4. TO PRIVILEGED SHARE OWNERS (%)		-



## Assessment of Financial Standing, Profitability and Ability to Pay Damages

### ASSESSMENT OF FINANCIAL STANDING AND PROFITABILITY

The asset size of our Company increased by 16% in 2020 and reached 1 billion 983 million TL.

Analyses of the size of items that make up the assets of the Company demonstrate that, in parallel with the rapid growth of the company, the item Receivables from Real Operating Activities increased by 12.1% and reached 1 billion 189 million TL.

The share of Receivables from Real Operating Activities in the Asset total was 60%. Total Current Assets increased by 20.6% and reached 801 million TL.

In our Company's balance sheet, Insurance Technical Reserves account for 24.4% of liabilities, and Debts from Real Operating Activities account for 58.7% of liabilities. The total equity of our Company was 255.3 million TL.

According to the principles determined by the Republic of Turkey Ministry of Treasury and Finance, as of 31.12.2020, the minimum equity required for our Company was calculated as 92.7 million TL, and our equity was 295 million TL including our balancing provision.

Certain percentages regarding the financial standing of our Company as of 31.12.2020 are provided below.

	Current Term	Previous Term
1. Written Premiums (Gross) / Equity	361.63%	330.42%
2. Receivables from Premiums / Equity	16.04%	19.00%
3. Technical Reserves (Net) / Equity	189.25%	172.82%
4. Profit Before Tax / Written Premiums (Gross)	26.05%	27.75%
5. Profit Before Tax / Equity	94.23%	91.69%
6. Technical Profit - Life / Written Premiums (Gross) - Life	16.70%	16.80%

### ASSESSMENT OF ABILITY TO PAY DAMAGES

The Net Loss/Premium rates for 2020, calculated by taking into consideration the life insurance activities of the Company, are shown in the table below:

Loss/Premium Rate-NET	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Life	19%	20%	21%	21%
Personal Accident	11%	13%	8%	6%

## Profit Distribution Policy

The principles regarding the profit distribution policy of Cigna Sağlık Hayat ve Emeklilik A.Ş. are set out in Article 26 of the Company's renewed articles of association with Registry Number 631745.

The capital of the Company is fully paid and totals 45,000,000 TL (forty five million Turkish Liras). The capital is divided into 45,000,000 (forty five million) shares, each with a value of 1 TL (One Turkish Lira).

The capital of the company consists of (i) 22,949,999 Group A shares with a value of 22,949,999 TL, (ii) 22,049,999 Group B shares with a value of 22,049,999 TL, (iii) 1 A1 Group share with a value of 1 TL; and (iv) 1 B1 Group share with a value of 1 TL.

The company will maintain its equities in accordance with the minimum capital level required by the relevant legislation. The Company may raise the equity level above the minimum capital level with the affirmative vote of at least one (1) of the members of the Board of Directors representing A1 Group shareholders and at least one (1) of the Board members representing B1 Group shareholders. Moreover, according to the capital level determined at a previous date, it can increase or decrease it to the minimum capital level. If the Board of Directors wishes to increase or decrease the level of equity to be kept, the said increase will be covered by the shareholders in proportion to their shares and from a source other than the addition of profit to the capital.

In case of a reduction, the difference is paid to the shareholders as a special dividend in proportion to their shares. The remaining amount constitutes the net profit of the company after the deduction of the amount that must be paid or separated from the income determined at the end of the accounting period, such as general expenses, depreciation, and provisions.

The remaining reserves that are to be set aside as per Article 519 of the TCC from the Company's after-tax earnings calculated in accordance with Turkish Accounting Standards, and after reaching the target capital level occasionally and jointly decided in the annual business plan by A1 Group shareholders and B1 Group shareholders constitute the distributable profit ("Distributable Profit").

**CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.**  
(Formerly named as “Cigna Finans Emeklilik ve Hayat A.Ş.”)

**CONVENIENCE TRANSLATION OF  
FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY - 31 DECEMBER 2020 TOGETHER  
WITH THE INDEPENDENT AUDITOR’S REPORT  
(ORIGINALLY ISSUED IN TURKISH)**

---





## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

### INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Cigna Sağlık Hayat ve Emeklilik A.Ş.  
(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

#### A. Audit of the Financial Statements

##### 1. Opinion

We have audited the accompanying financial statements of Cigna Sağlık Hayat ve Emeklilik A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") (the "Company") which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss, statement of changes in shareholders' equity, statement of cash flows and statement of profit appropriation for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles".

##### 2. Basis for Opinion

Our audit was conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



### 3. Key Audit Matters

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

#### Key audit matter

*Estimations and assumptions used in calculation of mathematical reserves arising from insurance contracts*

As explained in Notes 2 and 17, as of 31 December 2020, the Company's total net mathematical reserves amounted to TRY 297,935,891 and this amount constitutes a significant portion of the total liabilities of the Company, excluding long-term pension liabilities. The measurement of mathematical reserves involves significant estimates and assumptions as it includes results of future uncertain events, including benefits guaranteed to the insured.

The mathematical reserves are considered as a key audit matter, due to the significance of mathematical reserves in the financial statements and the important assumptions included.

#### How our audit addressed the matter

The mathematical reserves were recalculated by the expert actuaries in our audit team using the sampling method through the tariffs and other related calculation data. The compliance of the explanatory information related to these reserves with the accounting and reporting regulations in force as per the insurance legislation has been examined.

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

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulation on Insurance Accounting and Financial Reporting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



## 5. Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

## B. Other Responsibilities Arising From Regulatory Requirements

- 1.No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
- 2.In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

### *Additional Paragraph for Convenience Translation into English*

As discussed in Note 2 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

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

## ORIGINALLY ISSUED IN TURKISH

Adnan Akan, SMMM

Partner

Istanbul, 12 March 2021

**CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.**  
**(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")**  
**CONVENIENCE TRANSLATION OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020**

**COMPANY DISCLOSURE REGARDING FINANCIAL STATEMENTS PREPARED AS OF DECEMBER 31, 2020**

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2020 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the related regulations and the Company's accounting records.

Cigna Sağlık Hayat ve Emeklilik A.Ş.

İstanbul, 12 March 2021



**EMİNE PINAR KURİŞ**  
*Member of the Board of Directors/  
 Chief Executive Officer*



**ÜMİT SÖNMEZ**  
*Deputy Financial Control and Reporting,  
 Technical and Actuary Chief Financial Officer*



**ECE KAZCILAR**  
*Financial Control and Reporting  
 Group Manager*



**ERTAN TAN**  
*Actuary License No:21*

**CONTENTS**

**PAGE**

BALANCE SHEET	88-92
STATEMENTS OF INCOME	93-95
STATEMENTS OF CASH FLOW	96
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	97
STATEMENTS OF PROFIT DISTRIBUTION	98
NOTES TO THE FINANCIAL STATEMENTS	99-173



# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS				
	Note	Audited 31 December 2020	Audited 31 December 2019	
<b>I- Current Assets</b>				
<b>A- Cash and Cash Equivalents</b>		<b>650,598,910</b>	<b>569,981,403</b>	
1- Cash		-	-	
2- Cheques Received		-	-	
3- Banks	2.12, 14	634,267,649	556,000,359	
4- Cheques Given and Payment Orders (-)		-	-	
5- Bank Guaranteed Credit Card Receivables with Maturities less than Three Months	2.12, 14	16,331,261	13,981,044	
6- Other Cash and Cash Equivalents		-	-	
<b>B- Financial Assets and Financial Investments at Insurees' Risk</b>		<b>57,430,407</b>	-	
1- Available-for-Sale Investments	4.2, 11	57,430,407	-	
2- Held to Maturity Investments		-	-	
3- Trading Investments		-	-	
4- Loans		-	-	
5- Provision for Loans (-)		-	-	
6- Financial Assets at Insurees' Risk		-	-	
7- Equity Shares		-	-	
8- Provision for Impairment of Financial Assets (-)		-	-	
<b>C- Receivables from Main Operations</b>		<b>55,597,293</b>	<b>56,705,891</b>	
1- Due from Insurance Operations	12.1	40,939,571	42,940,427	
2- Provision for Due from Insurance Operations (-)		-	-	
3- Due from Reinsurance Operations		-	-	
4- Provision for Due from Reinsurance Operations (-)		-	-	
5- Premium Deposits		-	-	
6- Loans to Insurees		-	-	
7- Provision for Loans to Insurees (-)		-	-	
8- Due from Private Pension Operations	12.1	14,657,722	13,765,464	
9- Doubtful Receivables from Main Operations	12.1	45,265	46,028	
10- Provision for Doubtful Receivables from Main Operations (-)	12.1	(45,265)	(46,028)	
<b>D- Due from Related Parties</b>	<b>12.1</b>	<b>611,512</b>	<b>428,421</b>	
1- Due from Shareholders		-	-	
2- Due from Associates		-	-	
3- Due from Subsidiaries		-	-	
4- Due from Joint-Ventures		-	-	
5- Due from Personnel		-	-	
6- Due from Other Related Parties	12.1, 45	611,512	428,421	
7- Rediscount on Due from Related Parties (-)		-	-	
8- Doubtful Receivables from Related Parties		-	-	
9- Provision for Doubtful Receivables from Related Parties (-)		-	-	
<b>E- Other Receivables</b>		-	-	
1- Leasing Receivables		-	-	
2- Unearned Leasing Interest Income (-)		-	-	
3- Deposits and Guarantees Given		-	-	
4- Other Receivables		-	-	
5- Rediscount on Other Receivables (-)		-	-	
6- Other Doubtful Receivables		-	-	
7- Provision for Other Doubtful Receivables (-)		-	-	
<b>F- Prepaid Expenses and Income Accruals</b>		<b>36,530,980</b>	<b>36,931,063</b>	
1- Deferred Acquisition Expenses	17	34,593,841	33,902,178	
2- Accrued Interest and Rent Income		-	-	
3- Income Accruals		-	-	
4- Other Deferred Expenses		1,937,139	3,028,885	
<b>G- Other Current Assets</b>		<b>139,720</b>	<b>2,850</b>	
1- Prepaid Office Supplies		-	-	
2- Prepaid Taxes and Funds		-	-	
3- Deferred Tax Assets		-	-	
4- Job Advances		139,720	2,850	
5- Advances Given to Personnel		-	-	
6- Count Shortages		-	-	
7- Other Current Assets		-	-	
8- Provision for Other Current Assets (-)		-	-	
<b>I- Total Current Assets</b>		<b>800,908,822</b>	<b>664,049,628</b>	

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS				
	Note	Audited 31 December 2020	Audited 31 December 2019	
<b>II- Non-Current Assets</b>				
<b>A- Receivables from Main Operations</b>	<b>4.2, 12.1, 17.5</b>	<b>1,133,324,484</b>	<b>1,003,657,633</b>	
1- Due from Insurance Operations		-	-	
2- Provision for Due from Insurance Operations (-)		-	-	
3- Due from Reinsurance Operations		-	-	
4- Provision for Due from Reinsurance Operations		-	-	
5- Premium Deposits		-	-	
6- Loans to Insurees		-	-	
7- Provision for Loans to Insurees (-)		-	-	
8- Due from Private Pension Operations	12.1, 17.5	1,133,324,484	1,003,657,633	
9- Doubtful Receivables from Main Operations		-	-	
10- Provision for Doubtful Receivables from Main Operations (-)		-	-	
<b>B- Due from Related Parties</b>		-	-	
1- Due from Shareholders		-	-	
2- Due from Associates		-	-	
3- Due from Subsidiaries		-	-	
4- Due from Joint-Ventures		-	-	
5- Due from Personnel		-	-	
6- Due from Other Related Parties		-	-	
7- Rediscount on Due from Related Parties (-)		-	-	
8- Doubtful Receivables from Related Parties		-	-	
9- Provision for Doubtful Receivables from Related Parties (-)		-	-	
<b>C- Other Receivables</b>		<b>23,838</b>	<b>23,838</b>	
1- Leasing Receivables		-	-	
2- Unearned Leasing Interest Income (-)		-	-	
3- Deposits and Guarantees Given		23,838	23,838	
4- Other Receivables		-	-	
5- Rediscount on Other Receivables (-)		-	-	
6- Other Doubtful Receivables		-	-	
7- Provision for Other Doubtful Receivables (-)		-	-	
<b>D- Financial Assets</b>		<b>391,100</b>	<b>391,100</b>	
1- Investment Securities	45.2	391,100	391,100	
2- Associates		-	-	
3- Capital Commitments to Associates (-)		-	-	
4- Subsidiaries		-	-	
5- Capital Commitments to Subsidiaries (-)		-	-	
6- Joint-Ventures		-	-	
7- Capital Commitments to Joint-Ventures (-)		-	-	
8- Financial Assets and Financial Investments at Insurees' Risk		-	-	
9- Other Financial Assets		-	-	
10- Provision for impairment of financial assets (-)		-	-	
<b>E- Tangible Assets</b>		<b>15,213,364</b>	<b>13,175,280</b>	
1- Investment Properties		-	-	
2- Provision for Diminution in Value of Investment Property (-)		-	-	
3- Property for Operational Use		-	-	
4- Machinery and Equipment		-	-	
5- Furniture and Fixtures	6	12,661,111	11,239,121	
6- Motor Vehicles		-	-	
7- Other Tangible Assets (incl. Leasehold Improvements)	6	6,543,844	6,225,731	
8- Leased Assets	6	18,123,456	12,567,405	
9- Accumulated Depreciation (-)	6	(22,115,047)	(16,856,977)	
10- Advances Given for Tangible Assets (Including Ongoing Investments)		-	-	
<b>F- Intangible Assets</b>	<b>8</b>	<b>23,033,040</b>	<b>14,809,390</b>	
1- Rights	8	75,418,770	55,158,129	
2- Goodwill		-	-	
3- Establishment Costs		-	-	
4- Research and Development Expenses		-	-	
5- Other Intangible Assets		-	-	
6- Accumulated Amortization (-)	8	(50,385,730)	(40,348,739)	
7- Advances Given for Intangible Assets		-	-	
<b>G- Prepaid Expenses and Income Accruals</b>		-	-	
1- Deferred Acquisition Expenses		-	-	
2- Income Accruals		-	-	
3- Other Deferred Expenses		-	-	
<b>H- Other Non-Current Assets</b>	<b>21</b>	<b>9,941,499</b>	<b>9,088,391</b>	
1- Effective Foreign Currency Accounts		-	-	
2- Foreign Currency Accounts		-	-	
3- Prepaid Office Supplies		-	-	
4- Prepaid Taxes and Funds		-	-	
5- Deferred Tax Assets	21, 35	9,941,499	9,088,391	
6- Other Non-Current Assets		-	-	
7- Other Non-Current Assets Depreciation (-)		-	-	
8- Provision for Other Non-Current Assets		-	-	
<b>II- Total Non-Current Assets</b>		<b>1,181,927,325</b>	<b>1,041,145,632</b>	
<b>Total Assets (I+II)</b>		<b>1,982,836,147</b>	<b>1,705,195,260</b>	

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

LIABILITIES				
	Note	Audited 31 December 2020	Audited 31 December 2019	
<b>III- Current Liabilities</b>				
<b>A- Financial Liabilities</b>		<b>4,485,841</b>	<b>2,297,930</b>	
1- Due to Credit Institutions		-	-	
2- Due to Financial Leasing Institutions	20	4,485,841	2,297,930	
3- Deferred Leasing Costs (-)		-	-	
4- Principal Instalments and interest of Long Term Borrowings		-	-	
5- Other Issued Debt Securities		-	-	
6- Other Issued Debt Securities		-	-	
7- Value Differences of Other Issued Debt Securities (-)		-	-	
8- Other Financial Payables (Liabilities)		-	-	
<b>B- Payables from Main Operations</b>		<b>31,351,527</b>	<b>29,078,497</b>	
1- Payables from Insurance Operations	19	17,096,228	16,877,168	
2- Payables from Reinsurance Operations		-	-	
3- Premium Deposits		-	-	
4- Payables from Private Pension Operations	19	14,255,299	12,201,329	
5- Payables from Other Operations		-	-	
6- Rediscount on Payables from Other Operations (-)		-	-	
<b>C- Due to Related Parties</b>		<b>1,329,685</b>	<b>1,341,671</b>	
1- Due to Shareholders		-	-	
2- Due to Associates		-	-	
3- Due to Subsidiaries		-	-	
4- Due to Joint-Ventures		-	-	
5- Due to Personnel	19	80,572	219,667	
6- Due to Other Related Parties	19	1,249,113	1,122,004	
<b>D- Other Payables</b>	<b>19</b>	<b>14,283,575</b>	<b>4,772,237</b>	
1- Deposits and Guarantees Received		-	-	
2- Payables to SSI regarding Medical Expenses		-	-	
3- Other Payables	19, 47.1	14,384,119	4,817,898	
4- Rediscount on Other Payables (-)	19, 47.1	(100,544)	(45,661)	
<b>E- Insurance Technical Provisions</b>		<b>162,746,242</b>	<b>149,366,944</b>	
1- Unearned Premium Reserve - Net	17.15	85,925,068	89,235,711	
2- Unexpired Risks Reserve - Net		-	-	
3- Mathematical Reserve - Net	17.2, 17.15	17,331,911	13,970,895	
4- Outstanding Claims Provision - Net	17.15	59,227,959	45,693,960	
5- Bonus and Rebate Provision - Net		-	-	
6- Other Technical Reserves - Net	17.15	261,304	466,378	
<b>F- Taxes, and Other Liabilities and, Provision</b>		<b>19,804,581</b>	<b>14,093,127</b>	
1- Taxes and Funds Payable		9,156,045	2,707,689	
2- Social Security Withholdings Payable		1,574,545	1,390,703	
3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-	
4- Other Taxes and Fiscal Liabilities		-	-	
5- Corporate Tax Provision and Other Fiscal Liabilities	35	54,888,128	47,782,312	
6- Prepaid Corporate Tax and Other Fiscal Liabilities (-)	35	(45,814,137)	(37,787,577)	
7- Other Taxes and Fiscal Liabilities Provision		-	-	
<b>G- Provisions for Other Risks</b>		-	-	
1- Provision for Employment Termination Benefits		-	-	
2- Provision for Social Aid Fund Asset Shortage		-	-	
3- Provision for Expense Accruals		-	-	
<b>H- Deferred Income and Expense Accruals</b>		<b>7,892,766</b>	<b>4,401,785</b>	
1- Deferred Commission Income	10, 19	5,693,520	2,939,816	
2- Deferred Expenses	19	2,199,246	1,461,969	
3- Other Deferred Income		-	-	
<b>I- Other Current Liabilities</b>	<b>47.1</b>	<b>15,903,031</b>	<b>16,998,717</b>	
1- Deferred Tax Liabilities		-	-	
2- Count Overages		-	-	
3- Other Current Liabilities	23, 47.1	15,903,031	16,998,717	
<b>III - Total Current Liabilities</b>		<b>257,797,248</b>	<b>222,350,908</b>	

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

LIABILITIES				
	Note	Audited 31 December 2020	Audited 31 December 2019	
<b>IV- Non-Current Liabilities</b>				
<b>A- Financial Liabilities</b>		<b>8,465,897</b>	<b>7,452,372</b>	
1- Due to Credit Institutions		-	-	
2- Leasing Payables	20	8,465,897	7,452,372	
3- Deferred Leasing Costs (-)		-	-	
4- Issued Debt Securities		-	-	
5- Other Issued Debt Securities		-	-	
6- Value Differences of Other Issued Debt Securities (-)		-	-	
7- Other Financial Payables (Liabilities)		-	-	
<b>B- Payables from Main Operations</b>		<b>1,133,324,484</b>	<b>1,003,657,633</b>	
1- Payables from Insurance Operations		-	-	
2- Payables from Reinsurance Operations		-	-	
3- Premium Deposits		-	-	
4- Payables from Private Pension Operations	17.5, 19	1,133,324,484	1,003,657,633	
5- Payables from Other Operations		-	-	
6- Rediscount on Payables from Other Operations (-)		-	-	
<b>C- Due to Related Parties</b>		-	-	
1- Due to Shareholders		-	-	
2- Due to Subsidiaries		-	-	
3- Due to Equity Investments		-	-	
4- Due to Joint-Ventures		-	-	
5- Due to Personnel		-	-	
6- Due to Other Related Parties		-	-	
<b>D- Other Payables</b>		-	-	
1- Deposits and Guarantees Received		-	-	
2- Payables to SSI regarding Medical Expenses		-	-	
3- Other Payables		-	-	
4- Rediscount on Other Payables		-	-	
<b>E- Insurance Technical Provisions</b>		<b>320,355,786</b>	<b>241,288,727</b>	
1- Unearned Premium Reserve - Net		-	-	
2- Unexpired Risks Reserve - Net		-	-	
3- Mathematical Reserve - Net	17.15	280,603,980	211,194,894	
4- Outstanding Claims Provision - Net		-	-	
5- Bonus and Rebate Provision - Net		-	-	
6- Other Technical Reserves - Net	17.15	39,751,806	30,093,833	
<b>F- Other Liabilities and Provisions</b>		-	-	
1- Other Payables		-	-	
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-	
3- Other Taxes and Fiscal Liabilities Provision		-	-	
<b>G- Provisions for Other Risks</b>		<b>7,313,266</b>	<b>4,349,737</b>	
1- Provision for Employment Termination Benefits	22	7,313,266	4,349,737	
2- Provision for Social Aid Fund Asset Shortage		-	-	
<b>H- Deferred Income and Expense Accruals</b>		<b>304,411</b>	<b>50,655</b>	
1- Deferred Commission Income		304,411	50,655	
2- Expense Accruals		-	-	
3- Other Deferred Income		-	-	
<b>I- Other Non-Current Liabilities</b>		-	-	
1- Deferred Tax Liabilities		-	-	
2- Other Various Non-Current Liabilities		-	-	
<b>IV- Total Non-Current Liabilities</b>		<b>1,469,763,844</b>	<b>1,256,799,124</b>	

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

SHAREHOLDERS' EQUITY			
V- Shareholders' Equity	Note	Audited 31 December 2020	Audited 31 December 2019
<b>A- Share Capital</b>	<b>2.13, 15</b>	<b>45,000,000</b>	<b>45,000,000</b>
1- (Nominal) Capital	2.13, 15	45,000,000	45,000,000
2- Unpaid Capital (-)		-	-
3- Adjustments to Share Capital		-	-
4- Adjustments to Share Capital (-)		-	-
5- Capital to be registered		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Share Premiums		-	-
2- Profit of Cancelled Shares		-	-
3- Sales Profit Addition to the Capital		-	-
4- Foreign Currency Translation Differences		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>24,629,196</b>	<b>21,574,385</b>
1- Legal Reserves	15	22,500,000	22,500,000
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	110,519	110,519
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	15	4,616,051	-
6- Other Profit Reserves	15	(2,597,374)	(1,036,134)
<b>D- Retained Earnings</b>		<b>-</b>	<b>-</b>
1- Retained Earnings		-	-
<b>E- Accumulated Deficit (-)</b>		<b>-</b>	<b>-</b>
1- Accumulated Deficit		-	-
<b>F- Net Profit for the Period</b>		<b>185,645,859</b>	<b>159,470,843</b>
1- Net Profit for the Period		185,645,859	159,470,843
2- Net Loss for the Period (-)		-	-
<b>Total Shareholders' Equity</b>		<b>255,275,055</b>	<b>226,045,228</b>
<b>Total Liabilities and Shareholders' Equity (III+IV+V)</b>		<b>1,982,836,147</b>	<b>1,705,195,260</b>

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

I-TECHNICAL DIVISION			
	Note	Audited Current Period 01.01.2020- 31.12.2020	Audited Previous Period 01.01.2019- 31.12.2019
<b>A- Non-Life Technical Income</b>		<b>80,075,841</b>	<b>71,634,479</b>
1- Earned Premiums - (Net of Reinsurers' Share)		80,075,841	69,177,980
1.1- Written Premiums - (Net of Reinsurers' Share)	24	82,911,162	77,878,197
1.1.1- Gross Written Premium (+)	24	86,719,121	80,182,286
1.1.2- Reinsurers' Share of Gross Written Premium (-)	10, 24	(3,807,959)	(2,304,089)
1.1.3- Premiums Ceded to SSI		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	17.15	(2,835,321)	(8,700,217)
1.2.1- Unearned Premiums Reserve (-)	17.15	(3,692,113)	(6,753,276)
1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+)	10, 17.15	856,792	(1,946,941)
1.2.3- SSI's Share of Unearned Premiums Reserve (+/-)		-	-
1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income Transferred from Non-Technical Part		-	-
3- Other Technical Income - (Net of Reinsurers' Share)		-	-
3.1- Other Gross Technical Income (+)		-	-
3.2- Reinsurers' Share of Other Gross Technical Income (-)		-	-
4- Claim Recovery and Salvage Income Accruals (+)		-	-
<b>B- Non-Life Technical Expense (-)</b>		<b>(40,629,992)</b>	<b>(39,148,964)</b>
1- Incurred Claims - (Net of Reinsurers' Share)		(4,797,276)	(6,538,065)
1.1- Paid Claims - (Net of Reinsurers' Share)		(2,522,623)	(4,214,681)
1.1.1- Gross Paid Claims (-)		(3,802,044)	(7,912,443)
1.1.2- Reinsurers' Share of Gross Paid Claims (+)	10	1,279,421	3,697,762
1.2- Change in Outstanding Claims (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		(2,274,653)	(2,323,384)
1.2.1- Outstanding Claims Provision (-)		(4,102,258)	(2,714,619)
1.2.2- Reinsurers' Share of Outstanding Claims Provision (+)	10	1,827,605	391,235
2- Change in Bonus and Rebate Provision (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Rebate Provision (-)		-	-
2.2- Reinsurers' Share of Bonus and Rebate Provision (+)		-	-
3- Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	17.15	(494,612)	(427,551)
4- Operating Expenses (-)	31	(32,236,135)	(27,919,973)
5- Change in Mathematical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	17.15	(3,101,969)	(4,263,375)
5.1- Mathematical Reserves (-)	17.15	(3,101,969)	(4,263,375)
5.2- Net of Reinsurers' Share and Reserves Carried Forward (+)		-	-
6- Other Technical Expenses (-)		-	-
6.1- Gross Other Technical Expenses (-)		-	-
6.2- Reinsurers' Share of Other Gross Technical Expenses (+)		-	-
<b>C- Net Technical Income- Non-Life (A - B)</b>		<b>39,445,849</b>	<b>30,029,016</b>
<b>D- Life Technical Income</b>		<b>824,831,453</b>	<b>653,449,568</b>
1- Earned Premiums - (Net of Reinsurers' Share)		824,831,453	653,449,568
1.1- Written Premiums - (Net of Reinsurers' Share)	24	818,685,489	657,771,917
1.1.1- Gross Written Premiums (+)	24	836,441,084	666,716,711
1.1.2- Premiums Ceded to Reinsurers (-)	10, 24	(17,755,595)	(8,944,794)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)	17.15	6,145,964	(4,322,349)
1.2.1- Unearned Premiums Reserve (-)	17.15	469,289	(1,338,644)
1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+)	10, 17.15	5,676,675	(2,983,705)
1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2- Life Investment Income		-	-
3- Unrealized Investment Income		-	-
4- Other Technical Income - (Net of Reinsurers' Share)		-	-

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



# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Note	Audited Current Period 01/01/2020- 31/12/2020	Audited Previous Period 01/01/2019- 31/12/2019
<b>I-TECHNICAL DIVISION</b>			
<b>E- Life Technical Expense</b>			
1- Total Claims (Net of Reinsurer Share)		(159.606.277)	(118.809.851)
1.1- Claims Paid (Net of Reinsurer Share)		(148.346.931)	(115.731.795)
1.1.1 - Gross Claims Paid (-)		(150.904.603)	(122.757.076)
1.1.2 - Reinsurance Share of Claims Paid (+)	10	2.557.672	7.025.281
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(11.259.346)	(3.078.056)
1.2.1 - Outstanding Claims Reserve (-)		(13.335.231)	(3.817.902)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	10	2.075.885	739.846
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17.15	(69.668.133)	(47.947.670)
3.1 - Life Mathematical Reserves	17.15	(69.668.133)	(47.947.670)
3.1.1- Actuarial Mathematical Reserves (+/-)	17.15	(69.668.133)	(47.947.670)
3.1.2- Profit Share Reserve (Technical Reserves for Investments with Risks on Policyholders)		-	-
3.2 - Reinsurance Share of Life Mathematical Reserves		-	-
3.2.1- Reinsurers Share of Actuarial Mathematical Reserves (+)		-	-
3.2.2- Profit Share Reserve (Technical Reserves for Investments with Risks on Policyholders)		-	-
4- Changes in Technical Reserves for Investments with Risks on Policyholders (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17.15	(9.351.450)	(7.908.538)
5- Operating Expenses (-)	31	(446.514.493)	(366.758.545)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non Technical Divisions (-)		-	-
<b>F- Life Technical Profit/(Loss) (D-E)</b>		<b>139.691.100</b>	<b>112.024.964</b>
<b>G- Private Pension Technical Income</b>			
1- Fund Management Fee	25	11.749.301	10.266.854
2- Management Fee Deduction	25	2.003.447	2.322.344
3- Entrance Fee Income	25	900.863	2.563.528
4- Management Fee In Case Of Temporary Suspension		-	-
5- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances	25	1.136.374	1.046.444
7-Other Technical Income		-	-
<b>H- Private Pension Technical Expenses</b>		<b>(13.282.300)</b>	<b>(13.886.957)</b>
1- Fund Management Expenses (-)		(632.510)	(570.843)
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)	31	(12.087.254)	(12.763.877)
4- Other Technical Expenses (-)		(527.923)	(547.988)
5- Fine Payment (-)		(34.613)	(4.249)
<b>I- Private Pension Technical Profit/(Loss) (G-H)</b>		<b>2.507.685</b>	<b>2.312.213</b>

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Note	Audited Current Period 01.01.2020- 31.12.2020	Audited Previous Period 01.01.2019- 31.12.2019
<b>II. NON-TECHNICAL DIVISION</b>			
<b>C- Net Technical Income-Non-Life (A-B)</b>			
		<b>39,445,849</b>	<b>30,029,016</b>
<b>F- Net Technical Income-Life (D-E)</b>			
		<b>139,691,100</b>	<b>112,024,964</b>
<b>I - Net Technical Income – Pension Funds (G-H)</b>			
		<b>2,507,685</b>	<b>2,312,213</b>
<b>J- Total Net Technical Income (C+F+I)</b>			
		<b>181,644,634</b>	<b>144,366,193</b>
<b>K- Investment Income</b>			
		<b>86,819,590</b>	<b>92,905,459</b>
1- Income from Financial Investments	26	72,347,765	75,939,455
2- Income from Liquidation of Financial Investments	26	295,180	104,698
3- Valuation of Financial Investments	26	4,164,389	14,571,283
4- Foreign Exchange Gains	36	10,012,256	2,290,023
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint-Ventures		-	-
7- Income from Land and Buildings		-	-
8- Income from Derivatives		-	-
9- Other Investments		-	-
10- Investment Income Transferred from Life Technical Part		-	-
<b>L- Investment Expense (-)</b>		<b>(24,039,908)</b>	<b>(21,204,230)</b>
1- Investment Management Expenses (Interest incl.) (-)		(3,239,625)	(3,443,393)
2- Diminution in Value of Investments (-)	26	(197,228)	(6,711)
3- Loss from Realization of Financial Investments (-)	26	-	-
4- Investment Income Transferred to Non-Life Technical Part (-)		-	-
5- Loss from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(4,182,024)	(1,595,039)
7- Depreciation Expenses (-)	6, 8, 31, 32	(16,421,031)	(16,159,087)
8- Other Investment Expenses (-)		-	-
<b>M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)</b>		<b>(3,890,329)</b>	<b>(8,814,267)</b>
1- Provisions (+/-)	47.5	(10,309,043)	(12,758,412)
2- Rediscounts (+/-)	47.5	632,394	(743,613)
3- Special Insurance Account (+/-)		-	-
4- Inflation Adjustment (+/-)		-	-
5- Deferred Tax Assets (+/-)	21, 35	1,616,811	2,051,088
6- Deferred Tax Liabilities Expenses (-)		-	-
7- Other Income		4,169,509	2,636,670
8- Other Expenses		-	-
9- Prior Year's Income		-	-
10- Prior Year's Expenses (-)		-	-
<b>N- Net Profit/ (Loss) for the Period</b>	<b>37</b>	<b>185,645,859</b>	<b>159,470,843</b>
1- Profit/ (Loss) for the Period		240,533,987	207,253,155
2- Corporate Tax Provision and Other Fiscal Liabilities (-)	35	(54,888,128)	(47,782,312)
3- Net Profit/ (Loss) for the Period	37	185,645,859	159,470,843
4- Inflation adjustment account		-	-

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOW FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited Current Period 01/01/2020-31/12/2020	Audited Previous Period 01/01/2019-31/12/2019
<b>A. CASH GENERATED FROM MAIN OPERATIONS</b>			
1. Cash inflows from insurance operations		910,395,231	720,249,613
2. Cash inflows from reinsurance operations		-	-
3. Cash inflows from pension funds operations		17,843,718	16,199,199
4. Cash outflows from insurance operations (-)		(633,698,463)	(508,170,308)
5. Cash outflows from reinsurance operations (-)		-	-
6. Cash outflows from pension funds operations (-)		(14,173,795)	(16,098,252)
<b>7. Net cash from main operations (A1+A2+A3-A4-A5-A6)</b>		<b>280,366,691</b>	<b>212,180,252</b>
8. Interest payments (-)		-	-
9. Income tax payments (-)		(55,870,456)	(46,209,214)
10. Other cash inflows		23,224,910	4,895,872
11. Other cash outflows (-)		(5,600,183)	(7,610,028)
<b>12. Net cash used in main operations</b>		<b>242,120,962</b>	<b>163,256,882</b>
<b>B. CASH FLOWS FROM INVESTING OPERATIONS</b>			
1. Sales of tangible assets		-	46,000
2. Acquisition of tangible assets acquisition (-)	6, 8	(20,000,744)	(14,748,644)
3. Acquisition of financial assets (-)	11	(49,811,780)	-
4. Sales of financial assets		-	-
5. Interest received		79,740,797	81,595,093
6. Dividends received		-	-
7. Other cash inflows		-	-
8. Other cash outflow (-)		(38,104,322)	(54,072,298)
<b>9. Net cash from investing activities</b>		<b>(28,176,049)</b>	<b>12,820,151</b>
<b>C. CASH FLOWS FROM FINANCING OPERATIONS</b>			
1. Issue of shares		-	-
2. Cash flows from the borrowings		-	-
3. Leasing payments (-)	20	(6,089,090)	(5,954,345)
4. Dividends paid (-)	38	(159,470,843)	(98,827,089)
5. Other cash inflows		-	-
6. Other cash outflows (-)		(2,561)	-
<b>7. Net cash from financing activities</b>		<b>(165,562,494)</b>	<b>(104,781,434)</b>
<b>D. EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>			
<b>E. Net increase in cash and cash equivalents (A12+B9+C7+D)</b>	<b>36</b>	<b>5,830,236</b>	<b>694,983</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>		<b>284,109,714</b>	<b>212,119,135</b>
<b>G. Cash and cash equivalents at the end of the period (E+F)</b>	<b>2.12</b>	<b>338,322,369</b>	<b>284,109,717</b>

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

PREVIOUS PERIOD	Notes	Capital	Company's Own Securities (-)	Valuation Increase/ (Decrease) in Assets	Inflation Adjustment to the Share Capital	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/ (Loss) For the Period	Accumulated Profit / (Loss)	Total
<b>I - Balances at the prior period end (01.01.2019)</b>		45,000,000	-	-	-	-	22,500,000	-	(344,659)	97,394,915	1,432,174	165,982,430
<b>II - Changes in accounting policies</b>		-	-	-	-	-	-	-	-	-	-	-
<b>III - New Balance (I + II) (01.01.2019)</b>		45,000,000	-	-	-	-	22,500,000	-	(344,659)	97,394,915	1,432,174	165,982,430
A- Capital increase (A1 + A2)		-	-	-	-	-	-	-	-	-	-	-
1- Cash		-	-	-	-	-	-	-	-	-	-	-
2- From internal resources		-	-	-	-	-	-	-	-	-	-	-
B- Own Shares of the Company		-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not included in the income statement		-	-	-	-	-	-	-	-	-	-	-
D- Value increase in the assets		-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency translation differences		-	-	-	-	-	-	-	-	-	-	-
F- Other income and losses		-	-	-	-	-	-	-	(580,956)	-	-	(580,956)
G- Inflation adjustments		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period (loss)	37	-	-	-	-	-	-	-	-	159,470,843	-	159,470,843
I- Dividends Paid	38	-	-	-	-	-	-	-	-	(98,827,089)	-	(98,827,089)
J- Transfers	38	-	-	-	-	-	-	-	-	1,432,174	(1,432,174)	-
<b>IV - Balances at the Year End (31.12.2019)</b>		45,000,000	-	-	-	-	22,500,000	-	(925,615)	159,470,843	-	226,045,228
<b>III+ A+B+C+D+E+F+G+H+I+J</b>		45,000,000	-	-	-	-	22,500,000	-	(925,615)	159,470,843	-	226,045,228
<b>CURRENT PERIOD</b>												
<b>I - Balances at the prior period end (01.01.2020)</b>		45,000,000	-	-	-	-	22,500,000	-	(925,615)	159,470,843	-	226,045,228
<b>II - Changes in accounting policies</b>		-	-	-	-	-	-	-	-	-	-	-
<b>III - New Balance (I + II) (01.01.2019)</b>		45,000,000	-	-	-	-	22,500,000	-	(925,615)	159,470,843	-	226,045,228
A- Capital increase (A1 + A2)		-	-	-	-	-	-	-	-	-	-	-
1- Cash		-	-	-	-	-	-	-	-	-	-	-
2- From internal resources		-	-	-	-	-	-	-	-	-	-	-
B- Own Shares of the Company		-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not included in the income statement		-	-	-	-	-	-	-	-	-	-	-
D- Value increase in the assets	15	-	-	4,616,051	-	-	-	-	-	-	-	4,616,051
E- Foreign currency translation differences		-	-	-	-	-	-	-	-	-	-	-
F- Other income and losses	15	-	-	-	-	-	-	-	(1,561,240)	-	-	(1,561,240)
G- Inflation adjustments		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period (loss)	37	-	-	-	-	-	-	-	-	185,645,859	-	185,645,859
I- Dividends Paid	38	-	-	-	-	-	-	-	-	(159,470,843)	-	(159,470,843)
J- Transfers	38	-	-	-	-	-	-	-	-	-	-	-
<b>IV - Balances at the Year End (31.12.2020)</b>		45,000,000	-	4,616,051	-	-	22,500,000	-	(2,486,855)	185,645,859	-	255,275,055
<b>III+ A+B+C+D+E+F+G+H+I+J</b>		45,000,000	-	4,616,051	-	-	22,500,000	-	(2,486,855)	185,645,859	-	255,275,055

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as “Cigna Finans Emeklilik ve Hayat A.Ş.”)

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF PROFIT DISTRIBUTION FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Note	Current Period	Previous Period
<b>I. DISTRIBUTION OF PROFIT FOR THE PERIOD</b>			
1.1. PROFIT FOR THE PERIOD		240,533,987	207,253,155
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		(54,888,128)	(47,782,312)
1.2.1. Corporate Tax (Income Tax)		(54,888,128)	(47,782,312)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Legal Liabilities		-	-
<b>A NET PROFIT FOR THE PERIOD (1.1 - 1.2)</b>		<b>185,645,859</b>	<b>159,470,843</b>
1.3. PREVIOUS YEARS' LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		-	-
1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-)		-	-
<b>B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [ (A - (1.3 + 1.4 + 1.5) ]</b>		<b>-</b>	<b>159,470,843</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	(2,250,000)
1.6.1. to common shareholders		-	(2,250,000)
1.6.2. To preferred shareholders		-	-
1.6.3. To owners of participating redeemed shares		-	-
1.6.4. To owners of profit-sharing securities		-	-
1.6.5. To owners of profit and loss sharing securities		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)		-	(157,220,842)
1.10.1. To common shareholders		-	(157,220,842)
1.10.2. To preferred shareholders		-	-
1.10.3. To owners of participating redeemed shares		-	-
1.10.4. To owners of profit-sharing securities		-	-
1.10.5. To owners of profit and loss sharing securities		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION FROM RESERVES</b>			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To common shareholders		-	-
2.3.2. To preferred shareholders		-	-
2.3.3. To owners of participating redeemed shares		-	-
2.3.4. To owners of profit-sharing securities		-	-
2.3.5. To owners of profit and loss sharing securities		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
<b>III. PROFIT PER SHARE</b>			
3.1. TO COMMON SHAREHOLDERS		-	3.544
3.2. TO COMMON SHAREHOLDERS (%)		-	354.38%
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
<b>IV. DIVIDENDS PER SHARE</b>			
4.1. TO COMMON SHAREHOLDERS		-	3.544
4.2. TO COMMON SHAREHOLDERS (%)		-	354.38%
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as “Cigna Finans Emeklilik ve Hayat A.Ş.”)

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### 1. GENERAL INFORMATION

#### 1.1 Name of the parent Company

The Company was established on 4 July 2007 named as Finans Emeklilik ve Hayat A.Ş. as 100% subsidiary of Finansbank A.Ş. On 12 July 2012 share purchase agreement was signed between Finansbank A.Ş. and Cigna Nederland Gamma B.V. In accordance with that agreement, Cigna Nederland Gamma B.V. purchased 22,950,000 share, which is 51% of the total 44,999,995 share of Finansbank A.Ş. and share rate of Finansbank A.Ş. is decreased to 49%. As a result of the change in partnership structure, amendment agreement was approved by Ministry of Customs and Trade on 2 November 2012, amendment agreement was discussed in extraordinary general meeting on 9 November 2012 and share transfer was registered in Commercial Trade Gazette on 20 November 2012. The legal name of the company was changed as “Cigna Finans Emeklilik ve Hayat Anonim Şirketi” in extraordinary general meeting on 31 May 2013 and registered in Commercial Trade Gazette on 10 June 2013. On 22 December 2015, according to the announcement of the Finansbank to the Public Disclosure Platform, share purchase agreement between National Bank of Greece (“NBG”) and Qatar National Bank (“QNB”) was declared. In accordance with this agreement NBG sell its 99.81% share in Finansbank A.Ş. to QNB for 2,750 Million Euro. In accordance with notification of Finansbank to Public Disclosure Platform (“PDP”) as of May 4, 2016, permission of the Competition Council, regarding to transfer of companies that are directly controlled by Finansbank A.Ş. and directly controlled by subsidiaries under Finansbank A.Ş. to QNB, is reported. The share transfer transaction occurred on June 15, 2016. As a result of the share transfer, legal title of Finansbank A.Ş. is changed into QNB Finansbank A.Ş. (“Finansbank”).

At the Extraordinary General Assembly Meeting dated 15.10.2020; It has been decided to change the trade name of the Company from “Cigna Finans Emeklilik ve Hayat Anonim Şirketi” to “Cigna Sağlık Hayat ve Emeklilik Anonim Şirketi” and the business name from “Cigna Finans” to “Cigna”. It was announced in the Turkey Trade Registry Gazette dated 10/22/2020 in numbered 10187.

#### 1.2 Legal residence of the Company, its legal structure, the country of incorporation and the address of its registered office

Cigna Finans Emeklilik ve Hayat A.Ş. (formerly named as Cigna Finans Emeklilik ve Hayat A.Ş.) operates at the address of, Barbaros Mah. Kardelen Sok. Palladium Tower, No: 2 Floor: 28-29, 34746, Ataşehir- İstanbul. It is a corporation established in accordance with the Turkish Commercial Code (“TCC”). The Company carries out its operations in accordance with the principals set out on the Insurance Law No: 5684, Law No: 6327, which is valid as of 1 January 2013, and Individual Pension, Saving and Investment System Law No: 4632. Company changed location of its headquarter in accordance with the Board of directors meeting numbered 344 and dated 26 September 2015 and registered location change in Commercial Trade Gazette numbered 8858 and dated 8 July 2015. Operating address of the company before 29 September 2015 was Sahrayıcedit Mah. Halk Sok. No: 48 34734 Kozyatağı, Kadıköy, İstanbul.



# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as “Cigna Finans Emeklilik ve Hayat A.Ş.”)

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### 1. GENERAL INFORMATION (CONTINUED)

#### 1.3 The Company's main operations

The company operates in individual pension, life insurance, marriage/maternity insurance, capital redemption insurance, accident insurance and in accordance with those activities company establishes private pension funds, forms internal regulations related to private pension funds and covenants pension contracts, annuity contracts, portfolio management contracts, safekeeping contract with custodian and operates reinsurance business about individual or group life insurances, accident insurances and all other type of these insurances. Company has 23 Individual Pension Fund as a founder. 23 group Individual Pension Fund were offered to public as of 31 December 2020. These funds are managed by QNB Finans Portföy Yönetimi A.Ş. in accordance with the pension mutual fund portfolio management agreement that is signed between Company and QNB Finans Portföy Yönetimi A.Ş. as of 1 July 2019.

The table below shows the date of fund establishment and public offering.

Name of the Fund	Capital Markets Board Authorization Date	Capital Markets Board Permission Number	Public Offering Date
Cigna Sağlık Hayat ve Emeklilik A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	19.06.2008	17/672	7.11.2008
Cigna Sağlık Hayat ve Emeklilik A.Ş. Para Piyasası Emeklilik Yatırım Fonu	19.06.2008	17/672	7.11.2008
Cigna Sağlık Hayat ve Emeklilik A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu	19.06.2008	17/672	7.11.2008
Cigna Sağlık Hayat ve Emeklilik A.Ş. Dinamik Değişken Emeklilik Yatırım Fonu	19.06.2008	17/672	7.11.2008
Cigna Sağlık Hayat ve Emeklilik A.Ş. Birinci Hisse Senedi Emeklilik Yatırım Fonu	19.06.2008	17/672	7.11.2008
Cigna Sağlık Hayat ve Emeklilik A.Ş. Dengeli Değişken Grup Emeklilik Yatırım Fonu	10.06.2011	18/555	26.03.2012
Cigna Sağlık Hayat ve Emeklilik A.Ş. Kamu Borçlanma Araçları Grup Emeklilik Yatırım Fonu	10.06.2011	18/555	26.03.2012
Cigna Sağlık Hayat ve Emeklilik A.Ş. Standart Emeklilik Yatırım Fonu	4.04.2013	12/373	12.11.2013
Cigna Sağlık Hayat ve Emeklilik A.Ş. Katkı Emeklilik Yatırım Fonu	26.03.2013	10/333	2.05.2013
Cigna Sağlık Hayat ve Emeklilik A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	27.12.2016	36/1295	1.04.2020
Cigna Sağlık Hayat ve Emeklilik A.Ş. Başlangıç Emeklilik Yatırım Fonu	27.12.2016	36/1294	25.01.2017
Cigna Sağlık Hayat ve Emeklilik A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	27.12.2016	36/1294	3.02.2017
Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu	5.06.2017	23/770	23.02.2018
Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Atak Değişken Emeklilik Yatırım Fonu	5.06.2017	23/770	2.03.2018
Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu	5.06.2017	23/770	31.05.2018
Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu	5.06.2017	23/770	22.05.2018
Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	5.06.2017	23/770	16.07.2018
Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	5.06.2017	23/770	17.05.2018
Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Standart Emeklilik Yatırım Fonu	17.11.2017	42/1421	22.02.2018
Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	19.12.2016	35/1264	21.02.2018
Cigna Sağlık Hayat ve Emeklilik A.Ş. Altın Emeklilik Yatırım Fonu	26.07.2019	42/958	9.10.2019
Cigna Sağlık Hayat ve Emeklilik A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu	26.07.2019	42/958	14.10.2019
Cigna Sağlık Hayat ve Emeklilik A.Ş. Dış Borçlanma Araçları Emeklilik Yatırım Fonu	26.07.2019	42/958	10.10.2019

An application has been made to the Capital Markets Board for a change in the fund titles due to the change in the commercial name of our company from “Cigna Finans Emeklilik ve Hayat Anonim Şirketi” to “Cigna Sağlık Hayat ve Emeklilik Anonim Şirketi” and “Cigna Finans” as “Cigna”. With the decision dated 15.12.2020 and numbered E-1223903-325.07-12868, we have been notified of the appropriateness of the title change of pension mutual funds and the change was registered on 25.12.2020. The application date of the changes was announced to the participants as 01.01.2021.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as “Cigna Finans Emeklilik ve Hayat A.Ş.”)

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### 1. GENERAL INFORMATION (CONTINUED)

#### 1.4 Explanation of the activities and characteristics of main operations of the corporation

Disclosed in Notes 1.2 and 1.3.

#### 1.5 Average number of employees during the period by category:

	31 December 2020	31 December 2019
Top management	7	7
Managers	53	41
Officers	175	165
Marketing and sales personnel	310	345
<b>Total</b>	<b>545</b>	<b>558</b>

#### 1.6 Total salaries and benefits paid to the chairman and members of the board of directors, general manager, general coordinator, assistant general managers and other executive management during the current period:

TRY 8,842,728 (1 January - 31 December 2019: TRY 9,122,935).

#### 1.7 Criteria set for the allocation of investment income and operating expenses (personnel, administration, research and development, marketing and sales, outsourced benefits and services and other operating expenses) in the financial statements

The Company allocates the investment income and personnel, administration, research and development, marketing and selling, outsourced benefits and services and other operational expenses related to the technical accounts in accordance with the “Circular on the Fundamentals of the Procedures and Principals of the Criteria used in Financial Statements in Accordance with Insurance Uniformed Chart of Accounts” numbered 2010/9 and dated 9 August 2010 and issued by the Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Undersecretariat of Treasury”).

#### 1.8 Whether financial statements include only one firm or group of firms

Financial statements include one company (Cigna Sağlık Hayat ve Emeklilik A.Ş. (Formerly named as “Cigna Finans Emeklilik ve Hayat A.Ş.”)

#### 1.9 Name and other identification information of the reporting firm and information changes since the previous balance sheet date

Name and other identification information of the Company are disclosed in Notes 1.1, 1.2 and 1.3.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 1. GENERAL INFORMATION (CONTINUED)

#### 1.10 Events occurred after the balance sheet date

The financial statements that are prepared in accordance with the effective accounting standards, for the period 1 January - 31 December 2020 declared on 12 March 2021 by the Assistant General Manager and Financial Control and Reporting Group Manager. Subsequent events after the balance sheet are disclosed in Note 46.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The Company conducts its operations in accordance with the Insurance Law No.5684 issued in the Official Gazette dated 14 June 2007 and numbered 26552 ('the Insurance Law') and the communiqués and other regulations in effect issued by Republic of Turkey Ministry of Treasury and Finance ('Ministry of Treasury and Finance'). The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ('Ministry of Treasury and Finance').

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No: 25686) dated 30 December 2004 (Insurance Accounting System Communiqué No.1). The content and the format of the financial statements and explanation and notes of this financial statements are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated 18 July 2008 and notice regarding to the Presentation of the New Account Codes and Financial Statements.

According to the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on 14 July 2007 and effective from 1 January 2008, except for the communiqués which may be issued by the Treasury, operations of insurance companies should be accounted in accordance with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") as issued by the Turkish Accounting Standards Board ("TASK") and other regulations, communiqués and explanations issued by the Treasury regarding accounting and financial reporting issues. With reference to the notice of the Treasury No. 9 dated 18 February 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Unconsolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4 - Insurance Contracts" have been scoped out of this application. In addition, companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies dated 31 December 2008 and published in official gazette numbered 27097 and effective from 31 March 2009. Since the Company has no subsidiaries that needs to be consolidated, consolidated financial statements is not required to prepare. The transition to "TFRS 15- Revenue from Customer Contracts" was postponed until 1 January 2023 to be concurrent with the transition to "TFRS 9-Financial Instruments" and "TFRS 17- Insurance Contracts".

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (Continued)

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette numbered 26582 dated 14 July 2007 and "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" came into force on 1 January 2008. The content and the format of the financial statements and explanation and notes of this financial statements are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated 18 April 2008 and notice regarding to the Presentation of the New Account Codes and Financial Statements. In the preparation of the financial statements, TFRS which was put into effect by the Public Oversight Accounting and Auditing Standards Authority, and the related annexes and comments were taken into consideration with the exceptions mentioned above.

As of 31 December 2020, the Company calculates and recognizes its insurance technical provisions in its financial statements in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" ("Regulation on Technical Reserves"), which is published in Official Gazette dated 28 July 2010 and numbered 27655 and changes on this regulation were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Treasury (Note 2.24).

As of 1 January 2015 company actuary calculates incurred but not reported outstanding claim amount, which is claimed in note 2.24, (within the frame of the "Outstanding Claim Circular" dated on 5 December 2014, numbered 2014/16 and issued by Treasury).

Additionally, according to the "Outstanding Claim Provision" circulars dated 17 March 2015, 27 July 2015, 29 February 2016 and numbered 2015/7, 2015/28, 2016/11 respectively issued by Treasury, effects of these changes may accounted gradually in 2015, 2016, 2017, 2018, and 2019.

Where necessary, comparative figures have been reclassified to conform to the presentation of the current year financial statements.

Accounting policies and measurement principles that are used in the preparation of the financial statements are disclosed in the notes from 2.4 to 2.24 below.

#### New and Revised Standards and Comments:

Turkey Accounting Standards or Turkey Financial Reporting Standards in the preparation of financial statements in compliance with standards changes in the notes and comments should be shown as follows:

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (Continued)

##### a) Standards, amendments and interpretations applicable as at 31 December 2020:

Explanations on the effects of the new **TFRS** on the financial statements;

- Title of TFRS,
- If the accounting policy change is made in accordance with the relevant transitional provisions;
- Explanation of the change in accounting policy;
- Explanation of the transition provisions, if any;
- The effects of the transitional provisions on future periods, if any;
- Where possible, adjustment amounts related to the current and previous periods presented:
  - Each affected financial statements must be presented for item and
  - If the "TAS 33 Earnings per Share" standard is prevalent for the company, the amounts of the ordinary shares and diluted earnings per share must be recalculated;
- Amounts of the adjustments from the prior periods to the periods not available,
- If retrospective application is not possible for any period or period, the events leading to this situation should be explained and it should be explained from what date and how the change in the accounting policy was applied.

**Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information.

**Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

**Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (Continued)

##### a) Standards, amendments and interpretations applicable as at 31 December 2020 (Continued):

**Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

##### b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

**IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

**Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

**A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

**Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

**Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

**Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.



# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (Continued)

##### b Standards, amendments and interpretations that are issued but not effective as at 31 December 2020 (Continued):

**Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

**Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

#### Statement about Covid - 19

The Company have taken intensive measures and measures regarding the safety of our business partners and customers, prioritizing the health of our employees, regarding the Corona virus epidemic that has affected the whole world. In order to prevent the spread of Covid - 19 epidemic diseases, we evaluate the developments up-to-date and share all our decisions with our employees, business partners and customers in the most transparent way.

From the first day, we have been taking and implementing the necessary information and protective measures on this issue. In this context, we have maximized our hygiene measures, including common areas. As a result of the spread of the virus all over the world, our employees' business trips abroad were stopped and personal travels were also stopped. Participation of our company employees to meetings, seminars, training and events to be held face to face has been canceled. In line with the public health guidelines announced by the World Health Organization and the Ministry of Health, the health and safety measures in the working environment are carried to the highest level and the employees are constantly informed about this issue.

The company has been carrying out its business processes gradually with a remote working model since 16 March 2020. Our company carries out its insurance activities without interruption, as it has a strong technological infrastructure that will support all our employees to work from home.

#### 2.2 Consolidation

The Company does not have any subsidiaries that are required to be consolidated in accordance with the Circular related to Preparing Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies, which was published on Official Gazette No 27097 and dated 31 December 2008 and became effective as of 31 March 2009.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Segment reporting

The company is not traded in public that is why they do not prepare any segment reporting related to IFRS 8 "Operating Segments".

#### 2.4 Foreign currency transactions

Transactions are recorded in TRY, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and all exchange differences are offset and are recognized as foreign exchange gains or losses.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes are accounted for.

#### 2.5 Property and equipment

All property and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the tangible assets. The depreciation periods estimated considering useful lives of tangible assets are as follows:

Furniture and fixtures	1-5 years
Leasehold improvements	1-5 years

If there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and as a result of this review, if an asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down immediately to its recoverable amount by accounting for an impairment provision. Gains and losses on disposals of property and equipment are included in other non-operational income and expenses accounts (Note 6).

#### 2.6 Investment properties

The Company does not have investment properties as of 31 December 2020 (31 December 2019: None).

#### 2.7 Intangible fixed assets

Intangible assets consist of the acquired information systems and software. Intangible assets are carried at acquisition cost and amortized by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amount is written down immediately to its recoverable amount. The amortization periods of intangible assets vary between 3 to 5 years.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.8 Financial assets

The Company classifies and accounts for its financial assets as "Available-for-sale financial assets", "Financial assets at fair value through profit or loss", and "Loans and receivables (Receivables from main operations)". Receivables from main operations are the receivables arising from insurance and pension operations and they are classified as financial assets in the financial statements.

Purchases and sales of the financial assets are recognized and derecognized based on "Settlement date". The classification of the financial assets is determined by the Company management at inception by considering the purpose for which the financial assets are acquired.

#### Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. Effective interest rate; is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Loans and receivables are financial assets which are generated by providing money or service to the debtor. Loans and receivables are initially recognized at acquisition value and subsequently measured at cost. Fees and other charges paid in relation to assets obtained as guarantee for the above mentioned receivables are not deemed as transaction costs and charged as expenses to the income statement.

The Company accounts for a provision for its receivables based on evaluations and estimations of the management. The mentioned provision is classified under "Provision for due from insurance operations" on the balance sheet. The Company sets its estimations in accordance with the risk policies and the principle of prudence by considering the structure of current receivable portfolio, financial structure of policyholders and intermediaries, non-financial data and economic conditions.

In addition to the provision for due from insurance operations, in line with the Tax Procedure Law article No: 323, the Company accounts for a "Provision for doubtful receivables under legal follow-up" regarding its doubtful receivables which are not included in provision for due from insurance operations stated above, by considering the amount and nature of these receivables. This provision is classified as "Doubtful receivables from main operations" on the balance sheet under non-current asset group.

Provision for doubtful receivables is deducted from the related year's income. Recoveries from doubtful receivables previously provided for are treated as a reduction from related provision and accounted for in the "Other income and expense" account. Such receivables are written off after all necessary legal proceedings have been completed (Note 12).

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.8 Financial assets (Continued)

#### Effective Interest Method (Continued)

Available for sale financial assets consist of financial assets other than loans and receivables, held-to-maturity investments and financial assets classified as held for trading. Quoted equity investments and quoted certain debt securities held by the Company that are traded in an active market are classified as marketable securities and carried at fair value. The Company has equity instruments that are not traded in an active market but are also classified as marketable securities and are stated at cost since their fair value cannot be measured reliably. Gains and losses arising from changes in the fair value other than the impairment loss recognized in the income statement, interest and monetary assets and interest and monetary assets calculated using the effective interest method, are recognized in other income and the financial assets are accumulated in the revaluation fund. In the event that the investment is disposed of or is impaired, the total profit / loss accumulated in the revaluation fund of financial assets is classified in the income statement.

#### Impairment of financial assets:

Unbiased indicators that represents impairment of a financial asset or financial asset group are below:

- Financial difficulties of issuer or contractor,
- Breach of contract,
- Privileges that would not provide at different circumstances are provided to debtor by creditor, as a result of financial difficulties of debtor in economical or legal reasons,
- High probability of bankruptcy or financially reorganization of debtor,
- Disappearance of active market as a result of financial difficulties.

Company, evaluate indicators of impairment at balance sheet dates and book impairment to financials if necessary.

#### 2.9 Impairment of assets

The details about the impairment of assets are explained in the notes in which the accounting policies of the relevant assets are explained.

Mortgages or guarantees on assets are explained in Note 43, provision for overdue and not overdue doubtful receivables are explained in not 12.1 and provision and rediscount expenses for the period are explained in Note 47.5.

#### 2.10 Derivative financial instruments

None (31 December 2019: None).

#### 2.11 Offsetting financial instruments

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

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits held at banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Cash and cash equivalents included in the statements of cash flows are as follows:

	31 December 2020	31 December 2019
Banks	634,267,649	556,000,359
Bank guaranteed credit card receivables with maturities less than three months	16,331,261	13,981,044
Less - Interest Accrual	(3,821,963)	(14,571,283)
Less - Blocked time deposits (*)	(308,454,578)	(271,300,403)
<b>Cash and cash equivalents total</b>	<b>338,322,369</b>	<b>284,109,717</b>

(\*) Change in blocked time deposits is included in other cash inflows or outflows from main operations in the statements of cash flows (Note: 43).

#### 2.13 Share capital

The composition of the Company's share capital at 31 December 2020 and 2019 is as follows:

Name of the shareholders	Share Group	31 December 2020		31 December 2019	
		Share (%)	Share amount	Share (%)	Share amount
Cigna Nederland Gamma B.V	A	51	22,949,999	51	22,949,999
Cigna Nederland Gamma B.V (*)	A1	<1	1	<1	1
QNB Finansbank A.Ş.	B	49	22,049,999	49	22,049,999
QNB Finansbank A.Ş. (*)	B1	<1	1	<1	1
<b>Total</b>		<b>100</b>	<b>45,000,000</b>	<b>100</b>	<b>45,000,000</b>

(\*) At the Company's 2009 General Assembly, fraction certificate was issued for the shares that could not be completed for TRY1 in the capital increase made from internal sources.

As of 31 December 2020 no privileges are granted to the preference shares representing the share capital. (31 December 2019: None).

The Company is not subject to the registered share capital system.

Other information about Company's share capital is explained in Note 15.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Insurance and investment contracts - classification

The insurance contracts are those contracts that transfer insurance risk. The insurance contracts protect the insured against the adverse economic consequences of loss event under the terms and conditions stipulated in the insurance policy.

As of balance sheet date, the Company does not have any investment contract (31 December 2019: None).

The main contracts produced by the Company are personal accident insurance, life insurance, reinsurance agreements and private pension agreements as explained below:

#### Risk Policies

##### Annual life insurance contract

Annual life insurance provides one year guarantee for the risks that the policyholder can be faced with. This insurance covers all risks that the policyholder can be exposed to by providing natural death coverage along with the additional coverage such as accidental death, permanent or temporary disability and critical disease during the policy term. Annual life insurance policies cover risks, it does not include savings and does not include right of surrender and policy loans. It can be sold as a group or individual. The age limit is between 18 and 65, premium amount changes according to the risk assessment based on age, sex and health.

##### Credit life insurance

Credit life insurance provides guarantee throughout the credit term against such as death or disability. If any claim occurs within the credit term, the credit debt is covered by credit life insurance. Coverage generally includes only death risk. These products are risk based policies that do not include saving. The age limit is between 18 and 70 and premium amount changes according to the risk assessment based on age, sex and health.

##### Personal accident insurance

Personal accident insurance provides guarantee against risks arising as a result of accidents. It provides accidental death coverage along with the additional coverage such as accidental disability, unemployment or temporary disability and medical expenses.

##### Mixed Insurance

Mixed Insurances is the type of insurance that pays insured when the insured protects them from the risk of death during the life of the insurance but does not realize the risk of death and survives the life of the insured. These are risk weighted policies and do not have any accumulation. Age range is between 18-60 years, and premiums vary according to age, sex and health-related risk assessment.



# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Insurance and investment contracts - classification (Continued)

##### Private Pension Operations

The Individual Pension Contract is a contract that regulates the principles and procedures regarding the opening of an individual pension account at the pension company, the payment of the account contribution, directing the payment of the paid contributions to the preferred funds, and the payment of the accumulated funds to the beneficiaries and other rights and obligations of the parties in this context.

"Regulation on Amending the Regulation on Individual Pension System" which was published in the Official Gazette numbered 29366 dated 25 May 2015 is effective from 1 January 2016. The definition of mandatory expenditures and funds for irregular payments are determined by this regulation and the portfolio management fee can be expressed through the accumulation of the participants with contributions paid to pension accounts, the cuts also additional administrative expenses from the participants during the accumulation period breaks can be taken in case of interruption of payments is specified. The limitations on deductions based on active years of contract in the system was introduced.

The latest version of the deductions in the regulation is as follows: The total amount of the entrance fee and management fee incurred during the first five years of the contract does not exceed 8.5% of the gross minimum wage applicable for the first 6 months of the year. After completion of the fifth year of the contract management fee including deduction for contribution holiday under the relevant contract and the entrance fee can not be collected. Regulation does not affect the Company's receivables that are accrued before the enforcement date; Company preserve its rights on receivables accrued before January 1, 2016. In order to calculate time spent in contract, all days spent starting from the first contract that is entered into the system in accordance with the contract transfer data are take into account. If a contract is established prior to January 1, 2016 by transfer, upper limit of deduction is calculated regardless of the amount deducted in other companies. It is subject to calculation, if it is established with transfer after this date.

Except dispersement situations without mandatory reasons like usage of pension right or death, disability or liquidation of the company, in the situation of leaving the company before 5 year contract expires, the part that isn't collected yet until date of leaving along the contract period can be reducible on personal pension account as deferred entrance fee. In this context, deferred entrance fee is the minimum amount between the amount calculated by deducting all the deductions made from the participant until the leaving date from the total deduction upper limit that can be made in 5 years and stated amount on the contract.

Regulations of entrance fee for contracts that are effective before January 1, 2016 and still in force are valid until the contract expires in accordance with the deferred entrance fee amount stated above. However, the deferred entrance fee that is applied under the relevant contracts can not exceed the above-mentioned time and amount limit. According to the regulation, entrance fees can not deducted after the completion of the fifth year of the contract. The same regulations are valid for the contracts where no deferred entrance fee charged and entered into force after January 1, 2016.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Insurance and investment contracts - classification (Continued)

##### Private Pension Operations (Continued)

Private pension system receivables mainly consist of capital advances made to pension funds, fund management fee receivables from pension funds, and receivables from participants and the custodian company. In the "fund operating deductions receivables from funds" account; the Company keeps funds operating expense deductions receivables deriving from funds management that could not be collected on the same day. Receivables based on funds from the custodian company on behalf of participants are kept in "receivables from Custodian Company" account. At the same time, this amount is disclosed in private pension system payables account as "payables to participants for sold funds".

Payables from individual business consist of payables to participants, participants temporary accounts, purchase order accounts and liabilities to intermediaries. Payables to participants account contains contribution amount that is directed to investment on behalf of private pension owners and total income generated from these investments.

The management and representation of the funds and the interruption of the fund management, which is provided for the hardware, personnel and accounting services allocated to the funds, are recorded as income in the Company accounts and are distributed between the Company and the portfolio management company within the scope of the agreement or fixed cost share. These fees are all shown as the fund operation expense interruption in the technical income of the Company and the part of the managerial fee is shown as the amount paid in the technical expenses of the Company in fund provision.

The total deduction made from the pension funds are determined by the type of funds in accordance with the regulation numbered 28462 on the Personal Pension System, and it has been effective since January 1, 2013.

The total amount of management fee, entrance fee and fund total fee deductions to be made by the Company from the end of sixth year of the contract to the expiration date of the contract shall not exceed the amount corresponding to a certain proportion of the amount found in the State Contribution account. By this control, funds available as of January 1, 2016 and the deductions made from returns of these funds are not taken into account. Upper limit control for the deduction associated with state contribution will be implemented starting from January 1, 2021.

"The Law on Making Amendments on Private Pension Savings and Investment System Law" that is published in Official Gazette dated 29 June 2012 and numbered 28338 states that the amount corresponding to 25% of the contributions paid by the individuals will be transferred to the government contributions account in accordance with Additional Article 1.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Insurance and investment contracts - classification (Continued)

##### Private Pension Operations (Continued)

Government contributions is regulated according to "Regulation on Government Contribution to Private Pension System" that is published in Official Gazette numbered of 28512 and dated 29 December 2012. By this system, in order to encourage "Private Pension System" government contribute proportionately Turkish Citizens, who attended to private pension system (except citizens attended their employers pension plan). This payment is deposited to the private pension accounts of the attendees by government. Government Contribution is 25% of the monthly paid amount by the attendee and annual contribution amount is not going to exceed 25% of the gross annual subsistence wage. Turkish Citizens, who attended personal or group private pension system can benefit from government contribution without seeking of being a taxpayer. Government Contribution is paid within maximum limit. Additional payments, contributions and beginning contributions also benefit from government contributions. Private Pension System Attendee gain right to obtain Government Contribution after breakdown of the pension contract due to retirement, death, disability or discharge.

The amendment about "The Individual Pension Savings and Investment System Law Amendment" numbered 29812 and dated August 25, 2016 and published in official gazette entered into force as of January 1, 2017. According to this new amendment, employees that are appropriate for the conditions stipulated in the law are automatically started to be included in the personal pension system.

Turkish citizens or individuals younger than 45 years that are within the scope article 28 of "Turkish Citizenship Law" dated May 29, 2009 and numbered 5901 and according to subarticle (a) and (c) of the first paragraph of article 4 of "Social Security and General Health Law" dated May 31, 2016 and numbered 5510 will be included in personal pension system by the pension contract that is prepared by employer in accordance with the related law. About the automatic participation in personal pension plan; employer can include its employees in personal pension plan that is prepared by companies that are permitted by undersecretariat for the Treasury.

Company established 10 funds for automatic participation in personal pension plan that are named Cigna Sağlık Hayat ve Emeklilik A.Ş. Başlangıç Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Atak Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Standart Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu in accordance with the article 22/B in the amendment about "Personal Pension System" and these pension investment funds.

Money not sought by right holders; Circular on the Amendment to the Circular on the Private Pension System (2019/3), under the title of the thirteenth section other provisions Article 5 was evaluated in the relevant period in the closure.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Insurance and investment contracts - classification (Continued)

##### Reinsurance agreements

Reinsurance agreements are the agreements that agreed by the Company and Reinsurance Company for the loss which may occur in one or more insurance agreements signed by the Company, and those meet all conditions to be classified as insurance contract and those whose costs are paid.

Company has Quota share, surplus, catastrophic excess of loss reinsurance agreements for life and accident branches. In addition to that company make facultative reinsurance agreements from international reinsurance market for treaty agreements, which exceed treaty limit.

As of 31 December 2020 and 2019 the Company makes Catastrophic Excess of Loss Reinsurance Treaty in order to preserve its conservation as a result of the events causing massive deaths such as terrorist attacks, public transportation vehicle accidents, and big natural disasters such as earthquake, flood and storm in the life and personal accident branches. When determining this reinsurance preservation, the Company is taking the likely catastrophic scenarios and the geographic distribution of the existing and prospective policyholders into consideration. There are excess insurance treaties which is a type of reinsurance denotes that the amount exceeding the conservation amount up to a determined portion is under the reinsurer's responsibility.

In the risk factor life insurance tariffs, every year, as a result of the actuary calculations, an amount that does not exceed the maximum conservation amount determined for the death and supplementary coverage, is kept on the company and the amount exceeding this portion is transferred to the collaborating reinsurance companies via proportional reinsurance treaties (surplus and quota-share reinsurance treaties). In addition to this, the conservation amount of the Company on the coverages which has been recently put into effect such as hazardous diseases and has a relatively ambiguous results, is rather limited. By proportional reinsurance agreements, Cigna Global Reinsurance Company, is the key reinsurance company. The share of Cigna Global Reinsurance Company in proportional agreements is 50%. The other 50% share belongs to Swiss Re Group.

Cigna Sağlık Hayat ve Emeklilik A.Ş. (formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") and Cigna Global Reinsurance Company, which is subsidiary of the Cigna Corporation, which is main partner of the Cigna Sağlık Hayat ve Emeklilik A.Ş., have catastrophic excess of loss reinsurance agreement. Cigna Global Reinsurance Company is contained within Cigna Global Holdings that is affiliated to Cigna Corporation. The company has also entered into a coinsurance agreement with BNP Paribas Cardif for unemployment and revolving guarantees in the credit card product as of September 2020. According to this agreement, the company does not take any risk in conservation. The company has an quota share agreement with Genworth Reinsurance company for the bankruptcy insurance in personal accident insurance products.

#### 2.15 Insurance contracts and investment contracts with discretionary participation feature

Cash generated from insurance agreements are shown in financial tables in Note 17.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.16 Investment contracts without discretionary participation feature

None (31 December 2019: None).

#### 2.17 Borrowings

None (31 December 2019: None).

#### 2.18 Taxes on income

##### Corporate Tax

Corporate tax is payable at a rate of 22% for the year 2020 (2019: 22%). However, the corporate tax rate was revised as 22% for corporate earnings of the tax years 2019 and 2020 and provisional article 10 has been added to the Law on Corporations Tax. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution thus does not incur withholding tax and no stoppage is applied.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance Tax is declared by 14th day of the second month following and payable by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

The affiliate shares stocked for minimum 2 years and the 75% of the profit obtained from the property sales are considered as tax exemptions in such condition that the amount is added onto capital as pre-stated in corporate Tax Law or the amount is kept in equity for 5 years.

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits.

There is no such application for the reconciliation of payable taxes with the tax authority in Turkey. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends.

In addition, in tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.18 Taxes on income (Continued)

In accordance with Tax Law No,5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (TÜİK TEFE increase rate). Since the conditions in question were not fulfilled in both in 2020 and 2019, no inflation adjustments were performed (Note 35).

##### Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized (Note 21).

#### 2.19 Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits according to "Turkish Accounting Standards Regarding Employee Benefits" ("IAS 19") and classifies in balance sheet under the account "Provision of Employment Termination Benefits"

According to the Turkish Labour Law, the Company is required to pay termination benefits to each employee whose jobs are terminated except for the reasons such as resignation, retirement and attitudes determined in Labour Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labour Law by considering determined actuarial estimates.

As a result of the revision in the IAS 19 which is effective for annual periods starting on or after 1 January 2013, actuarial gain and loss that occurs from calculation regarding the liability of employee benefits shall be directly accounted for under equity. In this context, the service and interest costs are recognized in the statement of income whereas the actuarial gains and losses are recognized in "Other Profit Reserves" under shareholders' equity (Note 15 and 22).

#### 2.20 Provisions

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



# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.20 Provisions (Continued)

The carrying amount of the provision is equal to the present value of the related cash flows if the provision is measured using the estimated cash flows required to meet the present obligation.

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

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the financial statements (Note 23).

#### 2.21 Accounting for revenues

##### Written Premiums

Written premiums represent premiums on policies written during the year, net of cancellations and tax. In life and personal accident branches accrual of the premium income occur after under-writing of the policy. In accordance with the customer demand, cash or installment payment is accepted by the company. Company does not have permanent life insurance policy for the related period.

##### Interest Income

Interest income is recognized by using the effective interest rate method on an accrual basis.

##### Revenues From Private Pension Operations

Disclosed under Notes 2.14.

#### 2.22 Leases

The Company has financial assets acquired through finance lease are disclosed in the Note 6, as of 31 December 2020 (31 December 2019: Note 6).

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.23 Dividend distribution

Dividend payables are reflected to the financial statements as liability in the period in which they are declared as an element of profit distribution. As specified on the articles of association of the Company, the remaining amount after legal reserves, which is mandatory in accordance with TTC article 519, reserved from earnings after taxes which is calculated in accordance with Turkey Accounting Standards and the targeted capital level (except changes in accordance with Article 6) which is decided by the shareholders of Group A1 and Group B1 together on the annual business plan is distributable profit. The agreement between the shareholders of the company is updated and signed again on January 6, 2017. Accordingly, the company's dividend payment for 2016 accounting period will be occurred according to calculation of profit after tax which is in line with "Turkish Accounting Standards", however according to TTK's article 519, before distributing the profit, reserves must be reduced through profit after tax amount, then the remaining amount is distributable amount, and it can be distributed proportional to the shares owned by the shareholders in the Company.

Each year 100% of distributable profit is distributed. Opposite of this decision can be taken with the agreement of 100% of the shareholders. 100% of the distributable profit is distributed to shareholders of Group A1 and Group B1 in accordance with the decision of Board of Directors meeting. The Clause of article No 509 of Turkish Code of Commerce is reserved.

#### 2.24 Technical provisions

##### Mathematical Reserve

Companies that operate in life and non-life branches make sufficient provisions according to the actuarial basis for the benefit of beneficiary and policy owner, who have life, health or personal accident policy. In addition to life insurances that are longer than one year, in case of entitling disablement as a result of to the personal accident, health and giving assurance as a result of dangerous illnesses; value of the life insurance also contains additional assurances that calculated according to actuarial basis, mathematical reserves. In case of mathematical reserves that are committed, with actuarial mathematical reserve, for different policies and calculated according to technical elements on the tariff, these reserves consist of income that is generated from the profit share of the insured that contains cash that utilized in investments.

The mathematical reserves consists of actuarial mathematical reserves, which is convenient with the technical principles of the tariff, is calculated separately for each effective tariff. The company have actuarial mathematical reserve of TRY280,770,083 (31 December 2019: TRY211,101,950) for life branch and have actuarial mathematical reserve of TRY17,165,808 (31 December 2019: TRY14,063,839) for long term personal accident insurance policies. These provision has classified as "Mathematical Provisions" in the balance sheet and as "Change in the Mathematical Provisions" in the income statement (Note 17.15).

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Technical provisions (Continued)

##### Unearned Premium Reserve

The company must make unearned premium provision for any contracts except for mathematical reserves of insurance contracts. Unearned premium provision is also made for the annually renewed and corresponding to annual insurance coverage of long-term insurance contracts including one year insurance coverage premiums. Death, life, and both covered by both death given in addition to these guarantees and collateral depends on the possibilities of life as well as accident, disability due to illness, medical expenses due to accident, unemployment, daily hospital benefits due to accident or illness, temporary disability, death by accident, accidental death in public transportation and the contacts that is given assurance as dangerous diseases are considered as life insurance contract and their premiums are accepted as life insurance premiums. In case of annual additional assurances are given with life insurance contracts as a package, these assurances are assessed separately from the life insurances which are given together.

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premium written. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. According to "Regulation on Technical Reserves", unearned premium reserves and the reinsurers' share of the unearned premium reserves of policies written are calculated and accounted as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other expenses, on an accrual and on a gross basis (Note 17.15).

##### Deferred Commission Expenses and Deferred Commission Incomes

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

According to paragraph 6 of Article 5 of the Regulation Regarding the Technical Reserves of Insurance and Reinsurance and Pension Companies and the Assets to be Invested in These Reserves, published by the Undersecretariat of Treasury on August 7, 2007 in the Official Gazette No. 26606, "Commissions paid on intermediary basis, subject to accrual, commissions received for the transferred reinsurance premiums to reinsurer, amounts paid for non-proportional reinsurance agreements and the part of a payment that is corresponding future period or periods of variable production expenses made and payments made for support services of preparation and sale of the tariffs and insurance contracts are accounted under related accounts."

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Technical provisions (Continued)

##### Unexpired Risks Reserve

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the incurred losses to earned premiums. If the loss ratio calculated for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross amount and net amount is recognized as reinsurers' share. The Company has not recorded any amount for net unexpired risk reserve since none of the branches exceed the loss ratio of 85% as of 31 December 2020 calculations.

##### Outstanding Claims Provision

The Company accounts for outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. For the compensation amounts incurred but not reported, effective from 1 January 2015 and numbered 2014/16 "Regarding life branch incurred but not reported outstanding claims provision calculation Circular" and in the framework related regulation, Company should reserve additional outstanding claim provision for incurred but not reported claims as of 5 December 2014.

As of December 31, 2020 difference between accrued and calculated provision for outstanding claims and the amount calculated with the actuarial chain ladder method in accordance with the Technical Provisions Regulation and related regulations of the "Circular Regarding the Outstanding claims" dated 5 December 2014, numbered 2014/16 and effective from 1 January 2015, are accounted as incurred but not reported compensation amount.

In accordance with the "Circular for discounting net cash flows arising from outstanding claims provision" dated June 10, 2016, numbered 2016/22 and published by the Undersecretariat of Treasury companies are allowed to discount net cash flows to be generated by the provision for outstanding claims. The Company did not choose to make such accounting policy changes and reflected the net outstanding claims provision for all branches as of December 31, 2020 in its financial statements without any discount.

In accordance with circular numbered 2014/16 and method applied in accordance with the prior circular, additional provision for outstanding claims for life branch is calculated by considering the weighted average that is determined by dividing the disability cover, which occurred before the accounting period but reported in subsequent periods, to the average assurance amounts for subjected years. Standard chain calculation methods, which are approved by company's actuary and also approved in Circular numbered 2014/16 by Turkish Prime Ministry Undersecretariat Treasury is used for death and unemployment deposit. During this calculation, development factors were adjusted according to statistics. In this context, the company calculated net TRY 16,400,454 (31 December 2019: TRY 10,156,797) of incurred but not reported outstanding claims provision for life branch as of December 31, 2020 (Note: 17.15).

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Technical provisions (Continued)

##### Outstanding Claims Provision (Continued)

Circular on the Amendment to the Circular on Extraordinary Receivables to be Performed in Circular No. 2015/7, 2015/28 and 2016/11 dated 17.03.2015, 27.07.2015 and 29 February 2016 and the effects of this application change gradually 2015, 2016 2017, 2018 and 2019 years. The company does not implement gradual transition effect, which is approved by company's actuary as of 28 February 2019. As of 31 December 2020, TRY 16,400,454 has been provided as incurred but not reported provision for life branch. (31 December 2019: Life Branch Net IBNR Amount: TRY 10,156,797) (Note: 17.15).

The company started its operations in the personal accident branch in January 2008. IBNR was calculated by using sector averages until 2016 for the personal accident branch. As of December 31, 2017, the actuarial chain ladder method was used in order to calculate the IBNR account. However, due to the lack of sufficient damage data, IBNR was calculated by using the published sector averages for the development factors. Bornhuetter-Ferguson Calculation Method and standard chain calculation methods, which are approved by company's actuary and also approved in Circular numbered 2014/16 by Turkish Prime Ministry Undersecretariat Treasury is used for death and unemployment deposit. During this calculation, development factors were adjusted according to statistics. As of 31 December 2020, TRY 6,112,202 (31 December 2019: TRY 4,447,886) has been provided as incurred but not reported provision for personal accident (Note 17.15).

In accordance with Technical Provisions Regulations, Company should prepare outstanding provision sufficiency table, which have specified format determined by Undersecretariat, at the end of every accounting period according to the gross amount of the new started branches and for the branches, that Company actuary calculates outstanding claim provision in order to calculate the sufficiency for compensation provision as a result of the insufficient damage data. As of 31 December 2020, there are not any additional provision that is caused by outstanding claim sufficiency test (31 December 2019: None).

In accordance with "The Communiqué on the Calculation of Provision for Incurred But Not Reported Claims (IBNR)" dated 26 December 2011 and numbered 2011/23 (the "Communiqué numbered 2011/23"), insurance companies are allowed to calculate a winning ratio over the amounts of legal cases opened against the Company which are closed in the past 5 years on a sub-branch basis and to reduce a certain portion of the outstanding claim files under legal follow-up using the calculated winning ratio as of 31 December 2020. The company has made reductions for the first time in the amount of the provision for outstanding claims by using the 15% ratio according to Circular numbered 2011/23, as a result of lack of completed case with all stages and/or being won in last five-years as of 31 December 2015. These calculations were based on the gross amount and reinsurance share of discount is calculated in accordance with reinsurance share of outstanding claims in lawsuit as of 31 December 2020.

Net discount from accrued provision for outstanding claims as calculated by the winning ratio in life branch is TRY 2,458,997 as of 31 December 2020 (31 December 2019: TRY 2,355,239) (Note 17.15).

While calculating the provision for indemnity for file claimants for unemployment supplementary coverage given to life insurances, the probability of file early closure and the provision for outstanding claims have been calculated depending on these possibilities.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Technical provisions (Continued)

##### Provision for Renewal Premium

According to "Regulation on Technical Reserves", insurance companies that put premium and discount into practice have to accounted provision for renewal for insured and beneficiary according to current year technical results as of 31 December 2020, the renewal premium provision's is TRY 261,304 (31 December 2019: TRY 466,378). Renewal Premium Provision is accounted as the Short Term Other Technical Reserves account in the financial statement.

As of December 31, 2020 the amount of the renewal premium was TRY 393,163 (31 December 2019: TRY 349,055). As of December 31, 2020, the amount paid to group contracts for which there is no renewal requirement in the contract for profit participation payment was reported as TRY 83,594 under the item "Participation in Mortality Profit".

##### Equalisation Reserve

In accordance with the Regulation on Technical Reserves insurance companies are required to record an equalisation reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalise the fluctuations within the claim ratios that may occur during the following accounting periods. Based on the explanation numbered 2009/9 regarding "Application of Regulation on the Technical Reserves" the life and pension companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage in life and accident branches. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums. The Company accounted net equalization reserve for life and personal accident branch amounting TRY 38,114,527 and TRY 1,637,279 as of 31 December 2020 (31 December 2019: for life branch TRY 28,951,166 for personal accident branch: TRY 1,142,667) (Note 17).

#### 2.25 Currency

The Company uses functional currency as Turkish Lira ("TRY"). Amounts on financial statements and notes has expressed in Turkish Lira ("TRY") unless otherwise indicated.

#### 2.26 Rounded Amounts on Financial Statements

TRY Amounts on financial statements and notes has rounded to most approximate TRY amount unless otherwise indicated.



# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.27 Related Parties

- a) An individual or a family member of this individual are approved to be related with the Company in cases of listed below:
- If the individual has management or common management right or controls over Company,
  - If the individual has significant influence on the Company,
  - If the individual is a member in board of directors.
- b) An entity is approved to be related with the Company in cases of listed below:
- If the entity and the Company are in the same group,
  - If the Company are subsidiary or joint venture of this entity (or another entity which is in same group with the entity),
  - If the entity and the Company are joint venture of same third part entity,
  - If the entity are joint venture of a third part entity and the Company are subsidiary of the same third part entity,
  - If Company, or related party of this company have benefit plan for their employees (Sponsor employers are also related to Company),
  - If the entity is controlled or controlled in common by an individual identified in article (a),
  - If an individual identified in article (a) paragraph (i) has an effect on the entity or there is a member of the key management personnel of the relevant entity(or parent of this entity).

Transactions of sources, services or liabilities between related parties, regardless of its amount are called related party transactions.

#### 2.28 Subsequent events

Post-balance sheet events that provide additional information about the Company's position at the balance sheet dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the Notes when material.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Accounting estimates and assumptions are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Although the estimations and assumptions are based on the best knowledge of the management for existing events and operations, they may differ from the actual results.

The estimation of the ultimate liability for technical expenses that can be incurred for the existing insurance contracts is the one of the most critical accounting estimates for the Company. Estimation of the insurance liabilities, by nature, includes the evaluation of several uncertainties.

Estimations and underlying assumptions of the estimations is consistently overviewed. Updates of the accounting estimation are taken in to records in the current and following period that effected by updating.

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

- Note 4.1 - Insurance risk management
- Note 4.2 - Financial risk management
- Note 10 - Reinsurance assets and liabilities
- Note 12 - Loans and receivables
- Note 21 - Deferred taxes
- Note 42 - Risks

### 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

#### 4.1 Insurance risk management

Insurance risk, the risk under any contract is the possibility that insured event occurs and the uncertainty of the amount of resulting claim.

In terms risks of companies that carry out their operations on life insurance, the most important risks which for insurance agreements are mortality, investment and reinsurance risks. The Company is established additional various committees to related administrative segments and proceed internal control methods to minimize operational risks.

In concern with risks management arising from giving insurance guarantee, the Company determined risk assessment procedure, which is proper to agreed risk assessment conditions with contracted reinsurer and guarantee demands of the targeted insured segments. As part of reinsurance program bases that agreed with contracted reinsurer, the Company accepts or rejects insurance risks that substandard in accordance its risk assessment measurements, transferred risks that are above of a certain price as contracted or arbitrary to reinsurer companies.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

#### 4.1 Insurance risk management (Continued)

Risk acceptance regulations is prepared to create effective risk assessment policy related to Company's insurance risks and risk assessment operations is performed in this context. Risk Assessment Committee is established to carry on effective insurance risk assessment study.

After realization of biotic risks that guaranteed by the Company, paying valid insurance reimbursement demands that assessment and paying appointed reimbursement to rights-holders within the shortest time is adopted by the Company.

The Company does not have any guaranteed dividend liabilities in the period, since there are not any life insurance agreement arising from saving life insurance branch.

There are various reasons for the insurance risk sensitivity. The Company manage these risks with effective risk assessment policy and proper reinsurance agreements besides reimbursement payment process.

The main goal of the risk evaluation is creating profitable business volume and developing this business volume in accordance with actuarial principles. Giving careful decisions by risk selection process and avoiding to give wrong decisions and practices is needed to achieve this goal. The most important risk to person who apply to the Company to take out a policy could be defined as realization of the incurred reimbursement is higher than expected reimbursement. In addition, protecting life insurance companies against people that in a risky situation for life insurance and malicious injured is important. Risk assessment is a self-protection operation for the Company and against possible reimbursements payments to person, whose life is under risks. Although, probability of realization of this risky situation is low in total portfolio, amount of the reimbursement could be paid is essential for the Company's financial status and occasionally it is not possible to determine these risks.

Purpose of the insurance risk operation can be collected under three main topic:

- For the person that exposed to normal risks, bringing the risk premium rate to a reasonable level,
- Pricing an insurance product; benefiting from mortality value that constituted for normal and out of standard risk levels,
- Avoiding price disparity between normal and out of standard risk levels,

The company's insurance risk assessment policy based on production strategy and distribution of risk in accordance with its type, size and geographical region. Risk assessment limits of the Risk Acceptance Regulation are reviewed in accordance with company needs and changing life insurance portfolio structure and also it has been paid attention to choose the right risk.

Insurance risk assessment tools that are accepted in the world and applied in the international area have been used in the company's risk assessment process. In the assessment of medical, personal and financial technical risks, controls are made according to the internet based insurance risk assessment tool called Munich Re's MIRA (Munich Re Internet Risk Assessor), the leading reinsurance company in the reinsurance program, and numerical risk rating results that are obtained from this program are used by the company.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

#### 4.1 Insurance risk management (Continued)

The concentration of insurance risk (maximum insured loss) under each branch is summarized below:

	31 December 2020	31 December 2019
Life	77,221,085,283	68,927,352,888
Personal accident	58,008,480,533	48,761,455,824
<b>Total</b>	<b>135,229,565,816</b>	<b>117,688,808,712</b>

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of the financial risk are market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance. The Company does not use derivative financial instruments. Risk management is carried out by management under policies approved by the Board of Directors.

Risks that the Company exposed related to pricing policies is as follows:

#### 4.2 Financial Risk Management

##### Market risk

##### Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated receivables and payables. This risks are followed by analyzing foreign exchange position and restricted.

As of 31 December 2020, on condition that all variables remain constant, the effect of a 20% appreciation / devaluation of USD againsts TRY, as a result of the foreign exchange gain / loss arising from the translation of assets and liabilities in USD is TRY 9,938,012 (31 December 2019: TRY 3,526,222), the effect of a 20% appreciation / devaluation of Euro againsts TRY, as a result of the foreign exchange gain / loss arising from the translation of assets and liabilities in Euro is TRY 631,983 (31 December 2019: TRY 279,064).

In foreign currency based transactions, monetary assets and liabilities in foreign currency are valued at the CBRT buying rates of 31 December 2020 and 31 December 2019 as of the balance sheet date. Only life mathematical reserves are valued over the effective sales rates of the CBRT as stated on the policies.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

#### 4.2 Financial Risk Management (Continued)

##### Market risk (Continued)

##### Foreign currency risk (Continued)

Debts denominated in foreign currencies are as follows:

31 December 2020	US Dollar	TRY Amount	Euro	TRY Amount	Total TRY Amount
Cash & Cash Equivalents	2,562,402	18,809,313	350,794	3,159,916	21,969,229
Receivables from related parties	83,307	611,512	-	-	611,512
Available for sale financial assets	7,823,773	57,430,407	-	-	57,430,407
<b>Total assets</b>	<b>10,469,482</b>	<b>76,851,232</b>	<b>350,794</b>	<b>3,159,916</b>	<b>80,011,148</b>
Due to Related Parties	-	-	-	-	-
Insurance technical provisions	3,688,021	27,161,172	-	-	27,161,172
<b>Total liabilities</b>	<b>3,688,021</b>	<b>27,161,172</b>	<b>-</b>	<b>-</b>	<b>27,161,172</b>
<b>Foreing Currency Position, net</b>	<b>6,781,461</b>	<b>49,690,060</b>	<b>350,794</b>	<b>3,159,916</b>	<b>52,849,976</b>

31 December 2019	US Dollar	TRY Amount	Euro	TRY Amount	Total TRY Amount
Cash & Cash Equivalents	2,896,075	17,202,687	209,441	1,395,320	18,598,007
Receivables from related parties	72,122	428,421	-	-	428,421
<b>Total assets</b>	<b>2,968,197</b>	<b>17,631,108</b>	<b>209,441</b>	<b>1,395,320</b>	<b>19,026,428</b>
Due to Related Parties	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Foreing Currency Position, net</b>	<b>2,968,197</b>	<b>17,631,108</b>	<b>209,441</b>	<b>1,395,320</b>	<b>19,026,428</b>

The company's foreign currency debt includes debt due to related companies and suppliers, including reinsurance, and support services.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

#### 4.2 Financial Risk Management (Continued)

##### Interest Rate Risk on Exposure

Interest rate risk is the risk that the trading securities portfolio is exposed to, the fluctuation in the market prices of the relevant financial assets as a result of changes in interest rates. The main risk to which non-trading portfolios are exposed is the loss that will occur as a result of the fluctuation in future cash flows and the decrease in the market values of financial assets as a result of changes in market interest rates. If the interests increase by 10%, it creates an additional loss of TRY 1,494,290 to the equity, and if the interests decrease by 10%, it creates an additional TRY 1,552,592 profit effect on the equity.

##### Fair value of the financial assets

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

##### i. Financial assets

The fair values of balances denominated in foreign currencies, which are translated at period end exchange rates, are considered to approximate carrying values. The fair values of cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature. The carrying value of receivables from main operations along with related provision for overdue receivables is considered to approximate respective fair values. The cost of the financial assets that are not quoted in an active market, less impairment if any, are considered to approximate carrying value.

##### ii. Financial liabilities

The fair values of liabilities from main operations and other financial liabilities are considered to approximate to their respective carrying values.

##### iii. Hierarchy of Fair Value

The Company evaluates its financial assets which are accounted with its fair values on 3 different levels by valuation methods.

Level 1: Quotation prices on active markets of the identical assets and liabilities which the Company can reach on the evaluating date (unrevised prices),  
 Level 2: The data except the quotation prices on Level 1, observable directly or indirectly relating to the asset or liability,  
 Level 3: Unobservable data relating to the asset or liability.



# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

#### 4.2 Financial Risk Management (Continued)

##### iii. Hierarchy of Fair Value (Continued)

In this framework, the fair value classification of financial assets and liabilities measured at their fair values is as follows:

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Financial assets::</b>				
Available-for-sale financial assets	57,430,407	-	-	57,430,407
Financial assets held for trading	-	-	-	-
<b>Total</b>	<b>57,430,407</b>	<b>-</b>	<b>-</b>	<b>57,430,407</b>

The company does not have any financial asset or liability which enters to Level 3 and exits from Level 3 or transfers to other levels.

##### Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Company's exposure to credit risk arises mainly from cash and cash equivalents and bank deposits, financial assets, reinsurers' share of insurance liabilities, due from reinsurers and premium receivables from policyholders and intermediaries. The Company management deems these risks as total credit risk to the counterparty.

The Company follows and monitors the credit risk of financial assets classified as loans and receivables and receivables from insurance operations (including reinsurance receivables) by guarantees received and procedures applied for the selection of the counterparties. Other explanations in relation to these receivables are disclosed in Note 12.

The Company's financial assets which are subject to credit risk, except for loans and receivables, generally consist of government bonds and time and demand deposits held in banks and other financial institutions in Turkey; and such receivables are not deemed to have a high credit risk.

##### Liquidity risk

The Company uses its available cash resources to pay claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management sets limits on the minimum portion of funds available to meet such liabilities.

The company proposes to over its liabilities indicated below, with its financial assets and with its cash and cash equivalents placed under its assets. The term analysis of the assets and liabilities of the Company as of 31 December 2020 and 2019 is as shown.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

#### 4.2 Financial Risk Management (Continued)

31 December 2020	No Maturity	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and over	Unallocated	Total
<b>Assets</b>								
Cash and Cash Equivalents	5,380,398	304,177,197	341,041,315	-	-	-	-	650,598,910
Financial Assets and Financial Investments at Insureds' Risk	-	-	-	-	22,187,331	35,243,076	391,100	57,821,507
Receivables from Main Operations	-	13,363,296	9,589,098	17,260,314	5,210,216	-	1,143,498,853	1,188,921,777
Receivables from related parties	-	-	611,512	-	-	-	-	611,512
Prepaid Expenses and Income Accruals	-	420,096	2,299,792	33,811,092	-	-	-	36,530,980
Other current assets	-	-	139,720	-	-	-	-	139,720
Other Receivables	-	-	-	-	23,838	-	-	23,838
Tangible Assets	-	-	-	-	-	-	15,213,364	15,213,364
Intangible Assets	-	-	-	-	-	-	23,033,040	23,033,040
Other Non-Current Assets	-	-	2,036,288	729,012	411,562	-	6,764,637	9,941,499
<b>Total Assets</b>	<b>5,380,398</b>	<b>317,960,589</b>	<b>355,717,725</b>	<b>51,800,418</b>	<b>27,832,947</b>	<b>35,243,076</b>	<b>1,188,900,994</b>	<b>1,982,836,147</b>
<b>Liabilities</b>								
Financial Liabilities	-	-	-	4,485,841	8,465,897	-	-	12,951,738
Payables from Main Operations	-	19,982,533	2,789,785	4,539,180	-	-	1,137,364,513	1,164,676,011
Due to Related Parties	-	1,329,685	-	-	-	-	-	1,329,685
Other Payables	-	14,283,575	-	-	-	-	-	14,283,575
Insurance Technical Provisions	-	623,867	5,579,633	97,314,782	242,226,580	38,377,401	98,979,765	483,102,028
Taxes, and Other Liabilities, and Provision	-	10,730,590	9,073,991	-	-	-	-	19,804,581
Deferred Income and Expense Accruals	-	17,446	191,194	7,988,537	-	-	-	8,197,177
Other Current Liabilities	-	-	10,181,441	3,663,780	2,057,810	-	-	15,903,031
Provisions for Other Risks	-	-	-	-	-	-	7,313,266	7,313,266
Shareholders' Equity	-	-	-	-	-	-	255,275,055	255,275,055
<b>Total Liabilities and Shareholder's Equity</b>	<b>-</b>	<b>46,967,696</b>	<b>27,816,044</b>	<b>117,992,120</b>	<b>252,750,287</b>	<b>38,377,401</b>	<b>1,498,932,599</b>	<b>1,982,836,147</b>
<b>Net Position</b>	<b>5,380,398</b>	<b>270,992,893</b>	<b>327,901,681</b>	<b>(66,191,702)</b>	<b>(224,917,340)</b>	<b>(4,294,451)</b>	<b>(308,871,479)</b>	<b>-</b>

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

#### 4.2 Financial Risk Management (Continued)

31 December 2019	No Maturity	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and over	Unallocated	Total
<b>Assets</b>								
Cash and Cash Equivalents	4,049,721	128,386,926	381,213,004	56,331,752	-	-	-	569,981,403
Financial Assets and Financial Investments at Insurees' Risk	-	-	-	-	-	-	391,100	391,100
Receivables from Main Operations	-	11,208,919	10,735,602	29,254,819	-	-	1,009,164,184	1,060,363,524
Receivables from related parties	-	-	428,421	-	-	-	-	428,421
Prepaid Expenses and Income Accruals	-	460,374	2,470,157	34,000,532	-	-	-	36,931,063
Other current assets	-	2,850	-	-	-	-	-	2,850
Other Receivables	-	-	-	-	23,838	-	-	23,838
Tangible Assets	-	-	-	-	-	-	13,175,280	13,175,280
Intangible Assets	-	-	-	-	-	-	14,809,390	14,809,390
Other Non-Current Assets	-	-	-	2,002,387	1,228,619	-	5,857,385	9,088,391
<b>Total Assets</b>	<b>4,049,721</b>	<b>140,059,069</b>	<b>394,847,184</b>	<b>121,589,490</b>	<b>1,252,457</b>	<b>-</b>	<b>1,043,397,339</b>	<b>1,705,195,260</b>
<b>Liabilities</b>								
Financial Liabilities	-	-	-	2,297,930	7,452,372	-	-	9,750,302
Payables from Main Operations	-	18,981,187	2,479,709	4,018,166	-	-	1,007,257,068	1,032,736,130
Due to Related Parties	-	1,341,671	-	-	-	-	-	1,341,671
Other Payables	-	4,772,237	-	-	-	-	-	4,772,237
Insurance Technical Provisions	-	53,287,493	12,814,424	121,551,424	101,454,341	25,760,196	75,787,793	390,655,671
Taxes, and Other Liabilities, and Provision	-	4,098,392	9,994,735	-	-	-	-	14,093,127
Deferred Income and Expense Accruals	-	1,468,411	85,950	959,774	1,775,199	163,106	-	4,452,440
Other Current Liabilities	-	-	9,524,702	443,392	6,143,093	-	887,530	16,998,717
Provisions for Other Risks	-	-	-	-	-	-	4,349,737	4,349,737
Shareholders' Equity	-	-	-	-	-	-	226,045,228	226,045,228
<b>Total Liabilities and Shareholder's Equity</b>	<b>-</b>	<b>83,949,391</b>	<b>34,899,520</b>	<b>129,270,686</b>	<b>116,825,005</b>	<b>25,923,302</b>	<b>1,314,327,356</b>	<b>1,705,195,260</b>
<b>Net Position</b>	<b>4,049,721</b>	<b>56,109,678</b>	<b>359,947,664</b>	<b>(7,681,196)</b>	<b>(115,572,548)</b>	<b>(25,923,302)</b>	<b>(270,930,017)</b>	<b>-</b>

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

#### 4.2 Financial Risk Management (Continued)

##### Mortality Risk

The Company is subject to mortality risk if the actual death claims are higher than expected death rates in the mortality tables used in pricing the policies. The Company uses the appropriate mortality table for each product. In addition, the tariffs are updated according to the loss ratio of each product.

##### Capital management

The Company's objectives when managing the capital are:

- To comply with the capital requirements of the Treasury,
- To safeguard the Company's ability to continue as a going concern so that it can continue the operations.

	31 December 2020	31 December 2019
<b>1st Method</b>		
Equity Required for Life Branch	54,888,008	50,322,982
Equity Required for Pension Branch	5,664,417	5,016,662
Equity Required for Non-Life Branches	10,416,123	10,349,370
<b>Total Required Equity</b>	<b>70,968,548</b>	<b>65,689,014</b>
<b>2nd Method</b>		
Equity Required for Active Risk	37,705,381	33,121,558
Equity Required for Underwriting Risk	44,993,394	36,734,032
Equity Required for Outstanding Claims Reserve	2,671,132	2,062,778
Equity Required for Reinsurance Risk	3,400,464	1,636,769
Equity Required for Currency Risk	3,963,748	1,426,982
<b>Total Required Equity</b>	<b>92,734,119</b>	<b>74,982,119</b>
Capital Sum <sup>(*)</sup>	295,026,861	256,139,061
<b>Capital Adequacy Result</b>	<b>202,292,742</b>	<b>181,156,942</b>

(\*) Equalization provision amount was added to the equity.

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 5. SEGMENT INFORMATION

Disclosed in Note 2.3.

#### 6. PROPERTY AND EQUIPMENT

The movement of tangible assets for the period between 1 January - 31 December 2020 are as follows:

	1 January 2020	Additions	Disposals	31 December 2020
<b>Cost:</b>				
Machinery and equipment	11,239,121	1,421,990	-	12,661,111
Leasehold improvements	6,225,731	318,113	-	6,543,844
<b>Total Cost</b>	<b>17,464,852</b>	<b>1,740,103</b>	<b>-</b>	<b>19,204,955</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(6,944,992)	(1,596,400)	-	(8,541,392)
Leasehold improvements	(5,941,919)	(315,242)	-	(6,257,161)
<b>Total accumulated depreciation:</b>	<b>(12,886,911)</b>	<b>(1,911,642)</b>	<b>-</b>	<b>(14,798,553)</b>
<b>Net book value</b>	<b>4,577,941</b>			<b>4,406,402</b>

The movement of tangible assets for the period between 1 January - 31 December 2019 are as follows:

	1 January 2019	Additions	Disposals	31 December 2019
<b>Cost:</b>				
Machinery and equipment	8,208,595	3,301,591	(271,065)	11,239,121
Leasehold improvements	6,189,687	36,044	-	6,225,731
<b>Total Cost</b>	<b>14,398,282</b>	<b>3,337,635</b>	<b>(271,065)</b>	<b>17,464,852</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(5,886,807)	(1,329,250)	271,065	(6,944,992)
Leasehold improvements	(5,235,316)	(706,603)	-	(5,941,919)
<b>Total accumulated depreciation</b>	<b>(11,122,123)</b>	<b>(2,035,853)</b>	<b>271,065</b>	<b>(12,886,911)</b>
<b>Net book value</b>	<b>3,276,159</b>			<b>4,577,941</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 6. PROPERTY AND EQUIPMENT (CONTINUED)

The movement of assets usage rights registered by the Company for the first time under IFRS 16 as of 31 December 2020 are as follows:

Right of use assets	1 January 2020	Additions	Disposals	31 December 2020
Properties	8,245,142	5,906,198	(2,237,858)	11,913,482
Vehicles	4,322,263	1,950,465	(62,754)	6,209,974
<b>Total</b>	<b>12,567,405</b>	<b>7,856,663</b>	<b>(2,300,612)</b>	<b>18,123,456</b>
Accumulated depreciation (-)	1 January 2020	Period expense	Disposals	31 December 2020
Properties	(2,684,618)	(2,564,942)	1,106,954	(4,142,606)
Vehicles	(1,285,448)	(1,907,456)	19,016	(3,173,888)
<b>Total</b>	<b>(3,970,066)</b>	<b>(4,472,398)</b>	<b>1,125,970</b>	<b>(7,316,494)</b>
<b>Net book value</b>	<b>8,597,339</b>			<b>10,806,962</b>
Right of use assets	1 January 2019	Additions	Disposals	31 December 2019
Properties	7,700,432	586,180	(41,470)	8,245,142
Vehicles	2,772,585	1,549,678	-	4,322,263
<b>Toplam</b>	<b>10,473,017</b>	<b>2,135,858</b>	<b>(41,470)</b>	<b>12,567,405</b>
Accumulated depreciation (-)	1 January 2020	Period expense	Disposals	31 December 2019
Properties	-	(2,684,618)	-	(2,684,618)
Vehicles	-	(1,285,448)	-	(1,285,448)
<b>Total</b>	<b>-</b>	<b>(3,970,066)</b>	<b>-</b>	<b>(3,970,066)</b>
<b>Net book value</b>	<b>10,473,017</b>			<b>8,597,339</b>

The Company has tangible fixed assets acquired as financial leasing amount of TRY 18,123,456 and its properties amount of TRY 11,913,482, vehicle amount of TRY 6,209,974 as of 31 December 2020. The company has an amortization expense amount of TRY 7,316,494 regarding the right to use of assets and its properties amount of TRY 4,142,606, vehicle amount of TRY 3,173,888 as of 31 December 2020. The company has short-term liabilities amount of TRY 4,485,841 and long-term liabilities amount of TRY 8,465,897 as of 31 December 2020.



## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 6. PROPERTY AND EQUIPMENT (CONTINUED)

(The Company has tangible fixed assets acquired as financial leasing amount of TRY 12,567,405 and its properties assets amount of TRY 8,245,142, vehicle amount of TRY 4,322,263 as of 31 December 2019. The company has an amortization expense amount of TRY 3,970,066 regarding the right to use of assets and its properties amount of TRY 2,684,618, vehicle amount of TRY 1,285,448 as of 31 December 2019. The company has short-term liabilities amount of TRY 2,297,930 and long-term liabilities amount of TRY 7,452,372 as of 31 December 2019.)

### 7. INVESTMENT PROPERTIES

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

### 8. INTANGIBLE ASSETS

The movement of intangible assets for the period between 1 January - 31 December 2020 are as follows:

	1 January 2020	Additions	Disposals	31 December 2020
<b>Cost:</b>				
Rights	55,158,129	18,260,641	-	73,418,770
Accumulated depreciation:				
Rights	(40,348,739)	(10,036,991)	-	(50,385,730)
<b>Net book value</b>	<b>14,809,390</b>			<b>23,033,040</b>

The movement of intangible assets for the period between 1 January - 31 December 2019 are as follows:

	1 January 2019	Additions	Disposals	31 December 2019
<b>Cost:</b>				
Rights	43,747,122	11,411,007	-	55,158,129
Accumulated depreciation:				
Rights	(30,195,571)	(10,153,168)	-	(40,348,739)
<b>Net book value</b>	<b>13,551,551</b>			<b>14,809,390</b>

### 9. INVESTMENTS IN ASSOCIATES

The Company does not have any investments in associates accounted for using the equity accounting method as of 31 December 2020 and 2019.

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 10. REINSURANCE ASSETS

Reinsurance Assets/(Liabilities)	31 December 2020	31 December 2019
Reinsurers' share of unearned premiums reserve	12,085,373	5,551,906
Reinsurers' share of outstanding claims provision	11,938,637	8,035,148
Payables/receivables to reinsurance companies	941,080	4,390,041
Equalization provision reinsurers' share	922,841	778,185
Deferred reinsurance commissions	(5,997,931)	(2,990,471)
<b>Total</b>	<b>19,890,000</b>	<b>15,764,809</b>

There is no impairment recognized for the reinsurance assets.

Income and expenses accounted for in the income statement for the Company's reinsurance contracts are presented in the following table:

Reinsurance Assets/(Liabilities)	31 December 2020	31 December 2019
Commission received from reinsurers	7,563,701	4,679,954
Reinsurers' share of change in unearned premiums reserve	6,533,467	(4,930,646)
Reinsurers' share in change in outstanding claim provision	3,903,490	1,131,081
Reinsurers' share in paid claims	3,837,093	10,723,043
Reinsurers' share of change in the equalization provision	144,656	136,320
Reinsurers' share in check-up expense	18,123	15,654
Premiums ceded to reinsurers	(21,563,554)	(11,248,883)
<b>Total, net</b>	<b>436,976</b>	<b>506,523</b>

### 11. FINANCIAL ASSETS

#### 11.1 Sub categorization of the items presented compatible to the Company's operations:

The details of the Company's financial assets as of December 31, 2020 are as follows:

	31 December 2020			
	Nominal Value	Cost Price	Fair Value	Registered Value
<i>Available-for-Sale Financial Assets</i>				
Government Bonds (Eurobond)	51,089,880	49,811,780	57,430,407	57,430,407
<b>Total</b>	<b>51,089,880</b>	<b>49,811,780</b>	<b>57,430,407</b>	<b>57,430,407</b>

The company does not have any financial assets available for sale as of December 31, 2019.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 11. FINANCIAL ASSETS (CONTINUED)

#### 11.1 Sub categorization of the items presented compatible to the Company's operations (Continued):

##### Weighted average interest rates (%)

Company portfolio	31 December 2020	31 December 2019
	Government Bonds - (Eurobond)	Government Bonds - (Eurobond)
TRY	-	-
Euro	-	-
USD	6.59%	-

The breakdown of the financial assets in the company portfolio in terms of foreign currency is as follows:

	Currency	Currency Amount	Exchange Rate	TRY
Government Bonds (Eurobond)	USD	7,823,773	7.3405	57,430,407
<b>Total</b>				<b>57,430,407</b>

As of December 31, 2019, the Company does not have financial assets available for sale expressed in foreign currency.

There is no financial asset that is permanently impaired in the financial asset portfolios of the Company. Movements of the company's financial assets during the period are as follows:

	2020	2019
Opening balance - 1 January	-	-
Purchases during the period	49,811,780	-
Amortisation or sales (-)	-	-
Change in amortized cost income of financial assets	-	-
Changes in the fair value of financial assets	7,618,627	-
<b>Closing balance - 31 December</b>	<b>57,430,407</b>	<b>-</b>

Maturity analysis of financial assets available for sale is as follows:

	31 December 2020			
	Up to 1 year	1- 3 years	Over 3 years	Total
Government Bonds (Eurobond)	-	1,479,390	55,951,017	57,430,407
<b>Total</b>	<b>-</b>	<b>1,479,390</b>	<b>55,951,017</b>	<b>57,430,407</b>

#### 11.2 Marketable securities issued during the year other than share certificates:

None (31 December 2019: None).

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 11. FINANCIAL ASSETS (CONTINUED)

#### 11.3 Marketable securities issued during the year other than share certificates:

None (31 December 2019: None).

#### 11.4 Market value of marketable securities and financial assets carried at cost and carrying value of marketable securities and financial assets carried at market value:

As of 31 December 2020, TRY 391,100 of the Company's financial fixed assets is composed of the shares of Pension Monitoring Center (EGM) (31 December 2019: TRY 391,100). There is no fair value due to the fact that EGM is not traded in an active market.

#### 11.5 Amounts of marketable securities classified under marketable securities and investment securities accounts issued by the Company's shareholders, associates and subsidiaries and the issuers:

None (31 December 2019: None).

#### 11.6 Value increase on financial assets in the last three years:

Value increase on financial assets disclosed under notes 11.7 and 26.

#### 11.7 - 11.9 Other information about financial assets:

Disclosed under note 26.

### 12. LOANS AND RECEIVABLES

#### 12.1 Classification of the receivables as receivables from customers, receivables from related parties, advance payments (short-term and long-term prepayments) and others:

	31 December 2020	31 December 2019
Receivables from pension operations	1,147,982,206	1,017,423,097
Due from insurance operations	40,939,571	42,940,427
Prepaid expenses	1,937,139	3,028,885
Due from related parties	611,512	428,421
Doubtful receivables from main operations	45,265	46,028
Provision for doubtful receivables from main operations (-)	(45,265)	(46,028)
<b>Total</b>	<b>1,191,470,428</b>	<b>1,063,820,830</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 12. LOANS AND RECEIVABLES (CONTINUED)

##### 12.2 Due from/due to shareholders, associates and subsidiaries:

The transactions and balances with the related parties are disclosed in Note 45.

##### 12.3 Total mortgages and collaterals obtained for receivables:

The Company does not have any assurance for receivables (31 December 2019: None).

##### 12.4 Receivables denominated in foreign currencies having no foreign exchange rate guarantees, assets in foreign currencies and conversion rates:

Company's receivables and payables in foreign currency with the related parties are disclosed in Note 4.2.

##### 12.5 - 12.7 Other information about loans and receivables:

The aging of due from insurance operations is as follows:

	31 December 2020	31 December 2019
Overdue receivables	7,424,475	7,849,137
Up to 3 months	17,198,490	19,776,860
3 - 6 months	10,085,742	9,911,654
6 months - 1 year	6,230,864	5,402,776
<b>Total</b>	<b>40,939,571</b>	<b>42,940,427</b>

The aging of due from insurance operations is as follows:

	31 December 2020	31 December 2019
Up to 3 months	7,274,685	7,578,891
3 - 6 months	93,686	152,595
6 months - 1 year	56,104	117,651
<b>Total</b>	<b>7,424,475</b>	<b>7,849,137</b>

Company does not have any assurance for the receivables that are overdue which are explained above.

Entrance fee receivables that inside of receivables from pension operations amount TRY 45,265 is classified in doubtful receivables from main operations and the Company accounted provision for this amount in additional financial statements as of 31 December 2020 (31 December 2019: TRY 46,028).

As of 31 December 2020 receivables from entrance fee that inside of receivables from pension operations is TRY 1,676,291 (31 December 2019 : TRY 1,744,688) and receivables for overdue entrance fee is TRY 1,676,291 (31 December 2019: TRY 1,744,688).

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 13. DERIVATIVE FINANCIAL INSTRUMENTS

None (31 December 2019: None).

#### 14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents that are included the statement of cash flows for the periods 31 December 2020 and 2019 are presented in Note 2.12 and the details of bank deposits of the Company are as follows:

	31 December 2020	31 December 2019
Banks	634,267,649	556,000,359
- TRY	612,298,420	537,402,352
- Foreign Currency (Note 4.2)	21,969,229	18,598,007
Bank guaranteed credit card receivables with maturities less than three months	16,331,261	13,981,044
<b>Total</b>	<b>650,598,910</b>	<b>569,981,403</b>

The blockage period for credit card receivables less than 3-month-maturity of the Company is in the range of 25-38 days as of 31 December 2020 (31 December 2019: 25-31 days).

The detail of the bank deposits of the company is as follows

	31 December 2020	31 December 2019
Deposits		
- Time deposits	628,887,251	551,950,638
- Demand deposits	5,380,398	4,049,721
<b>Total</b>	<b>634,267,649</b>	<b>556,000,359</b>

As of 31 December 2020 time deposit worth of TRY 309,903,078 is blocked (including interest accruals) (31 December 2019: TRY 280,882,865) (Note 43).

	31 December 2020 (%)	31 December 2019 (%)
Interest Rate		
-TRY	17.5	13.6
- USD	2.9	2.9
- EUR	1.9	0.1

The weighted average interest rates of the time deposits are as follows:



# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 15. CAPITAL

Movements of the legal reserves during the year are as follows:

	1 January 2020		Issued Capital		Amortized		31 December 2020	
	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY
Paid in capital	45,000,000	45,000,000	-	-	-	-	45,000,000	45,000,000
<b>Total</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,000,000</b>	<b>45,000,000</b>

	1 January 2019		Issued Capital		Amortized		31 December 2019	
	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY	Units	Nominal TRY
Paid in capital	45,000,000	45,000,000	-	-	-	-	45,000,000	45,000,000
<b>Total</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,000,000</b>	<b>45,000,000</b>

The company does not liable to registered capital system. The details of dividend distribution is disclosed under Note 38.

There are not any shares held by the Company itself (31 December 2019: None).

The Company does not have any future delivery and equity share sales arising from contracts (31 December 2019: None).

#### Legal Reserves:

Retained earnings as per the statutory financial statements, other than legal reserve requirements as referred below, are available for distribution. The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is 10% of the distributed profit exceeding 5% of the paid / issued capital. Under the Turkish Commercial Code, the legal reserves can only be used to offset losses unless they exceed 50% of paid-in share capital and are not available for any other usage. There is no movement in the legal reserves in the current period.

Movements of the legal reserves and other legal reserves during the year are as follows:

	2020	2019
<b>Legal Reserves:</b>		
Opening balance - 1 January	22,500,000	22,500,000
Increases during the period	-	-
<b>Closing balance - 31 December</b>	<b>22,500,000</b>	<b>22,500,000</b>

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 15. CAPITAL (CONTINUED)

#### Legal Reserves: (Continued)

Other profit reserves consist of actuarial losses and the following movements are as follows:

	2020	2019
<b>Other legal reserves:</b>		
Opening balance - 1 January	(1,036,134)	(455,178)
Increases during the period	(1,561,240)	(580,956)
<b>Closing balance - 31 December</b>	<b>(2,597,374)</b>	<b>(1,036,134)</b>

	2020	2019
Valuation of Financial Assets:		
Valuation of financial assets differences	5,770,064	-
Deferred tax effect	(1,154,013)	-
<b>Closing balance - 31 December</b>	<b>4,616,051</b>	<b>-</b>

### 16. OTHER RESERVES AND EQUITY COMPONENT OF DISCRETIONARY PARTICIPATION FEATURE

Information about other reserves classified under the equity is explained in Note 15.

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

#### 17.1 Guarantees to be provided and guarantees provided for life and non-life branches:

	31 December 2020	31 December 2019
Required guarantee amount to be provided for life branch <sup>(*)</sup>	320,547,540	243,887,928
Guarantee amount provided for life branch <sup>(**)</sup>	305,071,958	258,756,065
Required guarantee amount to be provided for non-life branch <sup>(*)</sup>	22,277,674	17,488,379
Guarantee amount provided for non-life branch <sup>(**)</sup>	21,556,816	22,126,800

<sup>(\*)</sup> Under the article 4 of the 'The Communiqué on the Financial Structure of Insurance, Reinsurance and Pension Companies', published in accordance with the Insurance Law, in the Official Gazette dated 7 August 2007 and numbered 26606, the insurance companies and private pension companies operating in life and personal accident branches are required to provide guarantees that equal to one third of required capital amount as determined by capital adequacy calculation, as Minimum Guarantee Fund, in each capital adequacy calculation period.

<sup>(\*\*)</sup> Under the article 7 of the 'The Communiqué on the Financial Structure of Insurance, Reinsurance and Pension Companies', published in accordance with the Insurance Law, in the Official Gazette dated 17 August 2007 and numbered 26616, the insurance and private pension companies operating in personal accident and life branches have to establish guarantees in two months that following capital adequacy calculation period. The company does not have any blockage deficit as of December 31, 2020. (In accordance related article, the Company propose to complete current blockage explicit until 29 February 2020).

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

#### 17.2 Number of life policies, the number and mathematical reserve amount of the life policies that enter and exit during the year and current status:

	2020 Number of Policies	2019 Number of Policies
Opening balance - 1 January	2,628,552	2,692,829
Addition	3,113,841	3,464,550
Disposal	(3,340,842)	(3,528,827)
<b>Closing Balance - 31 December</b>	<b>2,401,551</b>	<b>2,628,552</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Mathematical reserves - Life	16,986,466	13,776,665
Mathematical reserves - Personal accident	345,445	194,230
<b>Mathematical reserves - Short Term</b>	<b>17,331,911</b>	<b>13,970,895</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Mathematical reserves - Life	263,783,618	197,325,286
Mathematical reserves - Personal accident	16,820,362	13,869,608
Mathematical reserves - Long Term	280,603,980	211,194,894
<b>Total</b>	<b>297,935,891</b>	<b>225,165,789</b>

#### 17.3 Insurance guarantees given for non-life branches:

Disclosed in Note 4.

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

#### 17.4 Unit prices of pension funds established by the Company:

Pension Funds		Unit Prices 31 December 2020 <sup>(*)</sup>	Unit Prices <sup>(**)</sup> 31 December 2019
CHH	Birinci Hisse Senedi Emeklilik Yatırım Fonu	0.093541	0.065542
CHM	Dinamik Değişken Emeklilik Yatırım Fonu	0.037308	0.028131
CHN	Dengeli Değişken Emeklilik Yatırım Fonu	0.037140	0.031253
CHL	Para Piyasası Emeklilik Yatırım Fonu	0.031340	0.028464
CHK	Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0.030933	0.028879
CGE	Dengeli Değişken Grup Emeklilik Yatırım Fonu	0.025688	0.021502
CHT	Katkı Emeklilik Yatırım Fonu	0.021023	0.018445
CGG	Kamu Borçlanma Araçları Grup Emeklilik Yatırım Fonu	0.020906	0.019633
CHS	Standart Emeklilik Yatırım Fonu	0.020868	0.018653
CHG	OKS Agresif Değişken Emeklilik Yatırım Fonu	0.020227	0.013560
CHD	OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	0.020154	0.012725
CHI	OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	0.019171	0.013532
CHO	OKS Atak Değişken Emeklilik Yatırım Fonu	0.017940	0.012887
CHA	OKS Dengeli Değişken Emeklilik Yatırım Fonu	0.017372	0.013389
CFB	Başlangıç Emeklilik Yatırım Fonu	0.017101	0.015551
CFY	Başlangıç Katılım Emeklilik Yatırım Fonu	0.016152	0.014718
CFE	OKS Katılım Standart Emeklilik Yatırım Fonu	0.015618	0.013317
CFA	Altın Emeklilik Yatırım Fonu	0.015406	0.010374
CHC	OKS Muhafazakar Değişken Emeklilik Yatırım Fonu	0.015181	0.013803
CHU	OKS Standart Emeklilik Yatırım Fonu	0.015146	0.013324
CFD	Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0.013735	0.010937
CFK	Katılım Katkı Emeklilik Yatırım Fonu	0.011305	-
CFC	Borçlanma Araçları Emeklilik Yatırım Fonu	0.011071	0.010602

<sup>(\*)</sup> Unit prices of funds are evaluated amount as of 30 December 2020.

<sup>(\*\*)</sup> Unit prices of funds are evaluated as of 30 December 2019.

#### 17.5 Units and amounts of share certificates in portfolio and in circulation:

As of 31 December 2020 and 2019, the number and amount of participation certificates and circulating participation certificates in the portfolio are as follows:

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

#### 17.5 Units and amounts of share certificates in portfolio and in circulation (Continued):

		31 December 2020 <sup>(*)</sup>			
		in Circulation		in Circulation	
		Unit	Unit	Unit	Unit
CHK	Başlangıç Emeklilik YF	10,343,013,427	319,940,434	9,656,986,573	298,719,566
CHT	Başlangıç Katılım Emeklilik YF	8,757,103,256	184,100,582	991,242,896,744	20,838,899,418
CHL	Katkı Emeklilik Yatırım Fonu	4,590,761,256	143,874,458	5,409,238,744	169,525,542
CHN	OKS Katılım Standart Emeklilik YF	3,481,887,317	129,317,295	6,518,112,683	242,082,705
CHH	OKS Muhafazakar Değişken Emeklilik YF	1,142,839,771	106,902,375	8,857,160,229	828,507,625
CFA	Kamu Borçlanma Araçları Grup Emeklilik YF	4,379,710,656	67,473,822	995,620,289,344	15,338,526,178
CHM	OKS Agresif Değişken Emeklilik YF	1,039,048,370	38,764,817	8,960,951,630	334,315,183
CHU	Birinci Hisse Senedi Emeklilik Yatırım Fonu	2,463,912,100	37,318,413	997,536,087,900	15,108,681,587
CFE	Dış Borçlanma Araçları Emeklilik YF	1,816,575,939	28,371,283	1,998,183,424,061	31,207,628,717
CHS	OKS Standart Emeklilik YF	1,212,828,712	25,309,310	8,787,171,287	183,370,690
CFD	Para Piyasası Emeklilik Yatırım Fonu	1,063,843,992	14,611,897	998,936,156,008	13,720,388,103
CGG	OKS Dinamik Katılım Değişken Emeklilik YF	621,582,738	12,994,809	9,378,417,262	196,065,191
CGE	OKS Dengeli Değişken Emeklilik YF	341,104,219	8,762,285	9,658,895,781	248,117,715
CFB	OKS Atak Değişken Emeklilik YF	357,642,918	6,116,052	1,999,642,357,082	34,195,883,948
CFY	OKS Agresif Katılım Değişken Emeklilik YF	353,327,435	5,706,945	1,999,646,672,565	32,298,293,055
CFK	Katılım Katkı Emeklilik Yatırım Fonu	136,820,727	1,546,758	1,999,863,179,273	22,608,453,242
CFC	Standart Emeklilik YF	56,297,786	623,273	999,943,702,214	11,070,376,727
CHG	Borçlanma Araçları Emeklilik Yatırım Fonu	23,848,519	482,384	999,976,151,481	20,226,517,616
CHA	Dinamik Değişken Emeklilik Yatırım Fonu	11,647,238	202,336	999,988,352,762	17,371,797,664
CHO	Altın Emeklilik Yatırım Fonu	10,998,415	197,312	999,989,001,585	17,939,802,688
CHI	Dengeli Değişken Grup Emeklilik YF	6,600,500	126,538	999,993,399,500	19,170,873,462
CHD	Birinci Değişken Emeklilik Yatırım Fonu	4,540,143	91,502	999,995,459,857	20,153,908,498
CHC	Kamu Borçlanma Araçları Emeklilik YF	3,194,254	48,492	999,996,805,746	15,180,951,508
<b>Total</b>		<b>42,219,129,688</b>	<b>1,132,883,372</b>	<b>19,047,780,870,311</b>	<b>308,931,686,628</b>

<sup>(\*)</sup> Forward value transactions are updated on T+1 day in the shares of the table in circulation, on the other hand since the accounting record occurs at T + 2 days it shows differences in the shares in circulation and receivables/payables from long-term operations in pensions.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

#### 17.5 Units and amounts of share certificates in portfolio and in circulation (Continued):

Money not sought by right holders; Circular on the Amendment to the Circular on the Private Pension System (2019/3), under the title of the thirteenth section other provisions Article 5 was evaluated in the relevant period in the closure; the Company has 928 contract units, 5,946,505 number of funds and amount of TRY 92,872.43 in CFE fund, 479 contract units, 3,247,461 number of funds and amount of TRY 67,767.99 in CHS fund, 633 contract units, 4,290,905 number of funds and amount of TRY 64,989.88 in CHU fund.

		31 December 2019 <sup>(*)</sup>			
		in Circulation		in Circulation	
		Unit	Unit	Unit	Unit
CFB	Başlangıç Emeklilik YF	545,162,622	8,477,824	1,999,454,837,378	31,093,522,176
CFY	Başlangıç Katılım Emeklilik YF	590,829,624	8,695,830	1,999,409,170,376	29,427,304,170
CFE	OKS Katılım Standart Emeklilik YF	1,349,335,842	17,969,105	1,998,650,664,158	26,616,030,895
CHT	Katkı Emeklilik Yatırım Fonu	8,872,000,224	163,644,044	991,127,999,776	18,281,355,956
CHC	OKS Muhafazakar Değişken Emeklilik YF	1,675,542	23,128	999,998,324,458	13,802,976,872
CHG	OKS Agresif Değişken Emeklilik YF	8,209,882	111,326	999,991,790,118	13,559,888,674
CHI	OKS Dinamik Katılım Değişken Emeklilik YF	3,921,809	53,070	999,996,078,191	13,531,946,930
CHA	OKS Dengeli Değişken Emeklilik YF	4,978,460	66,657	999,995,021,540	13,388,933,343
CHU	OKS Standart Emeklilik YF	2,044,716,535	27,243,803	997,955,283,465	13,296,756,197
CHO	OKS Atak Değişken Emeklilik YF	6,399,399	82,469	999,993,600,601	12,886,917,531
CHD	OKS Agresif Katılım Değişken Emeklilik YF	1,320,676	16,806	999,998,679,324	12,724,983,194
CFD	Dış Borçlanma Araçları Emeklilik Yatırım Fonu	136,079,917	1,488,306	999,863,920,083	10,935,511,694
CFC	Borçlanma Araçları Emeklilik Yatırım Fonu	11,408,930	120,957	999,988,591,070	10,601,879,043
CFA	Altın Emeklilik Yatırım Fonu	288,070,700	2,988,445	999,711,929,300	10,371,011,555
CHH	Birinci Hisse Senedi Emeklilik Yatırım Fonu	1,276,970,694	83,695,213	8,723,029,306	571,724,787
CHM	Dinamik Değişken Emeklilik Yatırım Fonu	1,113,002,069	31,309,861	8,886,997,931	250,000,139
CHK	Kamu Borçlanma Araçları Emeklilik YF	11,714,556,318	338,304,672	8,285,443,682	239,275,328
CGE	Dengeli Değişken Grup Emeklilik YF	386,824,775	8,317,506	9,613,175,225	206,702,494
CHN	Birinci Değişken Emeklilik Yatırım Fonu	3,958,899,939	123,727,500	6,041,100,062	188,802,500
CGG	Kamu Borçlanma Araçları Grup Emeklilik YF	709,791,928	13,935,345	9,290,208,072	182,394,655
CHS	Standart Emeklilik YF	1,221,931,495	22,792,688	8,778,068,504	163,737,312
CHL	Para Piyasası Emeklilik Yatırım Fonu	5,279,225,556	150,267,876	4,720,774,444	134,372,124
<b>Total</b>		<b>39,525,312,936</b>	<b>1,003,332,431</b>	<b>17,050,474,687,064</b>	<b>232,456,027,569</b>

<sup>(\*)</sup> Forward value transactions are updated on T+1 day in the shares of the table in circulation, on the other hand since the accounting record occurs at T + 2 days it shows differences in the shares in circulation and receivables/payables from long-term operations in pensions.



## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

##### 17.6 Numbers and portfolio amounts of the individual and group pension funds' participants (entered, left, cancelled during the period and the current participants):

1 January - 31 December 2020								
	Additions in period	Additions in period	Additions in period	Additions in period	Additions in period	Additions in period	Additions in period	Additions in period
Individual	767	20,036,665	8,642	153,062,965	-	-	63,467	885,483,509
Group	28	298,842	1,533	29,097,736	-	-	12,308	164,727,237
<b>Total</b>	<b>795</b>	<b>20,335,507</b>	<b>10,175</b>	<b>182,160,701</b>	<b>-</b>	<b>-</b>	<b>75,775</b>	<b>1,050,210,746</b>

(\*) Canceled units during period are not shown because they are not effective TRY equivalent.

1 January - 31 December 2019								
	Additions in period	Additions in period	Disposals in period	Disposals in period	Cancellations in period	Cancellations in period	Current	Current
	Unit	TRY	Unit	TRY	Unit (*)	TRY (*)	Unit	TRY
Individual	2,446	28,149,181	12,770	176,285,336	-	-	71,343	791,019,682
Group	88	286,856	2,444	28,228,452	-	-	13,812	149,526,624
<b>Total</b>	<b>2,534</b>	<b>28,436,037</b>	<b>15,214</b>	<b>204,513,788</b>	<b>-</b>	<b>-</b>	<b>85,155</b>	<b>940,546,306</b>

As of December 31, 2020 and 2019, the data for the automatic participation system in corporate pension contracts are as follows:

31 December 2020								
	Additions in period	Additions in period	Disposals in period	Disposals in period	Cancellations in period	Cancellations in period	Current	Current
	Unit	TRY	Unit	TRY	Unit (*)	TRY (*)	Unit	TRY
Group	64,456	7,272,706	55,150	30,795,812	-	-	119,093	82,446,988
<b>Total</b>	<b>64,456</b>	<b>7,272,706</b>	<b>55,150</b>	<b>30,795,812</b>	<b>-</b>	<b>-</b>	<b>119,093</b>	<b>82,446,988</b>

(\*) Cancellations in period TRY are not shown since that are not effective equivalents in TRY.

(\*\*) Table above shows information of the automatic participation system in corporate pension contracts as of 1 January - 31 December 2020.

31 December 2019								
	Additions in period	Additions in period	Disposals in period	Disposals in period	Cancellations in period	Cancellations in period	Current	Current
	Unit	TRY	Unit	TRY	Unit (*)	TRY (*)	Unit	TRY
Group	122,042	12,530,750	101,590	29,803,031	-	-	109,787	62,634,642
<b>Total</b>	<b>122,042</b>	<b>12,530,750</b>	<b>101,590</b>	<b>29,803,031</b>	<b>-</b>	<b>-</b>	<b>109,787</b>	<b>62,634,642</b>

(\*) Cancellations in period TRY are not shown since that are not effective equivalents in TRY.

(\*\*) Table above shows information of the automatic participation system in corporate pension contracts as of 1 January - 31 December 2019.

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

##### 17.7 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participant's attendant at the Company during the period:

None (31 December 2019: None).

##### 17.8 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from another Companies during the period:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Number of Policies	Gross Contribution Amount	Net Contribution Amount	Number of Policies	Gross Contribution Amount	Net Contribution Amount
Individual (*)	767	19,029,998	19,029,998	2,446	28,238,880	28,238,880
Corporate(**)	28	300,284	299,836	88	266,083	264,839
<b>Total</b>	<b>795</b>	<b>19,330,282</b>	<b>19,329,834</b>	<b>2,534</b>	<b>28,504,963</b>	<b>28,503,719</b>

(\*) Agreements that new entrances in the current year in order that not standing at the end of the period have been included (Agreements that comes from other companies have been included to new entrance amount.).

As of 31 December 2020 and 2019, the data for the automatic participation system in corporate pension contracts are as follows:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Number of Policies	Gross Contribution Amount	Net Contribution Amount	Number of Policies	Gross Contribution Amount	Net Contribution Amount
Corporate (*)	64,456	12,776,889	12,776,889	122,042	22,447,077	22,447,077
<b>Total</b>	<b>64,456</b>	<b>12,776,889</b>	<b>12,776,889</b>	<b>122,042</b>	<b>22,447,077</b>	<b>22,447,077</b>

(\*) The table above shows information of automatic participation system in corporate pension contracts as of 1 January - 31 December 2020 and 2019.

##### 17.9 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from another Companies during the period:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Number of Policies	Gross contribution Amount	Net Contribution Amount	Number of Policies	Gross contribution Amount	Net Contribution Amount
Individual	173	13,977,629	13,977,629	263	17,447,060	17,447,060
Corporate	5	246,151	246,151	6	110,619	110,619
<b>Total</b>	<b>178</b>	<b>14,223,780</b>	<b>14,223,780</b>	<b>269</b>	<b>17,557,679</b>	<b>17,557,679</b>

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

As of 31 December 2020 and 2019, the data for the automatic participation system in corporate pension contracts are as follows:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Number of Policies	Gross contribution Amount	Net Contribution Amount	Number of Policies	Gross contribution Amount	Net Contribution Amount
Corporate	22	13,735	13,735	1,697	594,310	594,310
<b>Total</b>	<b>22</b>	<b>13,735</b>	<b>13,735</b>	<b>1,697</b>	<b>594,310</b>	<b>594,310</b>

#### 17.10 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from the life insurance portfolio to the private pension fund portfolio during the period:

None (1 January - 31 December 2019: None).

#### 17.11 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants that left the Company and transferred to another Company or that left the Company but did not transfer to another Company:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Number of Policies	Gross contribution Amount	Net Contribution Amount	Number of Policies	Gross contribution Amount	Net Contribution Amount
Individual	8,642	106,798,664	105,911,852	12,770	136,394,137	135,044,004
Corporate	1,533	19,078,946	18,959,122	2,444	20,940,254	20,766,470
<b>Total</b>	<b>10,175</b>	<b>125,877,610</b>	<b>124,870,974</b>	<b>15,214</b>	<b>157,334,391</b>	<b>155,810,474</b>

As of December 31, 2020 and 2019, the data of the Automatic Participation System in the corporate pension contracts are as follows:

	1 January - 31 December 2020			1 January - 31 December 2019		
	Number of Policies	Gross contribution Amount	Net Contribution Amount	Number of Policies	Gross contribution Amount	Net Contribution Amount
Corporate <sup>(*)</sup>	55,150	26,872,705	26,872,705	101,590	27,176,130	27,176,130
<b>Total</b>	<b>55,150</b>	<b>26,872,705</b>	<b>26,872,705</b>	<b>101,590</b>	<b>27,176,130</b>	<b>27,176,130</b>

<sup>(\*)</sup> Table above shows information of the automatic participation system in corporate pension contracts as of 1 January - 31 December 2020.

# CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

(Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

#### 17.12 Number of units, gross/net premiums and individual/group allocation for life policyholders that joined the portfolio during the period:

	1 January - 31 December 2020		1 January - 31 December 2019	
	Number of Policies	Net Premium	Number of Policies	Net Premium
Individual	48,617	66,178,349	77,514	59,898,159
Group	3,065,224	770,262,735	3,387,036	606,818,552
<b>Total</b>	<b>3,113,841</b>	<b>836,441,084</b>	<b>3,464,550</b>	<b>666,716,711</b>

#### 17.13 Number of units, gross/net premiums and individual/group allocation of mathematical reserves for life policyholders that left the portfolio during the period:

	1 January - 31 December 2020				1 January - 31 December 2019			
	Number of Policies	Gross Premium	Net Premium	Mathematical Reserve (TRY)	Number of Policies	Gross Premium	Net Premium	Mathematical Reserve (TRY)
Individual	55,927	(12,771,382)	(12,048,475)	1,092,014	74,760	(24,441,874)	(23,988,133)	806,216
Group	3,284,915	(346,661,786)	(338,908,563)	79,616,704	3,454,067	(303,287,218)	(302,164,393)	58,391,620
<b>Total</b>	<b>3,340,842</b>	<b>(359,433,168)</b>	<b>(350,957,038)</b>	<b>80,708,718</b>	<b>3,528,827</b>	<b>(327,729,092)</b>	<b>(326,152,526)</b>	<b>59,197,836</b>

#### 17.14 Profit share distribution rate to the life policyholders:

The Company does not have any cumulative life insurance which is liable to dividend distribution (31 December 2019: None).

#### 17.15 - 17.19 Other required information about liabilities from insurance agreements:

	31 December 2020	31 December 2019
<b>Gross technical reserves</b>		
Mathematical Reserves	297,935,891	225,165,789
Unearned Premium Reserve	98,010,440	94,787,617
Outstanding Claims Provision	71,166,596	53,729,108
Equalisation Reserve	40,674,647	30,872,018
Refreshment Premium Allowance	261,304	466,378
<b>Total</b>	<b>508,048,878</b>	<b>405,020,910</b>

	31 December 2020	31 December 2019
<b>Reinsurer's share</b>		
Unearned Premium Reserve	(12,085,373)	(5,551,906)
Outstanding Claims Provision	(11,938,637)	(8,035,148)
Equalisation Reserve	(922,841)	(778,185)
<b>Total</b>	<b>(24,946,851)</b>	<b>(14,365,239)</b>

	31 December 2020	31 December 2019
<b>Net technical reserves</b>		
Mathematical Reserves	297,935,891	225,165,789
Unearned Premium Reserve	85,925,068	89,235,711
Outstanding Claims Provision	59,227,959	45,693,960
Equalisation Reserve	39,751,806	30,093,833
Refreshment Premium Allowance	261,304	466,378
<b>Total</b>	<b>483,102,028</b>	<b>390,655,671</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

##### 17.15 - 17.19 Other required information about liabilities from insurance agreements (Continued):

###### Outstanding Claims Provision

	31 December 2020		
	Gross	Reinsurer's share	Net
Outstanding Claims Provision	48,494,399	(9,320,099)	39,174,300
Calculated discount amount according to winning ratio	(3,186,841)	727,844	(2,458,997)
Claims incurred but not reported	25,859,038	(3,346,382)	22,512,656
<b>Total</b>	<b>71,166,596</b>	<b>(11,938,637)</b>	<b>59,227,959</b>

	31 December 2019		
	Gross	Reinsurer's share	Net
Outstanding Claims Provision	39,966,878	(6,522,362)	33,444,516
Calculated discount amount according to winning ratio	(2,940,946)	585,707	(2,355,239)
Claims incurred but not reported	16,703,176	(2,098,493)	14,604,683
<b>Total</b>	<b>53,729,108</b>	<b>(8,035,148)</b>	<b>45,693,960</b>

###### Claims incurred but not reported

	31 December 2020		
	Gross	Reinsurer's share	Net
Life	17,871,503	(1,471,049)	16,400,454
Personal Accident	7,987,535	(1,875,333)	6,112,202
<b>Total</b>	<b>25,859,038</b>	<b>(3,346,382)</b>	<b>22,512,656</b>

	31 December 2019		
	Gross	Reinsurer's share	Net
Life	11,544,141	(1,387,344)	10,156,797
Personal Accident	5,159,035	(711,149)	4,447,886
<b>Total</b>	<b>16,703,176</b>	<b>(2,098,493)</b>	<b>14,604,683</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

##### 17.15 - 17.19 Other required information about liabilities from insurance agreements (Continued):

###### Outstanding Claims Provision Movement Table

	2020		
	Gross	Reinsurer's share	Net
Opening balance - 1 January	39,966,878	(6,522,362)	33,444,516
Paid Claims	(154,706,647)	3,837,093	(150,869,554)
Change	163,234,168	(6,634,830)	156,599,338
<b>Closing balance - 31 December</b>	<b>48,494,399</b>	<b>(9,320,099)</b>	<b>39,174,300</b>

Calculated discount amount according to winning ratio	(3,186,841)	727,844	(2,458,997)
Claims incurred but not reported	25,859,038	(3,346,382)	22,512,656
<b>Total</b>	<b>71,166,596</b>	<b>(11,938,637)</b>	<b>59,227,959</b>

	2019		
	Gross	Reinsurer's share	Net
Opening balance - 1 January	37,014,714	(5,681,641)	31,333,073
Paid Claims	(130,669,519)	10,723,043	(119,946,476)
Change	133,621,683	(11,563,764)	122,057,919
<b>Closing balance - 31 December</b>	<b>39,966,878</b>	<b>(6,522,362)</b>	<b>33,444,516</b>

Calculated discount amount according to winning ratio	(2,940,946)	585,707	(2,355,239)
Claims incurred but not reported	16,703,176	(2,098,493)	14,604,683
<b>Total</b>	<b>53,729,108</b>	<b>(8,035,148)</b>	<b>45,693,960</b>



## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

##### 17.15 - 17.19 Other required information about liabilities from insurance agreements (Continued):

###### Unearned Premium Reserve Movement Table

	2020					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	62,308,336	(4,329,311)	57,979,025	32,479,281	(1,222,595)	31,256,686
Change	(469,289)	(5,676,675)	(6,145,964)	3,692,113	(856,792)	2,835,321
<b>Closing Balance - 31 December</b>	<b>61,839,047</b>	<b>(10,005,986)</b>	<b>51,833,061</b>	<b>36,171,394</b>	<b>(2,079,387)</b>	<b>34,092,007</b>
	2019					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	60,969,692	(7,313,016)	53,656,676	25,726,005	(3,169,536)	22,556,469
Change	1,338,644	2,983,705	4,322,349	6,753,276	1,946,941	8,700,217
<b>Closing Balance - 31 December</b>	<b>62,308,336</b>	<b>(4,329,311)</b>	<b>57,979,025</b>	<b>32,479,281</b>	<b>(1,222,595)</b>	<b>31,256,686</b>

As of 31 December 2020, deferred commission expenses and income are TRY 34,593,841 (31 December 2019: TRY 33,902,178) and TRY 5,997,931 respectively (31 December 2019: TRY 2,990,471).

###### Equalisation Reserve Movement Table

	2020					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	29,658,144	(706,978)	28,951,166	1,213,874	(71,207)	1,142,667
Change	9,279,449	(116,088)	9,163,361	523,180	(28,568)	494,612
<b>Closing Balance - 31 December</b>	<b>38,937,593</b>	<b>(823,066)</b>	<b>38,114,527</b>	<b>1,737,054</b>	<b>(99,775)</b>	<b>1,637,279</b>
	2019					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	22,144,773	(592,888)	21,551,885	764,092	(48,976)	715,116
Change	7,513,371	(114,090)	7,399,281	449,782	(22,231)	427,551
<b>Closing Balance - 31 December</b>	<b>29,658,144</b>	<b>(706,978)</b>	<b>28,951,166</b>	<b>1,213,874</b>	<b>(71,207)</b>	<b>1,142,667</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

##### 17.15 - 17.19 Other required information about liabilities from insurance agreements (Continued):

###### Mathematical Reserves Movement Table

	2020					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	211,101,950	-	211,101,950	14,063,839	-	14,063,839
Change	69,668,133	-	69,668,133	3,101,969	-	3,101,969
<b>Closing Balance - 31 December</b>	<b>280,770,083</b>	<b>-</b>	<b>280,770,083</b>	<b>17,165,808</b>	<b>-</b>	<b>17,165,808</b>
	2019					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	163,154,280	-	163,154,280	9,800,464	-	9,800,464
Change	47,947,670	-	47,947,670	4,263,375	-	4,263,375
<b>Closing Balance - 31 December</b>	<b>211,101,950</b>	<b>-</b>	<b>211,101,950</b>	<b>14,063,839</b>	<b>-</b>	<b>14,063,839</b>

###### Renewal Premium Reserves Movement Table <sup>(\*)</sup>

	2020					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	466,378	-	466,378	-	-	-
Change	(205,074)	-	(205,074)	-	-	-
<b>Closing Balance - 31 December</b>	<b>261,304</b>	<b>-</b>	<b>261,304</b>	<b>-</b>	<b>-</b>	<b>-</b>
	2019					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	306,176	-	306,176	-	-	-
Change	160,202	-	160,202	-	-	-
<b>Closing Balance - 31 December</b>	<b>466,378</b>	<b>-</b>	<b>466,378</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> Accounted under change in other technical provisions.

The Company does not have any foreign currency mathematical reserves and outstanding claims.

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 18. INVESTMENT CONTRACT LIABILITIES:

None (31 December 2019: None).

#### 19 TRADE AND OTHER PAYABLES, DEFERRED INCOME

	31 December 2020	31 December 2019
Payables from pension operations	1,147,579,783	1,015,858,962
Payables to intermediaries and policyholders	17,096,228	16,877,168
Other payables (Note 47.1)	14,283,575	4,772,237
Deferred commission income	5,693,520	2,939,816
Expense accruals (*)	2,199,246	1,461,969
Due to related parties	1,249,113	1,122,004
Due to personnel	80,572	219,667
<b>Total</b>	<b>1,188,182,037</b>	<b>1,043,251,823</b>

(\*) As of 31 December 2020, TRY 1,974,000 which is amount of campaign expenses and, the amount of TRY 225,246 consist of other expense accruals. (As of 31 December 2019, TRY 1,171,242 which is amount of QNB Finansbank A.Ş. campaign expenses and TRY 136,877 which is amount of Ibtech rights purchasing expenses, and, the amount of TRY 153,850 consist of other expense accruals.)

#### 20. FINANCIAL LIABILITIES

The movement of total lease liabilities within the scope of transition to leases standard IFRS 16 are as follows:

	31 December 2020	31 December 2019
Short-term lease liabilities	4,485,841	2,297,930
Long-term lease liabilities	8,465,897	7,452,372
<b>Total lease liabilities</b>	<b>12,951,738</b>	<b>9,750,302</b>
	31 December 2020	31 December 2019
Lease liabilities as of 1 January	9,750,302	-
IFRS 16 transition effect	-	10,473,017
New/(finished contracts)	6,549,414	2,094,388
Lease payments (properties and vehicles) (*)	(6,089,090)	(5,952,091)
Interest expenses	2,741,112	3,134,988
<b>Total lease liabilities as of 31 December 2020</b>	<b>12,951,738</b>	<b>9,750,302</b>

(\*) It includes the prepaid lease expenses related to the lease agreements under IFRS 16.

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 21. DEFERRED INCOME TAX

The Company calculates deferred income tax for the temporary differences in the balance sheet items arising due to measurement in the financial statements and measurement in accordance with Tax Law.

Deferred income tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The rates applied for deferred tax assets and liabilities calculated over temporary differences that will occur in the future periods are classified as 20% on the basis of expected realization periods of tax assets and liabilities in accordance with the related legislation (2019: 20% and %22%).

Deferred tax assets are reflected in the records, provided that it is highly likely to benefit from temporary differences by obtaining taxable profit in the future. As of 31 December 2020 and 2019, the details of the temporary differences, deferred income tax assets and liabilities calculated using enacted tax rates are as follows:

Deferred income tax assets	Cumulative temporary Differences		Deferred income tax assets/ (liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Equalization reserve	39,751,806	30,093,833	7,950,361	6,018,765
Provision for bonus	10,181,441	8,698,676	2,036,288	1,913,709
Provision for employment termination benefits	7,313,266	4,349,737	1,462,653	869,947
Provision for lawsuit	4,144,253	5,079,339	828,851	1,015,868
Provision for accumulated leave	1,558,618	1,507,146	311,724	301,429
Leased Assets	1,286,625	1,155,038	257,325	231,008
Renewal Premium provision	261,304	466,378	52,261	93,276
Other legal compensation provision	-	1,500,000	-	330,000
Provision for doubtful receivables	45,265	46,028	9,053	9,206
<b>Total</b>	<b>64,542,578</b>	<b>52,896,175</b>	<b>12,908,516</b>	<b>10,783,208</b>
Deferred income tax liabilities				
Receivable-payable rediscount	(150,694)	(203,620)	(30,138)	(40,724)
Tangible and intangible fixed assets book value TPL difference	(8,883,757)	(7,518,605)	(1,776,752)	(1,654,093)
Government Bonds (Eurobond)	(5,800,625)	-	(1,160,127)	-
	<b>(14,835,076)</b>	<b>(7,722,225)</b>	<b>(2,967,017)</b>	<b>(1,694,817)</b>
<b>Net deferred income tax assets (Note 35)</b>	<b>49,707,502</b>	<b>45,173,950</b>	<b>9,941,499</b>	<b>9,088,391</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 21. DEFERRED INCOME TAX (CONTINUED)

The movement in the deferred income tax assets in the current year is as follow:

	2020	2019
Opening balance - 1 January	9,088,391	6,874,523
Deferred tax income (Note 35)	1,616,811	2,051,088
Financial asset valuation deferred tax effect	(1,154,013)	-
Actuarial loss deferred income tax effect	390,310	163,859
Other	-	(1,079)
<b>Closing balance - 31 December</b>	<b>9,941,499</b>	<b>9,088,391</b>

### 22. RETIREMENT BENEFIT OBLIGATIONS

	31 December 2020	31 December 2019
Provision for employment termination benefits	7,313,266	4,349,737
<b>Total</b>	<b>7,313,266</b>	<b>4,349,737</b>

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). After the changes made on 23 May 2002 in the legislation, some process of transition clauses related to the length of service before retirement have been omitted.

The amount payable consists of one month's salary limited to a maximum of TRY 7,117.17 as of 31 December 2020 (31 December 2019: TRY6,379.86).

The provision for employment termination benefits liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

IAS 19. requires actuarial valuation methods to be developed to estimate the enterprise's obligation. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2020	31 December 2019
Discount rate (%)	12.80	12.10
Inflation (%)	10.10	8.20

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 22. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Turnover rate to estimate the probability of retirement based on years of service are as follows:

	31 December 2020	31 December 2019
0-2 service years (%)	85.00	85.00
2-5 service years (%)	90.00	90.00
5-10 service years (%)	96.00	96.00
10-15 service years (%)	99.00	99.00
15 over service years (%)	100.00	100.00

The movement in the provision for employment termination benefits in the current period is as follows:

	2020	2019
Opening balance - 1 January	4,349,737	3,721,701
Service cost	1,434,552	1,020,347
Interest cost	512,924	591,474
Paid during the period	(935,497)	(1,728,600)
Actuarial (gain)/loss	1,951,550	744,815
<b>Closing balance - 31 December</b>	<b>7,313,266</b>	<b>4,349,737</b>

### 23 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Commitments and contingent liabilities not recognized as liabilities are disclosed in Note 43. Guarantees and pledges received are disclosed in Note 2.3.

The details of provisions that are classified under provisions for expense accruals in balance sheet are as follows:

	31 December 2020	31 December 2019
Provision for bonus	10,181,441	8,698,676
Provision for lawsuit	4,144,253	5,079,339
Other legal compensation provision	-	1,500,000
Other	1,577,337	1,720,702
<b>Total</b>	<b>15,903,031</b>	<b>16,998,717</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 24. NET INSURANCE PREMIUM REVENUE

	1 January - 31 December 2020			1 January - 31 December 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Life	836,441,084	(17,755,595)	818,685,489	666,716,711	(8,944,794)	657,771,917
Personal Accident	86,719,121	(3,807,959)	82,911,162	80,182,286	(2,304,089)	77,878,197
<b>Total</b>	<b>923,160,205</b>	<b>(21,563,554)</b>	<b>901,596,651</b>	<b>746,898,997</b>	<b>(11,248,883)</b>	<b>735,650,114</b>

#### 25. FEE (CONTRIBUTION) INCOME

The details of pension branch income for the period ended 31 December 2020 and 2019 is as follow:

	1 January - 31 December 2020	1 January - 31 December 2019
Fund management expense charge	11,749,301	10,266,854
Management expense charge	2,003,447	2,322,344
Capital allowance value increase income	1,136,374	1,046,444
Entrance fee	900,863	2,563,528
<b>Total</b>	<b>15,789,985</b>	<b>16,199,170</b>

#### 26. INVESTMENT INCOME/(EXPENSES)

The details of the investment income are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Available for Sale Investments</b>		
Investment value increases/(decreases)	(197,228)	(6,711)
Sales income / (expenses)	295,180	104,698
Interest income	1,781,155	-
Valuation income/(expenses)	342,425	-
<b>Cash and Cash Equivalents</b>		
Interest income	70,566,610	75,939,455
Valuation income/(expenses)	3,821,964	14,571,283
<b>Total</b>	<b>76,610,106</b>	<b>90,608,725</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 27. NET INCOME ACCRUAL ON FINANCIAL ASSETS

Information about income accrual on available-for-sale financial assets is disclosed in Note 26.

#### 28. NET FAIR VALUE GAINS ON ASSETS AT FAIR VALUE THROUGH INCOME

Disclosed in Notes 2.8, 11 and 26.

#### 29. INSURANCE BENEFITS AND CLAIMS

Disclosed in Note 17.

#### 30. INVESTMENT AGREEMENT BENEFITS

None (31 December 2019: None).

#### 31. OTHER NECESSARY EXPENSES

Operating expenses classified under technical part

	1 January - 31 December 2020	1 January - 31 December 2019
- Life	446,514,493	366,758,545
- Non-life	12,087,254	27,919,973
- Pension	32,236,135	12,763,877
<b>Total (Note 32)</b>	<b>490,837,882</b>	<b>407,442,395</b>

Operating expenses classified under non-technical part.

	1 January - 31 December 2020	1 January - 31 December 2019
Depreciation expenses	16,421,031	16,159,087
<b>Total (Note 32)</b>	<b>16,421,031</b>	<b>16,159,087</b>



## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 32. EXPENSES BY NATURE

	1 January - 31 December 2020	1 January - 31 December 2019
Production expenses	371,584,046	298,910,339
Personnel expenses (Note 33)	87,779,724	76,735,405
Depreciation expenses	16,421,031	16,159,087
Outsourced services expenses	13,996,500	12,180,034
Administration expenses	11,397,053	12,227,205
Marketing and sales expenses	7,666,164	6,837,366
Reinsurance commission income (-)	(7,563,701)	(4,679,954)
Other	5,978,096	5,232,000
<b>Total</b>	<b>507,258,913</b>	<b>423,601,482</b>

### 33. EMPLOYEE BENEFIT EXPENSE

	1 January - 31 December 2020	1 January - 31 December 2019
Salary payments	56,351,799	43,709,080
Success premium to sales force	8,873,817	5,484,039
Employer's share of social security premium	8,495,961	7,051,321
Employee benefits	7,727,812	8,257,108
Education expenses	2,637,341	3,959,421
Employer's share of unemployment insurance	1,232,379	1,040,270
Employment termination benefit payments	935,497	1,728,600
Transportation expense for personnel	654,671	1,704,946
Bonuses	451,392	2,880,753
Termination benefits	391,236	684,021
Unused vacation payments	27,819	235,846
<b>Total (Note 32)</b>	<b>87,779,724</b>	<b>76,735,405</b>

Total amount of the salaries and the benefits provided to top management such as the chairman and the members of the board of directors, general manager, general coordinator, assistant general managers and other executive management in the current period are disclosed in Note 1.6.

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 34. FINANCIAL COSTS

#### 34.1 Total financial expenses for the period:

**34.1.1 Production cost related expenses:** None (1 January - 31 December 2019: None).

**34.1.2 Expenses related to fixed assets:** None (1 January - 31 December 2019: None).

**34.1.3 Direct expenses:** None (1 January - 31 December 2019: None).

#### 34.2 Financial expenses related to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately):

None (1 January - 31 December 2019: None).

#### 34.3 Sales to/purchases from shareholders, subsidiaries and investments (any amount exceeding 20% of total will be disclosed separately):

Disclosed in Note 45.

#### 34.4 Interest, rent or other charges received from or paid to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately):

Disclosed in Note 45.

### 35. INCOME TAXES

Tax income and expenses recognized in the statements of income for the years ended 31 December 2020 and 2019 are summarized below:

	31 December 2020	31 December 2019
Provision for tax (-)	(54,888,128)	(47,782,312)
Prepaid taxes	45,814,137	37,787,577
<b>Total tax (liability)/asset, net</b>	<b>(9,073,991)</b>	<b>(9,994,735)</b>
Deferred tax assets (Note: 21)	12,908,516	10,783,208
Deferred tax liabilities (Note: 21)	(2,967,017)	(1,694,817)
<b>Deferred tax asset/(liabilities), net (Note: 21)</b>	<b>9,941,499</b>	<b>9,088,391</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 35. INCOME TAXES (CONTINUED)

	31 December 2020	31 December 2019
Current period tax expense	(54,888,128)	(47,782,312)
Deferred tax income	1,616,811	2,051,088
<b>Total tax expenses (-)</b>	<b>(53,271,317)</b>	<b>(45,731,224)</b>

Actual tax expense reconciliation is as follow:

	31 December 2020	31 December 2019
Deferred tax and corporate tax before profit	238,917,176	205,202,067
Tax rate	22%	22%
Calculated tax expense (-)	(52,561,779)	(45,144,455)
The effect of non-deductible expenses	(441,907)	(337,170)
Other	(267,631)	(249,599)
<b>Total tax expenses</b>	<b>(53,271,317)</b>	<b>(45,731,224)</b>

#### 36. NET FOREIGN EXCHANGE GAINS

	1 January - 31 December 2020	1 January - 31 December 2019
Current accounts	5,830,236	694,983
<b>Total</b>	<b>5,830,236</b>	<b>694,983</b>

#### 37. EARNINGS PER SHARE

Loss per share is calculated by dividing the Company's net loss in the reporting period to the Company's number of shares in the reporting period.

	1 January - 31 December 2020	1 January - 31 December 2019
Net income/(loss) for the period	185,645,859	159,470,843
Weighted average number of shares	45,000,000	45,000,000
Earnings/(loss) per share (TRY)	4.13	3.54

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 38. DIVIDENDS PER SHARE

With the decision of Company's Ordinary General Assembly Meeting on 15 July 2020, gross profit amounting TRY 159,470,843 belong to 2019 period have been paid in cash gross value of net profit; due to the fact that the amount of the first legal reserve has reached 20% of the basic capital, the first legal reserve are not allocated, the first legal reserves and second legal reserve due to the fact that the total amount of the legal reserves has reached 50% of the capital, the second legal reserve are not allocated. It has been decided to pay the shareholders a total amount of TRY 159,470,843, including TRY 2,250,000 first dividend and TRY 157,220,843 second dividend. 25% of this amount was paid on 29 May 2020 within the scope of the first clause of the provisional article 13 of the Turkish Commercial Code No 6102. The remaining TRY 119,603,132 which is the remaining dividend payment within the scope of the Decision on Extension of the Period (Decision Number: 2948), which is stated in the first clause of the provisional article 13 of the Turkish Commercial Code numbered 6102, was paid to the shareholders on 31 December 2020 in proportion to their shares.

(With the decision of Company's Ordinary General Assembly Meeting on 25 March 2019, gross profit amounting TRY 97,394,915 belong to 2018 period have been paid in cash gross value of TRY 2.196 that share with face value of TRY 1 per share to shareholders including the dividend distribution amount of TRY 1,432,174 pending in the previous years' profits, the shareholders paid amount of TRY 2,250,000 first dividend and amount of TRY 96,577,091 second dividend amount of TRY 98,827,091 in total on 15 May 2019 after leaving due to the amount of the first legal reserve has reached 20% of the basic capital, the first series legal reserve has not been allocated. The first legal reserve and second legal reserve due to the fact that the total amount of reserves has reached 50% of the capital, to ensure that the second reserve are not seperated.)

#### 39. CASH GENERATED FROM OPERATIONS

Disclosed in cash flow statement.

#### 40. CONVERTIBLE BONDS

None (31 December 2019: None)

#### 41. CASH CONVERTIBLE PREFERRED SHARES

None (31 December 2019: None).

#### 42. RISKS

	31 December 2020	31 December 2019
Claim litigations against the Company - gross	25,781,692	22,557,165
Labour litigations against the Company (Note 23)	4,092,758	5,041,268
Receivable litigations against the Company	51,495	12,644
Claims for receivable arising from the Private Pension Agreement	-	25,427
<b>Total</b>	<b>29,925,945</b>	<b>27,636,504</b>

The provision for the aforementioned litigations against the Company is accounted for in outstanding claim provisions in the financial statements.

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 43. COMMITMENTS

The details of the given guarantees which are in currency TRY are as follows:

	31 December 2020		Total
	US Dollar	TRY	
Domestic given bank guarantee letters	-	4,765,792	4,765,792
<b>Toplam</b>	<b>-</b>	<b>4,765,792</b>	<b>4,765,792</b>
	31 December 2019		Total
	US Dollar	TRY	
Domestic given bank guarantee letters	1,390,824	3,033,274	4,424,098
<b>Toplam</b>	<b>1,390,824</b>	<b>3,033,274</b>	<b>4,424,098</b>

As of 31 December 2020 the Company does not have any contractual commitment to acquire tangible and intangible asset (31 December 2019: None).

### Total amount of mortgages or restrictions on assets

	31 December 2020	31 December 2019
Banks deposits (Notes 14 and 17.1) <sup>(*)</sup>	309,903,078	280,882,865
Government Bonds - Eurobond (Notes 17)	16,725,696	-
<b>Total</b>	<b>326,628,774</b>	<b>280,882,865</b>

<sup>(\*)</sup> Bank deposit accounts which are showed as collateral covers TRY 1,448,500 interest accrual. (31 December 2019: TRY 9,582,462).

### 44. BUSINESS COMBINATIONS

None (31 December 2019: None).

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 45. RELATED PARTY TRANSACTIONS

Cigna Nederland Gamma B.V companies, QNB Finansbank A.Ş. companies and senior management of the Company are defined as related parties in terms of financial statements.

Top management as chairman and member of the Board of Directors, chief executive, general coordinator, deputy managers benefits from wage and other benefits in current period are disclosed under Note 1.6.

a) Bank deposits	31 December 2020	31 December 2019
QNB Finansbank A.Ş.	6,660,932	7,862,958
QNB Finans Portföy Yönetimi A.Ş.	-	6,814,638
<b>Total</b>	<b>6,660,932</b>	<b>14,677,596</b>
b) Receivables from other related parties and insurance operations	31 December 2020	31 December 2019
QNB Finans Finansal Kiralama A.Ş.	174,668	108,398
QNB Finansbank A.Ş.	-	2,519
QNB Finans Yatırım Menkul Değerler A.Ş.	855	-
QNB Finans Portföy A.Ş.	41	38
<b>Total</b>	<b>175,564</b>	<b>110,955</b>
c) Payables from insurance operations	31 December 2020	31 December 2019
QNB Finansbank A.Ş.	16,973,636	16,784,763
Cigna Global Reinsurance	560,610	369,448
QNB Finans Yatırım Menkul Değerler A.Ş.	-	163
QNB Finans Finansal Kiralama A.Ş.	44,074	19,042
QNB Finans Portföy A.Ş.	35,463	-
İbtech Uluslararası Bilişim ve İletişim Teknolojileri	-	-
Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	669	2,282
Hemenal Finansman A.Ş.	975	975
QNB Finans Faktoring A.Ş.	206	203
<b>Total</b>	<b>17,615,633</b>	<b>17,176,876</b>
d) Payables from other operations	31 December 2020	31 December 2019
QNB Finans Yatırım Menkul Değerler A.Ş.	737,329	374,824
QNB Finans Portföy Yönetimi A.Ş.	479,199	203,493
İbtech Uluslararası Bilişim ve İletişim Teknolojileri	-	-
Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	32,585	456,609
QNB Finans Finansal Kiralama A.Ş.	-	87,078
<b>Total</b>	<b>1,249,113</b>	<b>1,122,004</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 45. RELATED PARTY TRANSACTIONS (CONTINUED)

e) Receivables from other operations	31 December 2020	31 December 2019
Cigna Global Holding Incorporation	574,809	428,421
Cigna International Corporation	36,703	-
<b>Total</b>	<b>611,512</b>	<b>428,421</b>
f) Renewal Premium Provision	31 December 2020	31 December 2019
QNB Finansbank A.Ş.	211,110	320,938
Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	25,618	-
QNB Finans Yatırım Menkul Değerler A.Ş.	9,226	8,187
QNB Finans Faktoring A.Ş.	7,670	7,087
QNB Finans Finansal Kiralama A.Ş.	5,578	4,973
QNB Finans Portföy Yönetimi A.Ş.	1,594	1,305
Hemenal Finansman A.Ş.	228	469
<b>Total</b>	<b>261,024</b>	<b>342,959</b>
g) Incurred Renewal Premium Provisions	1 January - 31 December 2020	1 January - 31 December 2019
QNB Finansbank A.Ş.	365,803	298,105
QNB Finans Yatırım Menkul Değerler A.Ş.	9,682	8,310
QNB Finans Faktoring A.Ş.	8,502	7,802
QNB Finans Finansal Kiralama A.Ş.	6,114	5,569
QNB Finans Portföy Yönetimi A.Ş.	1,690	1,362
Hemenal Finansman A.Ş.	671	1,731
Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	-	25,663
<b>Total</b>	<b>392,462</b>	<b>348,542</b>
h) Other Operations	1 January - 31 December 2020	1 January - 31 December 2019
Cigna Turkey Danışmanlık Hizmetleri Ltd.	14,000	85,894
<b>Total</b>	<b>14,000</b>	<b>85,894</b>

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.")

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### 45. RELATED PARTY TRANSACTIONS (CONTINUED)

i) Interest income	1 January - 31 December 2020	1 January - 31 December 2019
QNB Finans Portföy Yönetimi A.Ş.	146,662	3,476,925
QNB Finansbank A.Ş.	469,053	853,342
<b>Total</b>	<b>615,715</b>	<b>4,330,267</b>
j) Rent Expenses	1 January - 31 December 2020	1 January - 31 December 2019
QNB Finansbank A.Ş.	940,708	1,770,193
<b>Total</b>	<b>940,708</b>	<b>1,770,193</b>
k) Commission expenses	1 January - 31 December 2020	1 January - 31 December 2019
QNB Finansbank A.Ş.	(367,735,978)	(295,714,331)
QNB Finans Finansal Kiralama A.Ş.	(3,848,068)	(3,196,008)
<b>Total</b>	<b>(371,584,046)</b>	<b>(298,910,339)</b>
l) Direct Premium Income	1 January - 31 December 2020	1 January - 31 December 2019
QNB Finansbank A.Ş.	910,182,383	737,317,330
QNB Finans Finansal Kiralama A.Ş.	9,336,011	7,712,317
<b>Total</b>	<b>919,518,394</b>	<b>745,029,647</b>
m) Reinsurance expenses	1 January - 31 December 2020	1 January - 31 December 2019
Cigna Global Reinsurance	(932,664)	(849,998)
<b>Total</b>	<b>(932,664)</b>	<b>(849,998)</b>



## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 45. RELATED PARTY TRANSACTIONS (CONTINUED)

n	Operating expenses	1 January - 31 December 2020	1 January - 31 December 2019
	Cigna HLA Technology Services	(445)	(1,630)
	Cigna International Corporation A.Ş.	(21,451)	(862,376)
	Cigna Global Holdings Incorporation	(495,692)	(1,833,589)
	QNB Finans Portföy Yönetimi A.Ş.	(1,042,415)	(737,991)
	QNB Finans Yatırım Menkul Değerler A.Ş.	(1,376,355)	(452,888)
	Cigna New Zeland	-	(1,953,861)
	Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	(2,160,272)	(869,049)
	QNB Finansbank A.Ş.	(5,372,441)	(4,409,318)
	eFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	-	(15,399)
	<b>Total</b>	<b>(10,469,071)</b>	<b>(11,136,101)</b>

o)	Premium received	1 January - 31 December 2020	1 January - 31 December 2019
	QNB Finansbank A.Ş.	844,025	822,803
	Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	64,821	59,396
	QNB Finans Yatırım Menkul Değerler A.Ş.	23,145	20,693
	QNB Finans Faktoring A.Ş.	19,007	17,602
	QNB Finans Finansal Kiralama A.Ş.	13,779	12,414
	QNB Finans Portföy Yönetimi A.Ş.	4,245	3,571
	Hemenal Finansman A.Ş.	514	1,204
	<b>Total</b>	<b>969,536</b>	<b>937,683</b>

#### 45.1 Doubtful receivables from shareholders, associates and subsidiaries:

None (31 December 2019: None).

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 45. RELATED PARTY TRANSACTIONS (CONTINUED)

**45.2 Breakdown of associates and subsidiaries having an indirect shareholding and management relationship with the Company; names, participation rates and amounts of associates and subsidiaries; profit/loss and net profit/loss in the latest financial statements, the period of these financial statements, whether these financial statements are prepared in accordance with the accounting principles and standards as set out in the insurance legislation, whether they are independently audited and the opinion type of the independent audit report:**

31 December 2020							
	(%)	Book Value	Financial Statement Period	Total Asset	Total Liabilities	Net Sales	Net gain/ (loss)
EGM (*)	5.56	391,100	31.12.2020	19,896,234	9,378,289	27,969,032	663,932
31 December 2019							
	(%)	Book Value	Financial Statement Period	Total Asset	Total Liabilities	Net Sales	Net gain/ (loss)
EGM (*)	5.56	391,100	31.12.2019	16,338,477	6,509,942	24,560,133	1,271,117

(\*) The relevant financial asset does not have any identified price in big-board market and there are not any valuation work for the relevant Company, financial asset is carried at cost price.

#### 45.3 Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries:

None (31 December 2019: None).

#### 45.4 Rights on immovable and their value:

None (31 December 2019: None).

#### 45.5 Total amount of guarantees, commitments and securities given in favour of shareholders, subsidiaries and investments:

None (31 December 2019: None).

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 46. EVENTS OCCURRED AFTER THE BALANCE SHEET DATE:

With the notification dated 04/02/2021 of the Tax Inspection Board affiliated to the Ministry of Treasury and Finance, it was stated that our company will receive TRY 315,468 of Corporate Tax for the 2018 period, TRY 2,492,81 Stamp Duty to be deducted from the appropriation, TRY 76,315 Income Tax Withholding. An invitation to the Pre-Assessment Reconciliation Meeting was sent on 04/03/2021 in order to determine the possible tax loss penalty by assessing the total TRY 394,276 tax receivables and the total amount of the additional tax payable and tax loss penalty for the period of 2018 was determined as TRY 453,398 as a result of the settlement. The Anatolian Corporate Tax Office will also apply default interest on this agreed amount (31 December 2019: None).

### 47. OTHER

#### 47.1 Details of "Other" items in the balance sheet which exceed 20% of its respective account group or 5% of total assets:

a) Other payables	31 December 2020	31 December 2019
Payables to suppliers	14,384,119	4,817,898
Other payables rediscount	(100,544)	(45,661)
<b>Total</b>	<b>14,283,575</b>	<b>4,772,237</b>
b) Other short-term liabilities	31 December 2020	31 December 2019
Provision for bonus	10,181,441	8,698,676
Legal provision	4,144,253	5,079,339
Provision expense of unused vacation	1,558,618	1,507,146
Other	18,719	1,713,556
<b>Total</b>	<b>15,903,031</b>	<b>16,998,717</b>

#### 47.2 "Due from and due to personnel classified in "Other receivables" and "Other short-term or long-term payables" that exceed 1% of total assets:

None (31 December 2019: None).

## CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 47. OTHER (CONTINUED)

#### 47.3 Claim recovery receivables followed under off-balance sheet items:

None (31 December 2019: None).

#### 47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses:

None (31 December 2019: None).

#### 47.5 Other information required by Treasury to be presented:

Provision and rediscount (expenses)/income for the period

	1 January - 31 December 2020	1 January - 31 December 2019
Bonus provision	10,181,441	8,698,676
Provision for employment termination benefit	1,011,979	(115,700)
Legal provision	(935,085)	2,763,101
Provision expense of unused vacation	51,472	(85,760)
Provision for doubtful receivables	(764)	(1,905)
Rediscount income/(expenses)	(632,394)	743,613
Other provision	-	1,500,000
<b>Total</b>	<b>9,676,649</b>	<b>13,502,025</b>

## Balance Sheet

ACCOUNT NAME	31/12/2020	31/12/2019	DIFFERENCE (%)
A- CASH AND CASH EQUIVALENTS	650,598,910	569,981,403	14.14%
B- FINANCIAL ASSETS AND FINANCIAL INVESTMENTS AT POLICYHOLDER'S RISK	57,430,407	0	.00%
C- RECEIVABLES FROM MAIN OPERATIONS	55,597,293	56,705,891	(1.95%)
D- DUE FROM RELATED PARTIES	611,512	428,421	42.74%
E- OTHER RECEIVABLES	0	0	.00%
F- PREPAID EXPENSES AND INCOME ACCRUALS	36,530,980	36,931,063	(1.08%)
G- OTHER CURRENT ASSETS	139,720	2,850	4,802.46%
<b>I- TOTAL CURRENT ASSETS</b>	<b>800,908,822</b>	<b>664,049,628</b>	<b>20.61%</b>
A-RECEIVABLES FROM MAIN OPERATIONS	1,133,324,484	1,003,657,633	12.92%
B- DUE FROM RELATED PARTIES	0	0	.00%
C- OTHER RECEIVABLES	23,838	23,838	.00%
D- FINANCIAL ASSETS	391,100	391,100	.00%
E- TANGIBLE ASSETS	15,213,364	13,175,280	15.47%
F- INTANGIBLE ASSETS	23,033,040	14,809,390	55.53%
G- PREPAID EXPENSES AND INCOME ACCRUALS	0	0	.00%
H- OTHER NON- CURRENT ASSETS	9,941,499	9,088,391	9.39%
<b>II- TOTAL LONG TERM ASSETS</b>	<b>1,181,927,325</b>	<b>1,041,145,632</b>	<b>13.52%</b>
<b>TOTAL ASSETS (I+II)</b>	<b>1,982,836,147</b>	<b>1,705,195,260</b>	<b>16.28%</b>
A- BORROWINGS	4,485,841	2,297,930	95.21%
B- PAYABLES FROM MAIN OPERATIONS	31,351,527	29,078,497	7.82%
C- DUE TO RELATED PARTIES	1,329,685	1,341,671	(.89%)
D- OTHER PAYABLES	14,283,575	4,772,237	199.31%
E- INSURANCE TECHNICAL RESERVES	162,746,242	149,366,944	8.96%
F- TAXES AND OTHER LIABILITIES AND PROVISIONS	19,804,581	14,093,127	40.53%
G- PROVISIONS FOR OTHER RISKS	0	0	.00%
H- DEFERRED INCOME AND EXPENSE ACCRUALS	7,892,766	4,401,785	79.31%
I- OTHER SHORT TERM LIABILITIES	15,903,031	16,998,717	(6.45%)
<b>III- TOTAL SHORT TERM LIABILITIES</b>	<b>257,797,248</b>	<b>222,350,908</b>	<b>15.94%</b>
A- BORROWINGS	8,465,897	7,452,372	13.60%
B- PAYABLES FROM MAIN OPERATIONS	1,133,324,484	1,003,657,633	12.92%
C- DUE TO RELATED PARTIES	0	0	.00%
D- OTHER PAYABLES	0	0	.00%
E- INSURANCE TECHNICAL RESERVES	320,355,786	241,288,727	32.77%
F- OTHER LIABILITIES AND PROVISIONS	0	0	.00%
G- PROVISIONS FOR OTHER RISKS	7,313,266	4,349,737	68.13%
H- DEFERRED INCOME AND EXPENSE ACCRUALS	304,411	50,655	500.95%
I- OTHER LONG TERM LIABILITIES	0	0	.00%
<b>IV- TOTAL LONG TERM LIABILITIES</b>	<b>1,469,763,844</b>	<b>1,256,799,124</b>	<b>16.95%</b>
<b>A- PAID IN CAPITAL</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>.00%</b>
CAPITAL	45,000,000	45,000,000	.00%
UNPAID CAPITAL(-)	0	0	.00%
B- CAPITAL RESERVES	0	0	.00%
C- PROFIT RESERVES	24,629,196	21,574,385	14.16%
D- RETAINED EARNINGS	0	0	.00%
E-ACCUMULATED DEFICIT(-)	0	0	.00%
F- NET PROFIT (LOSS) FOR THE PERIOD	185,645,859	159,470,843	16.41%
<b>V, TOTAL SHAREHOLDERS' EQUITY</b>	<b>255,275,055</b>	<b>226,045,228</b>	<b>12.93%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III+ IV+V)</b>	<b>1,982,836,147</b>	<b>1,705,195,260</b>	<b>16.28%</b>

## Balance Sheet (5-Years)

ACCOUNT NAME	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
A- CASH AND CASH EQUIVALENTS	650,598,910	569,981,403	443,621,883	356,833,871	245,111,081
B- FINANCIAL ASSETS AND FINANCIAL INVESTMENTS AT POLICYHOLDER'S RISK	-	-	-	-	-
C- RECEIVABLES FROM MAIN OPERATIONS	55,597,293	56,705,891	49,180,718	48,153,151	54,507,955
D- DUE FROM RELATED PARTIES	611,512	428,421	66,799	0	77,394
E- OTHER RECEIVABLES	-	-	-	-	-
F- PREPAID EXPENSES AND INCOME ACCRUALS	36,530,980	36,931,063	30,204,071	25,059,551	23,423,959
G- OTHER CURRENT ASSETS	-	-	-	-	-
<b>I- TOTAL CURRENT ASSETS</b>	<b>800,908,822</b>	<b>664,049,628</b>	<b>523,078,233</b>	<b>430,046,573</b>	<b>323,120,389</b>
A-RECEIVABLES FROM MAIN OPERATIONS	1,133,324,484	1,003,657,633	812,090,618	799,391,368	667,067,636
B- DUE FROM RELATED PARTIES	-	-	-	-	-
C- OTHER RECEIVABLES	23,838	23,838	23,838	14,899	15,347
D- FINANCIAL ASSETS	391,100	391,100	391,100	391,100	362,019
E- TANGIBLE ASSETS	15,213,364	13,175,280	3,276,159	5,756,295	6,104,715
F- INTANGIBLE ASSETS	23,033,040	14,809,390	13,551,551	12,506,646	8,912,169
G- PREPAID EXPENSES AND INCOME ACCRUALS	-	-	-	-	-
H- OTHER NON- CURRENT ASSETS	9,941,499	9,088,391	6,874,523	5,404,219	3,508,699
<b>II- TOTAL LONG TERM ASSETS</b>	<b>1,181,927,325</b>	<b>1,041,145,632</b>	<b>836,207,789</b>	<b>823,464,527</b>	<b>685,970,585</b>
<b>TOTAL ASSETS (I+II)</b>	<b>1,982,836,147</b>	<b>1,705,195,260</b>	<b>1,359,286,022</b>	<b>1,253,511,100</b>	<b>1,009,090,974</b>
A- BORROWINGS	-	-	-	-	-
B- PAYABLES FROM MAIN OPERATIONS	31,351,527	29,078,497	30,466,847	27,613,834	31,797,514
C- DUE TO RELATED PARTIES	1,329,685	1,341,671	803,868	636,838	968,459
D- OTHER PAYABLES	14,283,575	4,772,237	4,044,584	3,667,545	2,024,469
E- INSURANCE TECHNICAL RESERVES	162,746,242	149,366,944	130,136,517	115,813,674	110,058,169
F- TAXES AND OTHER LIABILITIES AND PROVISIONS	19,804,581	14,093,127	12,419,889	6,895,564	3,420,694
G- PROVISIONS FOR OTHER RISKS	-	-	-	-	-
H- DEFERRED INCOME AND EXPENSE ACCRUALS	7,892,766	4,401,785	2,968,321	3,356,045	1,788,541
I- OTHER SHORT TERM LIABILITIES	15,903,031	16,998,717	14,754,177	10,603,432	6,308,468
<b>III- TOTAL SHORT TERM LIABILITIES</b>	<b>257,797,248</b>	<b>222,350,908</b>	<b>195,594,203</b>	<b>168,586,932</b>	<b>156,366,314</b>
A- BORROWINGS	-	-	-	-	-
B- PAYABLES FROM MAIN OPERATIONS	1,133,324,484	1,003,657,633	812,090,618	799,391,368	667,067,636
C- DUE TO RELATED PARTIES	-	-	-	-	-
D- OTHER PAYABLES	-	-	-	-	-
E- INSURANCE TECHNICAL RESERVES	320,355,786	241,288,727	181,897,070	161,788,816	98,517,631
F- OTHER LIABILITIES AND PROVISIONS	-	-	-	-	-
G- PROVISIONS FOR OTHER RISKS	7,313,266	4,349,737	3,721,701	3,801,989	2,283,844
H- DEFERRED INCOME AND EXPENSE ACCRUALS	-	-	-	-	-
I- OTHER LONG TERM LIABILITIES	-	-	-	-	-
<b>IV- TOTAL LONG TERM LIABILITIES</b>	<b>1,469,763,844</b>	<b>1,256,799,124</b>	<b>997,709,389</b>	<b>964,982,173</b>	<b>767,869,111</b>
A- PAID IN CAPITAL	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
CAPITAL	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
UNPAID CAPITAL(-)	-	-	-	-	-
B- CAPITAL RESERVES	-	-	-	-	-
C- PROFIT RESERVES	24,629,196	21,574,385	22,155,341	14,804,922	12,301,560
D- RETAINED EARNINGS	0	0	1,432,174	4,998,361	2,633,428
E-ACCUMULATED DEFICIT(-)	-	-	-	-	-
F- NET PROFIT (LOSS) FOR THE PERIOD	185,645,859	159,470,843	97,394,915	55,138,712	24,920,561
<b>V. TOTAL SHAREHOLDERS' EQUITY</b>	<b>255,275,055</b>	<b>226,045,228</b>	<b>165,982,430</b>	<b>119,941,995</b>	<b>84,855,549</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III+ IV+V)</b>	<b>1,982,836,147</b>	<b>1,705,195,260</b>	<b>1,359,286,022</b>	<b>1,253,511,100</b>	<b>1,009,090,974</b>

## Income Statement

ACCOUNT NAME	31/12/2020	31/12/2019	DIFFERENCE (TL)	DIFFERENCE (%)
Non- Life Technical Income	80,075,841	69,177,980	10,897,861	15.75%
Non- Life Technical Expense	(40,629,992)	(39,148,964)	(1,481,028)	3.78%
<b>NON-LIFE TECHNICAL RESULTS</b>	<b>39,445,849</b>	<b>30,029,016</b>	<b>9,416,833</b>	<b>31.36%</b>
Life Technical Income	824,831,453	653,449,568	171,381,885	26.23%
Life Technical Expense(-)	(685,140,353)	(541,424,604)	(143,715,749)	26.54%
<b>LIFE TECHNICAL RESULTS</b>	<b>139,691,100</b>	<b>112,024,964</b>	<b>27,666,136</b>	<b>24.70%</b>
Pension Technical Income	15,789,985	16,199,170	(409,185)	(2.53%)
Pension Technical Expense (-)	(13,282,300)	(13,886,957)	604,657	(4.35%)
<b>PENSION TECHNICAL RESULTS</b>	<b>2,507,685</b>	<b>2,312,213</b>	<b>195,472</b>	<b>8.45%</b>
<b>TECHNICAL RESULTS</b>	<b>181,644,634</b>	<b>144,366,193</b>	<b>37,278,441</b>	<b>25.82%</b>
Investment Income	86,819,590	92,905,459	(6,085,869)	(6.55%)
Investment Expense(-)	(24,039,908)	(21,204,230)	(2,835,678)	13.37%
Income/Expense from Other and Extraordinary Operations (+/-)	(3,890,329)	(8,814,267)	4,923,938	(55.86%)
<b>Net Profit/(Loss) for the Period</b>	<b>185,645,859</b>	<b>159,470,843</b>	<b>26,175,016</b>	<b>16.41%</b>
Profit/(Loss) for the Period	240,533,987	207,253,155	33,280,832	16.06%
Corporate Tax Charge (-)	(54,888,128)	(47,782,312)	(7,105,816)	14.87%
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>185,645,859</b>	<b>159,470,843</b>	<b>26,175,016</b>	<b>16.41%</b>

## Income Statement (5-Years)

ACCOUNT NAME	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
Non- Life Technical Income	80,075,841	69,177,980	62,727,656	35,169,402	32,745,610
Non- Life Technical Expense	(40,629,992)	(39,148,964)	(40,237,380)	(20,479,304)	(15,636,780)
<b>NON-LIFE TECHNICAL RESULTS</b>	<b>39,445,849</b>	<b>30,029,016</b>	<b>22,490,276</b>	<b>14,690,098</b>	<b>17,108,830</b>
Life Technical Income	824,831,453	653,449,568	402,938,738	430,572,706	256,115,336
Life Technical Expense(-)	(685,140,353)	(541,424,604)	(346,104,011)	(398,738,083)	(254,408,821)
<b>LIFE TECHNICAL RESULTS</b>	<b>139,691,100</b>	<b>112,024,964</b>	<b>56,834,727</b>	<b>31,834,623</b>	<b>1,706,515</b>
Pension Technical Income	15,789,985	16,199,170	16,983,396	17,479,152	16,444,299
Pension Technical Expense (-)	(13,282,300)	(13,886,957)	(9,071,925)	(13,628,885)	(15,979,845)
<b>PENSION TECHNICAL RESULTS</b>	<b>2,507,685</b>	<b>2,312,213</b>	<b>7,911,471</b>	<b>3,850,267</b>	<b>464,454</b>
<b>TECHNICAL RESULTS</b>	<b>181,644,634</b>	<b>144,366,193</b>	<b>87,236,474</b>	<b>50,374,988</b>	<b>19,279,799</b>
Investment Income	86,819,590	92,905,459	69,177,910	36,654,910	24,725,417
Investment Expense(-)	(24,039,908)	(21,204,230)	(18,445,143)	(10,118,775)	(7,718,771)
Income/Expense from Other and Extraordinary Operations	(3,890,329)	(8,814,267)	(10,623,185)	(6,321,587)	(4,258,184)
<b>Net Profit/(Loss) for the Period</b>	<b>185,645,859</b>	<b>159,470,843</b>	<b>97,394,915</b>	<b>55,138,712</b>	<b>24,920,561</b>
Profit/(Loss) for the Period	240,533,987	207,253,155	127,346,056	70,589,536	32,028,261
Corporate Tax Charge (-)	(54,888,128)	(47,782,312)	(29,951,141)	(15,450,824)	(7,107,700)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>185,645,859</b>	<b>159,470,843</b>	<b>97,394,915</b>	<b>55,138,712</b>	<b>24,920,561</b>

## Independent Auditor's Report of Board of Directors Pertaining to the Annual Report

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

To the General Assembly of Cigna Sağlık Hayat ve Emeklilik A.Ş.

#### 1. Opinion

We have audited the annual report of Cigna Sağlık Hayat ve Emeklilik A.Ş. (Formerly named as "Cigna Finans Emeklilik ve Hayat A.Ş.") (the "Company") for the 1 January - 31 December 2020 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

#### 2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSAs") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the regulations on the principles on auditing as set out in the insurance legislation. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

#### 3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 12 March 2021 on the full set financial statements for the 1 January - 31 December 2020 period.

#### 4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Financial Structures of Insurance, Reinsurance and Pension Companies" ("Regulation") published on the 7 August 2007 dated Official Journal No. 26606 are as follows:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- to include the matters below in the annual report:
  - events of particular importance that occurred in the Company after the operating year,
  - the Company's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Customs and Trade and other relevant institutions.

#### 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC, Communiqué and Regulation provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements and with the information obtained in the course of audit.

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

#### ORIGINALLY ISSUED IN TURKISH

Adnan Akan, SMMM Partner

Istanbul, 12 March 2021



# Unconsolidated Year-end Financial Report Prepared by Cigna Sağlık Hayat ve Emeklilik A.Ş. after December 31, 2020

The Annual Report of our Company for the fiscal year ended December 31, 2020 is prepared and presented in accordance with the procedures and principles set forth by the Regulation on Financial Structures of Insurance, Reinsurance and Pension Companies and Article 516 of the Turkish Commercial Code.

Yours sincerely,



**MEHMET ÖMER ARIF ARAS**  
Chairman of the Board of Directors



**EMİNE PINAR KURİŞ**  
Member of the Board of Directors/  
Chief Executive Officer



**ÜMİT SÖNMEZ**  
Financial Control and Reporting,  
Technical and Actuary Activities  
Executive Vice President



**ECE KAZCILAR**  
Financial Control and Reporting  
Group Manager

## Regional Cigna Representatives

Cigna Region	Cigna Regional Manager	Address
Mediterranean	MURAT UYAN	Tarım Mah. Aspendos Blv. No: 92 07050 Muratpaşa/Antalya Şehit Mehmet Özgül Sk. Odak Binası No: 6 Kat: 3 Kozyatağı-Kadıköy/İstanbul
Bosphorus	UĞUR ÖZTÜRK	Şehit Fatih Özgül Sk. No: 6 Kozyatağı/İstanbul
Anatolia	VOLKAN DEMİRALAY	15 Temmuz Mah. Bahar Caddesi Nuro Park Plaza J Blok Kat: 3 Güneşli-Bağcılar/İstanbul
Europe 2 and Northeastern Anatolia	ALİ GÜLOĞLU	Çınarlı Mah. 61027 Sk. Nuri Çomu İş Merkezi A Blok Kat: 10 Seyhan/Adana
Çukurova	AYFER GÜRBÜZ	Mücahitler Mah. Gazi Muhtar Paşa Bulvarı No: 48 Şehitkamil/Gaziantep
Southeastern Anatolia	SALİH EVREN TURHAN	Atatürk Bulvarı No: 140 Kat: 3 Kavaklıdere/Ankara
Ankara	CAN KARADENİZ	1- Esentepe Mh. Büyükdere Cd. Kristal Kule Binası B1 No: 215 Şişli/İstanbul
Europe 1	İLKNUR TAPKAN	Şehit Nevres Bulvarı No: 8 Kat: 1 Alsancak/İzmir
Aegean and Marmara	ERKAN KANCA	





Headquarters: Barbaros Mah. Kardelen Sok. Palladium Tower  
No: 2 Kat: 28-29 34746 Ataşehir/Istanbul-TURKEY  
Telephone: +90 216 468 03 00  
Fax: +90 216 368 74 16  
Call Center: +90 850 222 08 60  
Website: [www.cigna.com.tr](http://www.cigna.com.tr)  
E-mail: [info@cigna.com.tr](mailto:info@cigna.com.tr)  
Trade Registry Number: 631745  
MERSIS Number: 0388 0583 1150 0013

Cigna Saęlık Hayat ve Emeklilik A.Ş.