2021
Annual Report

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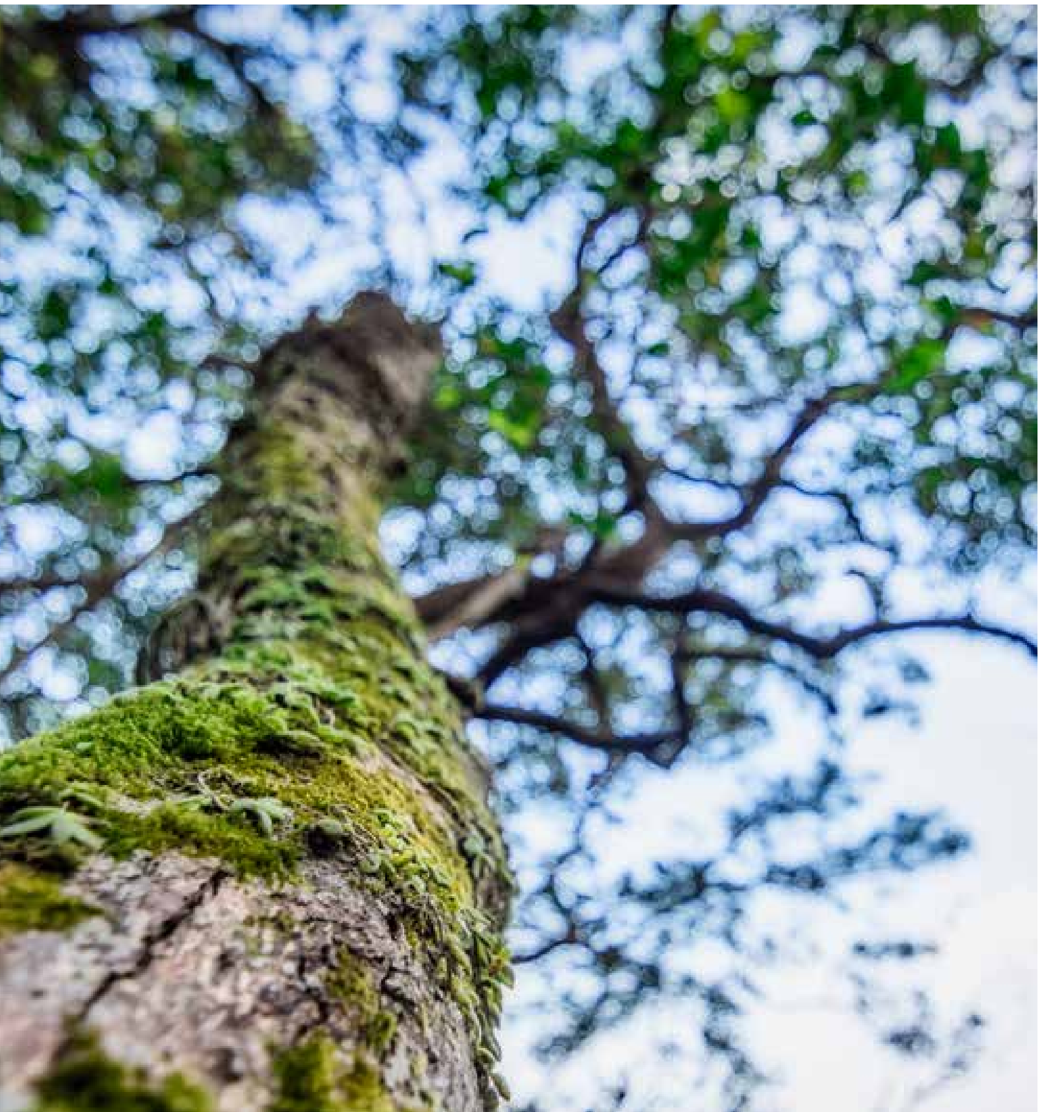
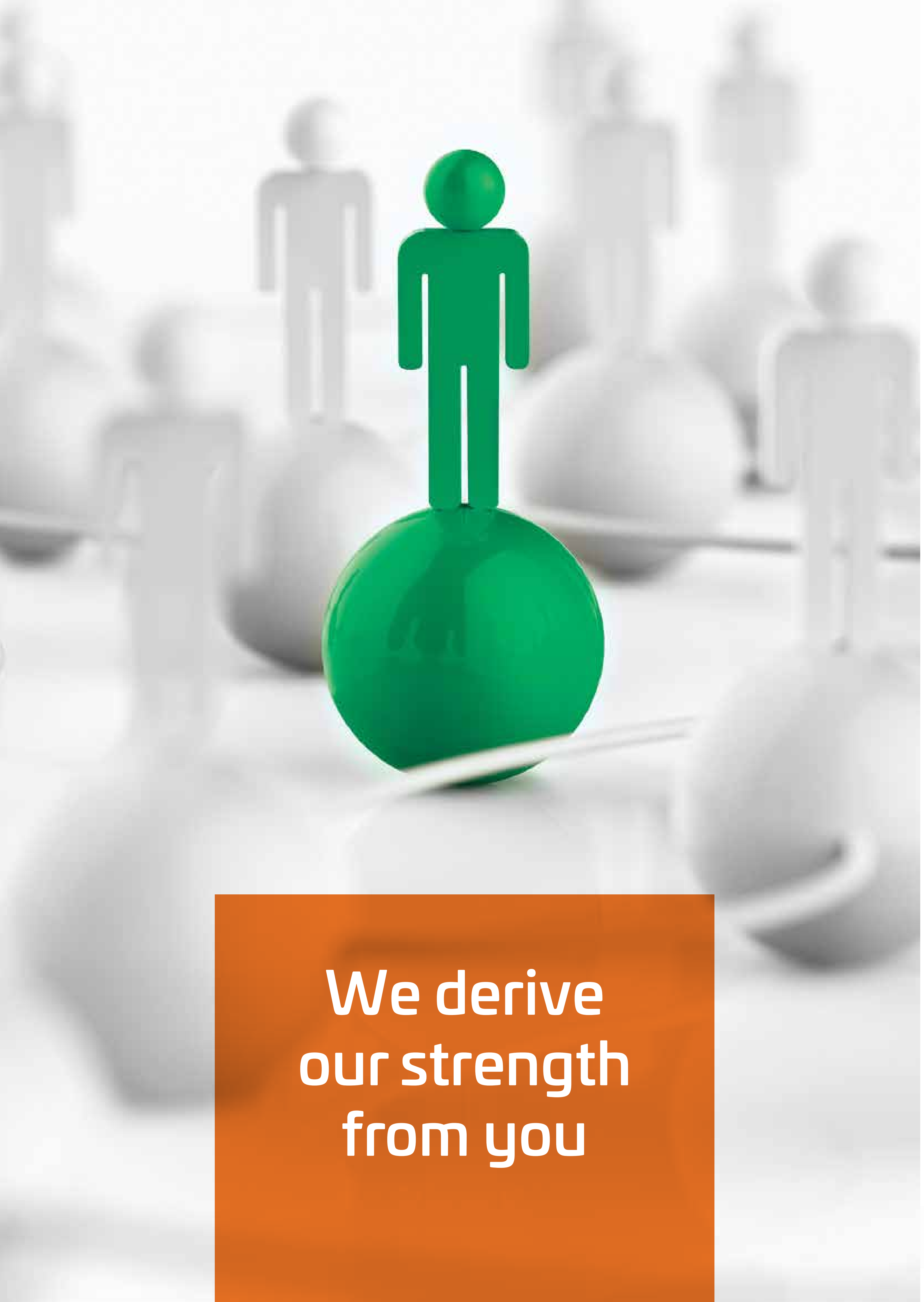
We protect your endeavours

Reliability exists in its nature

Doğa Sigorta

2021 Annual Report





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1.1 Company Information

Our company headquarter is located in Istanbul. As of 31 December 2021, the number of our employees has reached 286. As of 31 December 2021, we have 1,875 intermediaries including 85 brokers and 1,787 agencies, 3 banks (Türkiye Finans Katılım Bankası A.Ş. with its 316 branches, Alternatifbank A.Ş. with its 44 branches and QNB Finansbank serving with its 466 branches). In 2021, our company continued its operations within the scope of rendering of services throughout Turkey via 9 regional directorates.

	31 December 2021	31 December 2020
Authorized Agency	1,787	1,804
Broker	85	78
Bank (Totally 826 Branches)	3	3
Total	1,875	1,885

1.2 The Number of our Employees and Regional Representatives

As of 31 December 2021, the total number of our employees is 286 – 217 working at the General Directorate, 40 at the Regions, and 29 at the Customer Relations Center.

General Directorate
Spine Tower Maslak Mah. Saat Sok. No:5 34398 Sarıyer/İSTANBUL
Phone: +90 (212) 212 36 42 Fax: +90 (212) 212 36 44

Anatolia/Europe/ Corporate Accounts (Marmara) Region
Spine Tower Maslak Mah. Saat Sok. No:5 34398 Sarıyer/İSTANBUL
Phone: +90 (212) 212 36 42 Fax: +90 (212) 212 36 44

Eastern and Southeastern Anatolia (Adana) Region
Reşatbey Mah. Atatürk Cad. No:22 Gen İş Merkezi K:7 D:19 Seyhan/ADANA
Phone: +90 (322) 458 36 42 Fax: +90 (322) 458 36 41

Central Anatolia (Ankara) Region
Ceyhun Atuf Kansu Caddesi Bayraktar İş Merkezi No: 114 E Blok D:1 Çankaya/ANKARA
Phone: +90 (312) 287 31 41 Fax: +90 (312) 287 31 43

Aegean (İzmir) Region
Manas Bulvarı Adalet Mah. Folkart Towers A Kule K:23 Kapı No:02 Bayraklı/İZMİR
Phone: +90 (232) 484 08 85 Fax: +90 (232) 484 08 86

Mediterranean (Antalya) Region
Yenigün Mah. Kızılırmak Cad. Ali Peçen Plaza A1 Blok K:4 D:10 Muratpaşa/ANTALYA
Phone: +90 (242) 311 36 32 Fax: +90 (242) 311 36 33

Black Sea (Samsun) Region
Kale Mah. İstiklal Cad. Kaptanağa Sok. Ali Çepni İş Merkezi No: 17/4 İlkadım/SAMSUN
Phone: +90 (362) 435 01 20 / 435 01 21

Bursa Region
23 Nisan Cad. No:22 Ofis Gökçadır K:8 D:36 Nilüfer/BURSA
Phone: +90 (224) 502 06 36 Fax: +90 (224) 502 05 45

INTRODUCTION

1.3 Historical Development

Doğa Sigorta has been established in 2014 pursuant to Insurance Law No. 5684 (3 June 2007) as a cooperative to perform all kinds of insurance services and transactions in non-life insurance groups.

Our company prepared its feasibility report within the scope of the relevant provisions of the Insurance Law No. 5684 and the Regulation on Establishment and Working Principles of Insurance Companies and Reinsurance Companies and submitted it to the Undersecretariat of Treasury in September 2013 for approval, and received its insurance license with the Undersecretariat of Treasury's letter dated 18 February 2014 and No. 4147, and issued its first policy on 18 March 2014.

In 2014, Doğa Sigorta carried out the insurance transactions solely and exclusively with the members of the cooperative, and concluded the year with TRY 26,476,771 worth of premiums. On account of the developments both in production figures and capital requirements in 2015, Doğa Sigorta was authorized to sign insurance contracts with persons and institutions other than our cooperative members with the approval of the Undersecretariat of Treasury dated 1 July 2015 and No. 20723 after which we started to perform insurance operations in relation to persons and institutions other than the members.

In 2015, Doğa Sigorta completed the necessary works and infrastructure preparations concerning participation insurance, a branch which could not be widely and commonly implemented in Turkey, and started its operations in this area in June 2015.

Having completed all necessary procedures, Doğa Sigorta started to issue policies in all branches as an open cooperative starting from 1 June 2016 without making any partnership membership transaction. With the advent of this new era in the cooperative insurance sector, the weight of non-motor products increased in our production.

Having accelerated its growth with the developments of 2016, our company sustained its growth into an acknowledged and reliable company in 2017. It refreshed itself as a result of the innovations brought out by this growth, and modified its structure. In the last quarter of 2017, the company changed its status to joint-stock company in September. Enjoying a balanced and profitable growth trend starting from 2017, Doğa Sigorta intended to increase the added value it generated in the sector and succeded reaching its goals in previous years.

Doğa Sigorta prioritized profitability and portfolio balance in 2021, as a result of which it increased its premium production in non-motor branches. By the end of 2021, Doğa Sigorta generated TRY 2,143,340,348 in premiums, continuing is positions as one of the leading companies in the industry. Being a dynamic and innovative organization allowed Doğa Sigorta to be a company that makes a difference in the sector in 2021, just like in previous years.

1.4 Vision, Mission, Values

1.4.1 Our Vision

Achieve being an easily accessible and communicable company in due course of generating easy, rapid and simple solutions

Make Doğa Sigorta preferred and well-known trademark

Achieve reaching more insurance policy holders by means of more creative sales techniques and products in the transforming and evolving world

Maintain profitable, continuous and long-term growth

1.4.2 Our Mission

Become a company that increases the insurance awareness in the society, cares about the needs that give importance to the customers, is focused on the agencies and understands them, works with a wide distribution network, represents reliability with its strong financial structure, adds value to its employees and shareholders and provides the fastest service to its customers with these conditions.

1.4.3 Our Values

1.5 Articles of Association

The final version of the articles of association and the shareholding structure are available on www.dogasigorta.com.

1.6 Chairman's Message

Dear Business Partners, Distinguished Policyholders and Esteemed Colleagues,

The year 2021, which we left behind, was a year in which the effects of the Covid-19 global epidemic continued, the vaccines developed increased hopes for normalization, but we continued to experience the effects and difficulties of the epidemic due to the variants that emerged.

After a turbulent 2020, the global economy has finally begun to emerge from the worst phases of the Covid-19 pandemic, with rapid policy responses worldwide to the post-pandemic economic and health crisis preventing any worse consequences. In addition to the economic recovery all over the world in 2021, monetary policies implemented in many countries began to tighten due to the inflationary pressure created by commodity prices.

In our country, the recovery in economic activity reveals itself with the 2021 annual GDP growth reaching 11%; We have observed that inflation rates have reached the highest levels of recent years with the effect of the global increase in commodity prices and the monetary policy followed.

While the global epidemic; increased risk awareness all over the world due to reasons such as the need for health insurance and interruptions in the supply chain, it also increased online insurance demands and therefore the need for digitalization. While this situation created an opportunity for the insurance industry all over the world, rising global inflation became the most important risk factor especially for non-life insurance companies.

The Turkish insurance sector also continued its strong growth in 2021, and the non-life insurance sector, in which we carry out our insurance activities, reached a premium production of TRY 88 billion with a growth rate of 28.5%. Being able to compete with very powerful rivals in such a strong sector also proves the strength of Doğa Sigorta. Doğa Sigorta, who operates with a domestic capital, and who has reached its growth objectives, reinforced its respectability in the industry with its experienced human resources and cutting-edge technological infrastructure.

Doğa Sigorta managed to reach its balanced and sustainable growth objectives in 2021, showing that it is one of the significant players in the sector. In line with this objective, it produced TRY 2.14 billion in premiums during the January-December 2021 period.

With its youthful energy, Doğa Sigorta followed the dynamics of the sector, continuing its success it has been increasing every year since its establishment. It managed to be the insurance company of choice thanks to its efficient communication with our business partners and its customer-oriented approach.

Its continuous growth trend leads to the employment of personnel who work painstakingly with a professional approach. The number of our employees reached 286 at the end of year. Being aware of the importance of a qualified workforce, training opportunities were provided to our personnel online this year as well, and a high rate of remote working was continued.

COVID-19 pandemic significantly changed the way thousands of companies work and millions of people live. Our company, which has adapted to this change in a short time, has seen how critical technology and digital connection are for business continuity, and has harmonized all its technical infrastructure and working style with the new order.

While we have brought many innovations to our company and our industry since the day we were founded, we have managed to become a company with a wide range of production distribution, through the licenses we have in all non-life branches. This situation allowed us to have a product portfolio that is both desirable and sustainable. As Doğa Sigorta, we have completed a year in which we worked very hard and achieved great success with our customer-oriented and innovative approach it offers to our policy holders, and with its experienced managers and employees.

As Doğa Sigorta, we care about contributing to the society we live in while trying to create more value for our policyholders and business partners. In this direction, while supporting many social responsibility projects, we encouraged our youth, who are our future, to participate in sports and contributed to their education and cultural development. In addition, we took several steps to increase the brand value through sponsorship agreements we made.

I would like to take this opportunity to thank all our teammates wholeheartedly who enabled this success, and salute all our policyholders and agencies for putting their trust in us.

Nihat Kırmızı
Chairman of the Board

1.7 General Manager's Message

2021 was a year that we eliminated the difficulties created by the reflection of the increase in exchange rates on the damage costs and the increase in damage caused by the epidemic process and maintained our profitability with our risk-oriented approach and balanced portfolio structure. Thanks to our strong infrastructure and competent staff, we produced TRY 2.14 billion premium and achieved 2.47% market share in 2021.

At the foundation of the sales and growth success Doğa Sigorta achieved lie the strong connections we formed with the sales channels. We offer quality service to our policy holders through our agency network which develops every year, and as of the end of 2021, we offer our services through 1,875 intermediaries which consist of 85 brokers, 3 banks (Türkiye Finans Participation Bank in service with 316 branches, Alternatif Bank in service with 44 branches and QNB Finansbank A.Ş. with 466 branches) and 1,787 agencies. Thanks to our growing sales network, our sustainable and profitable growth continued in 2021 and we remained one of the strongest companies in the sector.

The reinsurance agreements which we develop and renew allow our structure to help us support our individual and corporate customers strongly. As a result of this structure, we maintained our position as a company that can obtain projects with great potential and prestige. We ended a year in which we reached our goals, and based on which we can look to the future with great confidence.

We have made priority infrastructural investments to keep up with the age of technology and digitalization. In the field of information technologies, we have ensured that the services offered are developed in line with technological changes and business requirements, especially robotic process automation and the implementation of a special law program for our company. By adapting very quickly to the changing world after the Covid-19 epidemic, we continued working from home model this year as well. We maintain close interaction with our policy holders and candidates through our mobile application, and by using the social media effectively.

While maintaining our presence within the sector in auto branches, we achieved a 36% increase in production in non-auto branches. While we achieved a growth of 61% in the engineering branch, 55% in the transportation branch, and 33% in the fire branch, we continued to increase the share of non-auto branches in the company's overall share this year as well.

Here in Doğa Sigorta, we have a human resource which we prize and which is experienced and qualified. As of 2021, we have a total of 286 employees in our company: 217 at the General Directorate, 40 in the Regions, and 29 at the Customer Relations Services.

In 2021, Doğa Sigorta achieved its targets, self-confidence based on this success, it aims at continuing its balanced and sustainable growth in 2022 by prioritizing profitability.

We are proud to have achieved our goals with our experienced staff, flexible point of view, and solution oriented, fast and quality service philosophy. I believe that our success will continue to increase in 2022 too, and I sincerely thank our customers, business partners and employees who contributed to this success.

Coşkun Gölpınar
General Manager

1.8 Shareholding Structure

FOUNDING PARTNER	AMOUNT OF SHARE (TRY)	SHARE PORTION
NİHAT KIRMIZI	99,000,000	45%
NABİ KIRMIZI	74,800,000	34%
KIRMIZI HOLDİNG A.Ş.	46,200,000	21%
TOTAL	**220,000,000**	**100%**

MEMBERS OF THE BOARD OF DIRECTORS	TITLE
NİHAT KIRMIZI	Chairman of the Board
NABİ KIRMIZI	Deputy Chairman of the Board
MUSTAFA ARİF KÜME	Deputy Chairman of the Board
MÜSLÜM BERK KIRMIZI	Member of the Board of Directors
COŞKUN GÖLPINAR	Member of the Board of Directors / General Manager
EMRE ALKİN	Member of the Board of Directors

1.9 Company's Service Type, Fields of Activity and Company's Position in the Sector

Operating since 2014, at the end of 2021, Doğa Sigorta serves its policyholders with nine Regional Directorate Offices in Turkey. It carries out Elementary Insurance activities with 286 employees at the General Directorate and Regional Directorate offices, and 1,875 intermediaries including, 1,787 agencies, 85 brokers and 3 banks with 826 branches (Türkiye Finans Katılım Bankası A.Ş. serving with its 316 branches, Alternatif Bank 44 branches in service and QNB Finansbank with its 466 branches) sales channels.

Since the day it was founded, Doğa Sigorta has worked to continuously improve its production, and its share and ranking in the sector.

Sector Data			
	Sector (TRY)	Doğa Sigorta (TRY)	Market Share
2017	39,707,569,944	1,498,476,692	3.8%
2018	47,732,813,112	1,668,708,401	3.5%
2019	57,881,874,321	1,533,598,888	2.7%
2020	68,143,955,472	1,781,055,358	2.6%
2021	87,580,270,796	2,143,340,348	2.4%
Growth (2020-2021)	28.5%	20.3%	-

The Insurance sector produced TRY 22.7 billion in premiums in 2014, and Doğa Sigorta produced TRY 26.5 million, i.e. 0.1% of the total amount, and ranked 39th.

In 2015, Doğa Sigorta increased its premium production by a factor of 10 compared with 2014 and reached TRY 291.3 million. With this production, it realized 1.1% of the total premium production, which was TRY 27.3 billion, and ranked 19th, moving up 20 rows. Doğa Sigorta increased its premium production to TRY 799.9 million in 2016, which was 2.3% of the total market that realized at TRY 35.5 billion. The company ascended four rows and ranked 15th. Doğa Sigorta, which continues to be one of the most important companies of the industry with increasing premium production, is proud to have ended 2017 by reaching its growth targets. It ranked in the top 10 producers of premium with TRY 1,498 millions in 2017. Doğa Sigorta stood out as a distinguished company in 2018. It became a powerful player of the industry with TRY 1,668 million of premium produced throughout the year and a market share of 3.5 percent, and maintained its position in the top 10 in the amount of premiums produced for this year, as it had done in 2017.

Focusing on the profitability goal in 2021, as in 2019 and 2020, Doğa Sigorta prioritized sustainability along with its market share. Doğa Sigorta achieved very successful works both in terms of realization of premium production and the variety of the production. With our dynamic structure, wide distribution channel, and professionally competent personnel, we are determined to consolidate and develop our position in the industry.

1.10 Information on Research and Development Applications Regarding New Services and Activities

Promotion–Branding

We carried out important social media and social responsibility projects especially along with our creative commercial film in 2021 for promotion and branding, which helped us continue our strong company image.

We announced our message to both our agencies and customers by delivering our commercial film, themed “Nothing in Life is More Surprising than Life Itself” all over Turkey through national and thematic television channels, cinemas and radio channels which draws attention to the possibility of unexpected risks that can arise at any time, and raises awareness of the importance of insurance in a humorous way.

We took action for our pawed friends, who will have difficulties both in finding food and in maintaining their body temperature in the winter months when the air temperature drops and precipitation increases. We started our social responsibility project “Love is in the Nature” for living beings in need of us, far from a warm home on the street or in a shelter. Within the scope of our project, which started in 2021 and continues in 2022, we provided the distribution of cat nests which were produced to withstand rain, snow, wind and cold weather and food containers and foods for our souls who have difficulty in finding food in adverse weather conditions, to all over Turkey with the support of the Regional Directorates. We strengthened the communication of our brand in the warmest way with the requests and thank you messages of our followers from our social media accounts.

At the A.C.E. Awards (Achievement in Customer Excellence) organized for the sixth time by Şikayetvar, the platform that measures customer satisfaction in the most comprehensive way in Turkey, we won the Gold award in the A Segment Elementary Insurance category according to the results of the Customer Experience Index research, which was prepared based on the complaints data of the companies, their market shares and the annual 1 million 200 thousand surveys organized by Şikayetvar.

We introduced DOSIGO, our metal-collared staff who assists to manage the time well by undertaking daily and long-term routine tasks without separating simple-complex, short-term-long-term work, creates more efficient working conditions for our colleagues in the digitalized World. For all the works responsible for, DOSIGO, who joined us in November 2021, fulfills its duties 24/7 on time and errorless in all operational works, produces faster and errorless solutions to its customers and carries the satisfaction to the highest level. With our DOSIGO news, we emphasized our company's adaptation to now in the most effective way.

In order to leave a inhabitable nature to the future after the forest fires in various parts of our country in the summer of 2021, we donated 2,000 saplings to the Forestry Development and Forest Fire Fighting Services Support Foundation.

In cooperation with our group university, Istanbul Topkapı University, we organized special days, comprehensive online trainings, and events for students.

Continuing our efforts in social media communication, we were among the top three companies in the sector with all our social media accounts throughout the year. We achieved popular interaction with our content that reflects the actuality and that brings forward the brand reputation and product features. As the digital world increased in importance as a result of the pandemic, we managed our social media accounts in a dynamic and actual manner: we communicated closely with our followers and our agencies, gave them morale, provided motivation, and informed and warned them about necessary precautions.

We adopted effective media management and brand placement strategies in the scope of our promotion and branding objectives in 2022, and we are planning to conduct promotional activities, press relations, sponsorships and social responsibility projects in compliance to the local and global processes to take our corporate image to the next level.

Information Technologies

As Doğa Sigorta Information Technologies Management, our vision is technology and digitalization. We take care to follow current technologies closely, develop and renew our existing infrastructure.

We maintain the structure of our data center that provides 24/7 continous and high-performance services and support it with technological developments. We also keep our Emergency Center in Izmir ready for use in case of need.

In 2021, our metal collar personnel, who create more efficient working conditions for Doğa Sigorta employees and enable us to manage time well by undertaking our daily and long-term routine works without allocating simple-complex, short-term-long-term work, was named DOSİGO with the suggestion of Yusuf Can Gürler as a result of the survey conducted among our employees.

DOSIGO's logo and illustration were prepared by Istanbul Topkapı University Graphics/Design students within our group. As Doğa Sigorta, it has been one of the effective and beautiful projects we have created together with the resources, valuable teachers and students of our university.

DOSİGO undertakes all operational tasks and fulfills these duties 24/7, on time and errorless. We continue to develop our DOSIGO robot to be a teammate of all units that can work in every field and whenever we need it, during holidays, regardless of day or night.

With our robot friend (Robotic Process Automation) that we have incorporated into our company, our aim is to produce faster and error-free solutions for our customers and to bring satisfaction to the highest level. By producing similar sustainable solutions, we aim our staff to get away from their routine work and work in their field of expertise with processes such as RPA and Chatbot to serve our customers 24/7 and in the fastest way.

In our mobile application, we added the offer/policy processes for those who will be insured for the first time to our Supplementary Health Insurance product.

Doğa Insurance Mobile is arranged in such a way that it can be downloaded free of charge from the App Store and Google Play, offers and policies can be purchased with its user-friendly interface, and guarantees and expenses can be easily received.

We will continue to be a department producing services by using this year's investments as well as those to be made in the future years and manpower as efficiently as possible and bringing together with information technologies our company that is developing with an increasing momentum every day and putting the developments into practice by combining them with our company strategy.

Claim

As the Claims Department, we continue our claim investigations in 2021 through our new claim management system. This new platform where all stakeholders, such as experts, repair shops, mobile repairmen, suppliers, investigators, specialists, and file managers carry out their transactions through the same system.

In addition, we changed our catalogue system, which is a vital component of our claims systems. This catalogue system is called Audatex, and we are one of the first two companies in Turkey to use it. This is a new platform where it is possible to find information about all parts in 85% of vehicles in the Turkey park from a catalogue without even consulting a supplier, and to examine all parts of the vehicle in 3D.

Audatex: With the Audatex catalogue system which we started to use in early 2020, experts can perform their job much more accurately by having detailed technical information about the vehicle brands and models. In addition, our procurement process is initiated with the catalog, to deliver the correct part, preventing the transmission of the additional parts detected coming with the main part, thus, both file closing times are reduced as well as saving on the number of parts.

At the beginning of 2021, the Audatex system switched to its new three-dimensional version, Qapter, all over the world. By completing the transition simultaneously, we can see the parts in their three-dimensional form and all the details on the screen and make their technical examinations. The catalogue system saved TRY 41.7 Million.

Write Off: We continued to perform totalling procedures without any human intervention, and by sending agreements to the injured parties/policy holders automatically. Due to the contraction in the vehicle market and the effect of the pandemic and the disruptions in the production chain, the increase in vehicle prices was also reflected in the scrapped costs, and an increase in the scrapped damage costs was observed.

Alternative Repair: In MTPL claims, we started to announce alternative repair tenders to work with services which can carry out the claims amounts and relevant repairs notified by repair shops cheaper but with the same quality. We saved TRY 11 Million from this process in 2021.

Supply Management: In 2021, the heavy vehicle group was included in our supply system and the savings amount was increased. In addition, by closely monitoring the spare parts industry and increasing the discount rates, a profit of TRY 67 million was achieved in 2021.

Mobile Service: We enabled the repair of damaged parts on the vehicles by companies providing mobile repair (on site repair) services at prices lower than those requested by existing repair shops. TRY 37 million was gained from this process.

Average Payment Period: The average payment period (the time from the notification date to the payment date), which was 21 days in 2020, increased to 29 days in 2021 due to the delays in production and disruptions in the worldwide supply chain due to the effect of the pandemic.

Invoiced File Approval: Expert service was not used in files which were opened with TRY 5,000 outstanding limits in motor own damage and MTPL branches, and in all glass files at authorized services. The relevant files are examined by the field experts over the system. TRY 5.8 million was saved with this method.

Abuse: With our fraud system, the parties and vehicles in the file are examined through all channels, and the file processes are intervened immediately. In addition, the external surveyor companies installed performance management system, which increased their effectiveness. TRY 19.4 Million was earned from these files.

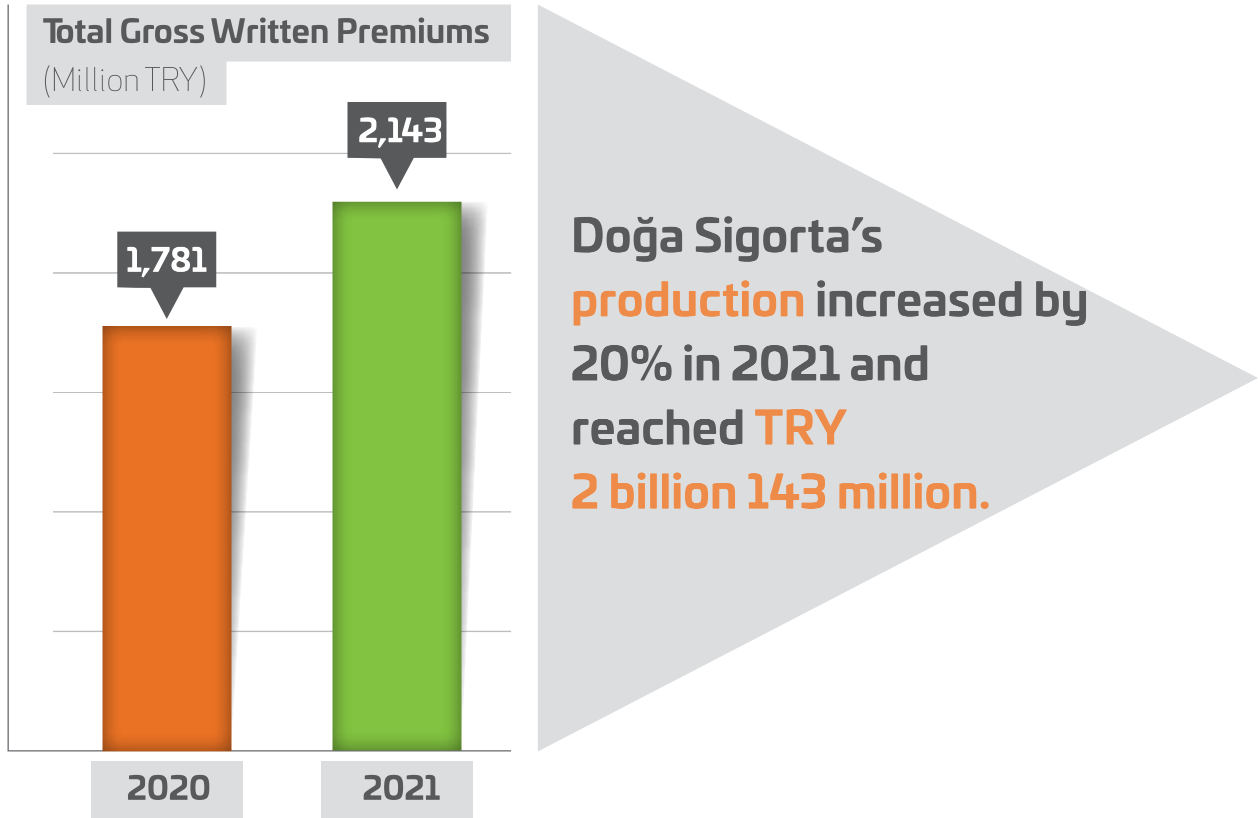
Complaint: 0.46% of the reports was complaints in 2020, which dropped to 0.42% in 2021. Compared to the previous year, 50% more notifications were received, while the number of complaints increased by 44%.

Scrap Parts: TRY 1,063,156 payment was received for parts taken out from our files processed in 2021. Compared to 2020, no change in percentage is observed in this item.

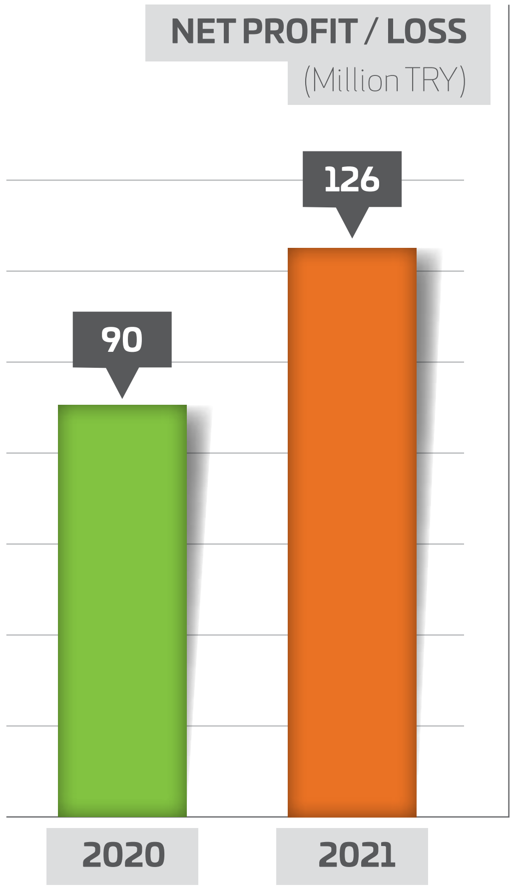
Compared to the previous year we closed 2021 in all branches;

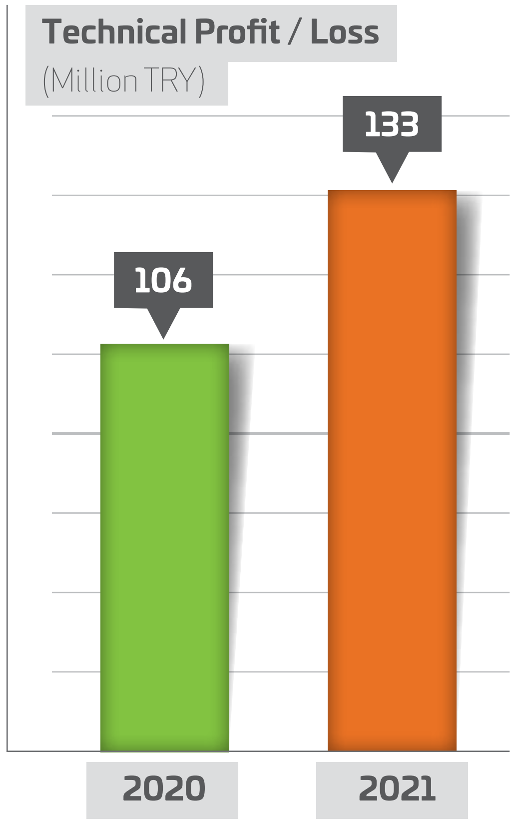
The year was closed as a year in which 313,492 notices were received, with an increase of 50%, and TRY 1,314,250,065 payment done with an increase of 47%.

1.11 Doğa Sigorta Financial Results



Doğa Sigorta's net profit increased by 40% in 2021 and reached TRY 126 Million.

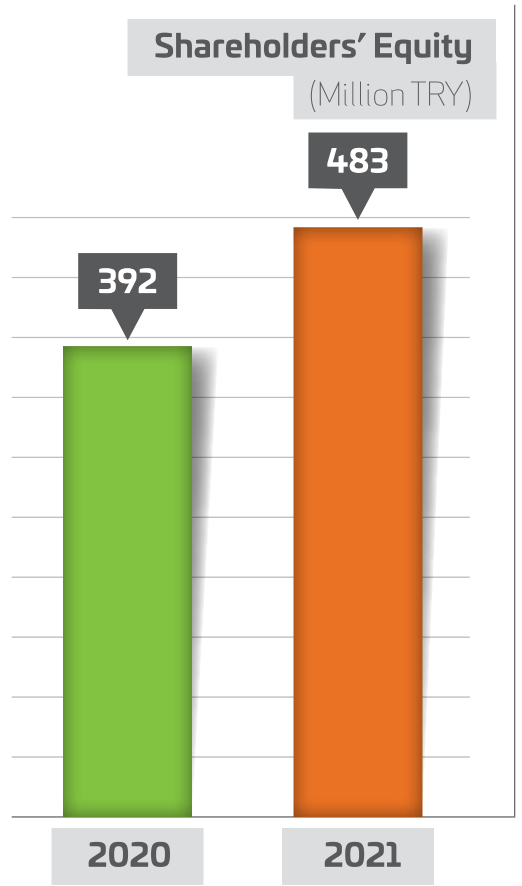


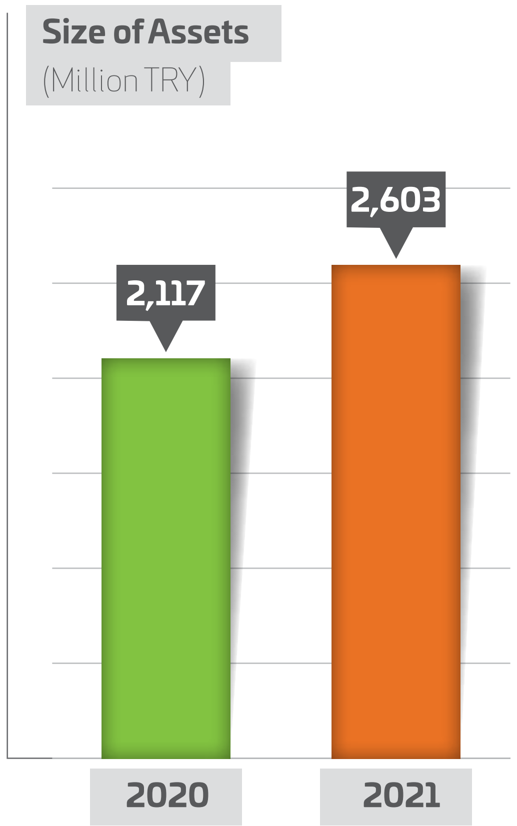


In 2021, the Company's Technical Profit / Loss has positive proceeding and realized as TRY 133 million.

INTRODUCTION

Doğa Sigorta's Shareholders' Equity increased by 23% in 2021 and reached TRY 483 Million.





Total Assets increased by 23% in 2021 and reached TRY 2 billion 603 million.

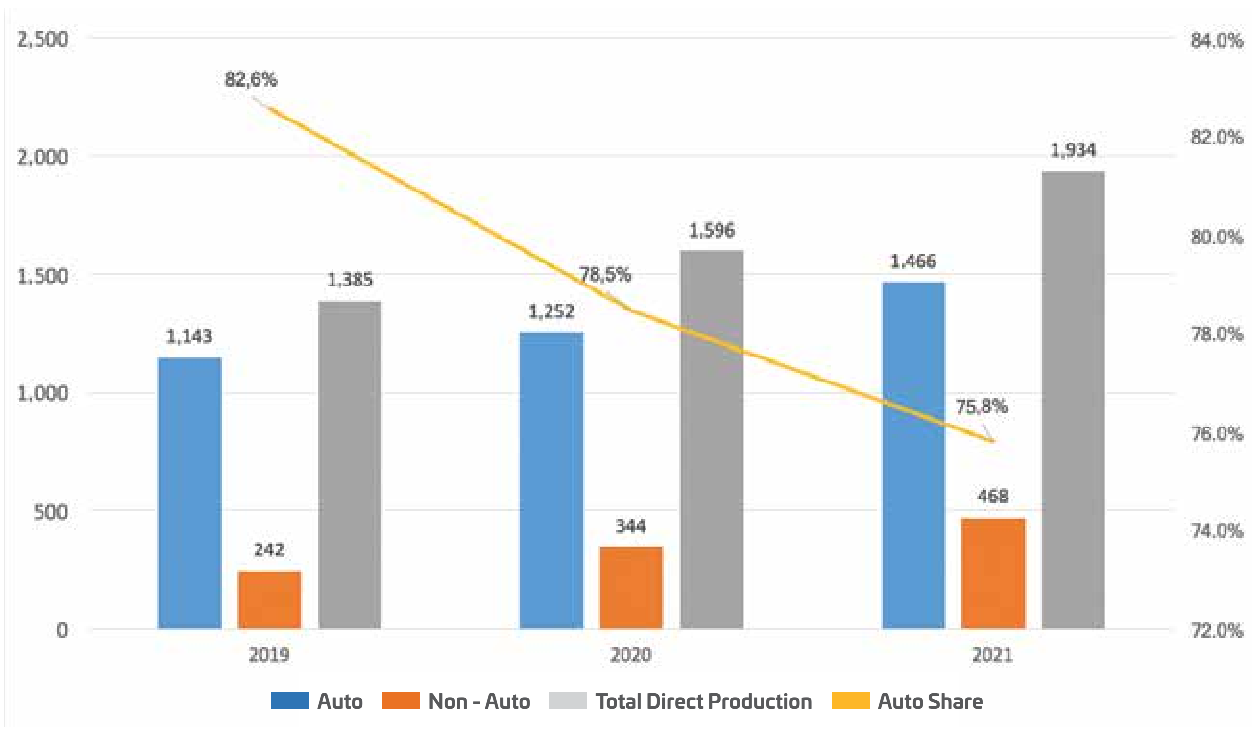
GROSS WRITTEN PREMIUMS

	2020 (TRY)	2021 (TRY)	GROWTH RATE (%)
MTPL	1,124,160,365	1,215,360,606	8%
Motor Own Damage	189,896,776	317,229,729	67%
Fire	206,306,624	294,319,352	43%
Health	88,500,069	99,087,798	12%
Personal Accident	58,371,042	52,866,448	-9%
Cargo	57,389,426	89,040,141	55%
Other	56,431,056	75,436,274	34%
TOTAL	1,781,055,358	2,143,340,348	20%

In production, growth rates of 67% in the Motor Vehicles Insurance branch, 55% in the Transportation branch and 43% in the Fire branch draw attention. Our company produced TRY 2.14 billion premium by the end of 2021 and achieved a 20% growth from 2020.

The share of motor production in the company's total production decreased as 76% at the end of 2021.

Total Direct Production (Million TRY)



* Motor production premiums consist of main guarantee premiums in motor production.

NET REALIZED CLAIMS

	2020 (TRY)	2021 (TRY)	CHANGE (%)
MTPL	593,228,142	789,140,023	33%
Motor Own Damage	105,346,711	181,288,637	72%
Health	19,953,037	25,801,542	29%
Fire	15,918,998	17,126,727	8%
Personal Accident	258,916	2,990,953	1055%
Cargo	864,671	-376,322	-144%
Other	13,766,064	12,583,826	-9%
TOTAL	749,336,540	1,028,555,385	37%

The net realized claim of the company increased by 37% to TRY 1 Billion 29 million. The 33% increase in total net realized claim TRY 789 million is largely attributable to the amount of damages in the MTPL division.

NET REALIZED CLAIMS / NET EARNED PREMIUMS

	2020 (TRY)	2021 (TRY)	CHANGE(%)
MTPL	97%	129%	31%
Motor Own Damage	90%	110%	20%
Cargo	206%	-50%	-256%
Health	27%	27%	0%
Fire	25%	20%	-5%
Personal Accident	1%	11%	10%
Other	505%	102%	-252%
TOTAL	83%	103%	20%

When compared to the premium produced; Health, Transportation, Fire and Other categories emerge as those who are very profitable and which significantly contribute to the company's growth.

Due to the macroeconomic developments in 2021 and increasing damage costs, an increase of 20% was observed despite the structural reforms developed by Doğa Sigorta in Claims items.

TECHNICAL PROFIT / LOSS

	2020 (TRY)	2021 (TRY)	CHANGE(%)
MTPL	4,008,251	-247,680,865	-6279%
Motor Own Damage	-25,744,427	-6,460,547	-75%
Cargo	1,977,197	6,665,988	237%
Health	59,507,729	150,509,400	153%
Fire	43,333,512	177,477,755	310%
Personal Accident	34,510,070	46,775,725	36%
Other	-11,798,112	5,228,353	-144%
TOTAL	105,794,221	132,515,809	25%

*The Technical Profit / Loss in 2021 increased by 25% compared to 2020 and reached the level of TRY 132,515,809.

Financial Profit	2020 (TRY)	2021 (TRY)	CHANGE (%)
Technical Profit / Loss	105,794,221	132,515,809	25%
Investment Incomes	352,597,005	530,434,613	50%
Investment Expenses	-328,369,010	-475,412,987	45%
Other/Extraordinary R/P. and E/ L	-8,339,871	-27,209,238	226%
Financial Profit	121,682,346	160,328,196	32%

Taking advantage of the financial gains properly, Doğa Sigorta obtained an investment income higher than the year-end exchange rate increase and interest yield. The rate of increase in investment incomes in 2021 was 50% compared to 2020.

2. MANAGEMENT AND CORPORATE GOVERNANCE

2.1 Board of Directors

Nihat KIRMIZI

Chairman of the Board

Nihat Kırmızı was born in 1978 in Şanlıurfa and he majored in Communications and Finance. He achieved his master's degree from Accounting and Finance departments in Marmara University. Nihat Kırmızı is also the founder of the first participation insurance company established as Cooperative in Turkey and he is doing research on finance and Islamic finance. He is the senior manager of the group of companies which incorporates numerous companies active in finance, education, health and industry. Nihat Kırmızı, Chairman of the Board of Directors of Doğa Sigorta and Chief Executive Officer, continues to work for the purpose of prevalence use of Participation insurance in the field of insurance and to bring in qualified personnel to the Islamic finance sector.

Nabi KIRMIZI

Deputy Chairman of the Board

He was born in 27 December 1964 in Şanlıurfa and graduated from Economy Faculty. KIRMIZI who has completed his master at Istanbul University Social Sciences Institute, as a member of the TÜRMOB holds the CPA license and the Independent Auditor's license to the KGK. He maintains his position as a founding partner and a member of the Board of Directors of companies operating in various sectors, both domestic and abroad. He is the chairman of the board of directors of Doğa Hospital A.Ş. which operates in the health sector and the deputy chairman of the board of directors of Doğa Sigorta which he is among the founding partners.

Mustafa Arif KÜME

Deputy Chairman of the Board

Mustafa Arif Küme was born in 1978 in İstanbul. He completed elementary school, junior high and high school education in İstanbul. He graduated from the Business Administration department of Faculty of Economics and Administrative Sciences of Muğla University in 2000. Right after graduation, he continued his education life in Australia and graduated from RMIT University Management Information Systems department at the end of 2005. After his graduation, he worked in the Information Technologies sector and the Service sector in Australia for 5 years. Mustafa Arif KÜME, who returned to Turkey at the end of 2010, assumed senior management positions in companies operating under the roof of Doğa Group and took part in the boards of directors. He has been serving as the Vice Chairman of the Board of Directors of Doga Sigorta A.Ş. since 2014.

Müslüm Berk KIRMIZI

Member of the Board of Directors

Müslüm Berk KIRMIZI was born in 1991 in Istanbul. He studied architecture at Leibniz Universität Hannover. He worked on various architectural projects in the United States of America and Germany after his graduation. In addition to his education and background in architecture, he also involved in insurance sector with his duties in Doğa Sigorta. He is also on the boards of companies operating in different fields such as health, construction and education. KIRMIZI can speak English and German fluently, and is currently attending to the MBA program at Istanbul University. Doga Sigorta A.Ş. Board Member has been assigned to duty on 2018 General Assembly

Coşkun GÖLPINAR

General Manager - Member

GÖLPINAR who started his career within the incorporation of Koç Holding as an architect in 1984 and worked in Akbank A.Ş. again as an architect from 1986 until 1987. GÖLPINAR who continued on with his career in insurance sector worked in Halk Sigorta A.Ş. as manager of Risk Engineering during 1989 and 1992, served as Technical Group Manager in Yapı Kredi Sigorta during 1992 and 1996, became Deputy General Manager responsible for Fire, Engineering and Transportation branches in 1996 until 2004, worked as Deputy General Manager responsible for Marketing, Bancassurance and Direct Sales channels during 2004 and 2013. He served as General Manager in Can Brokerlik and Reasürans A.Ş. between 2013 and 2015. He has been serving as General Manager since June of 2016 in our company in which he started to work as the Assistant General Manager in March 2016. GÖLPINAR graduated from Yıldız Technical University, Architecture Department and he speaks English. He is married with one child.

Emre ALKİN

Member of the Board of Directors

After graduating from Saint Michel French High School in 1987 and the Faculty of Economics of Istanbul University in 1991, Prof. Dr. Emre ALKİN completed his postgraduate education at Istanbul University in 1993. He completed his doctorate at the same university in 1996 and received the title of "associate professor" in 1997 and "professor" in 2002. Prof. Dr. Emre ALKIN served as the Advisor to the ISE President between 1999-2003, as the Secretary General of TIM in 2000, and as a member of the Tax Council; also worked at Çukurova Holding, Doğan Holding, Anadolu Holding and Altınbaş Holding. Prof. Dr. Emre ALKİN works as an economy columnist for various newspapers, and as an economic commentator for TV channels such as TV8, SKYTÜRK, A HABER, CNNTURK, TRTHABER, TV100, and gives place to the heroes among us with his page titled “Paylaşmasak Olmazdı” in Dünya Newspaper. Having served as the Vice Rector of Altınbaş University, ALKİN also served as a Member of the Board of Directors of Göztepe Sportif A.Ş., one of İzmir's sports clubs, and as the General Secretary of the Turkish Football Federation. Between 2017-2019, Galatasaray Sportif A.Ş. he served as an Independent Member of the Board of Directors . ALKİN participates in national and international studies between companies and the public on "Conflict Resolution". He works in international companies related to Payment Systems, Mobile Technologies, Finance and Financial Issues. There are eight books of Prof. Dr. Emre ALKİN's one of which is in English, namely; “Risk Management”,“Finansal Aracılığın Evrimi”, “Bankalarda Risk Yönetimine Giriş”, co-written with Yalın Alpay’, “Dünden Bugüne Gaziantep”, “Her Şey Ekonomi Değil” , "Paylaşmasak Olmazdı”, “Fikret Mualla’nın Sanatı” and “Olaylarla Türkiye Ekonomisi”, which was selected as the best business book of 2017. In addition, his book titled “I Happily Cheated”, which he wrote on the evolution of human relations from past to present, was also among the best-selling books of 2017. He also made a great impression with her first novel, "Woman Seeking Perfection", which was released in September 2018. The book "Exit from Economics", which was published in November 2019, was highly appreciated and all its income was donated to the Address of Happiness Social Assistance Association. Prof. Dr. Emre ALKİN is the father of two children and gives conferences in Turkish, English and French.

2.2 Senior Management

Ercan KÖSOĞLU

Deputy General Manager - Claims and Legal Affairs

Ali Ercan KÖSOĞLU, who started his career in 1989 working in the Algeria branch of RAM Foreign Trade Company, worked in foreign companies between 1989-1993 and then started to work in Risk Management, Engineering and Fire departments within the incorporation of Halk Sigorta A.Ş. between 1993-2000. He continued on his career in Commercial Union Insurance in 2000 and Technical Director in Marsh Insurance and Reinsurance Broking between 2003 and 2005, Insurance Manager in Oyakbank between 2005 and 2006, Sales Manager in Marsh Insurance and Reinsurance Brokerage between 2006 and 2008, Technical Group Manager at Dubai Group Insurance Inc. between 2008 and 2009, worked at Zurich Insurance's Transportation Insurance and Business & Strategy Development branches between 2009 and 2014. In 2014, he served as Executive Vice President at Martin & Martin Insurance and Reinsurance Brokerage. He served as the CEO in Greco JLT Insurance and Reinsurance Brokerage in 2015 and later as Technical Group Manager in April Genç Insurance and Reinsurance Broking. Since June, 2016, KÖSOĞLU has been working as Assistant General Manager of Damage and Judicial Processes. He is a graduate of Istanbul Technical University, Department of Civil Engineering. He is married with two children.

Adnan SIĞIN

Deputy General Manager - Sales and Regions

He started his professional life in 1989 in Başak Sigorta A.Ş.'s South Anatolian Regional Directorate. Adnan Mehmet SIĞIN worked in Gaziantep Liaison Office between 1997 and 1998. In 1998, he was transferred to Kapital Sigorta A.Ş., where he served as the South Anatolian Regional Manager. He then worked as the South Anatolian Regional Manager between 2000 and 2011 and as the Anatolian Regional Group President between 2011 and 2014. Adnan Mehmet SIĞIN, who has been working in our company since 2016, continues to serve as the Sales Group Manager responsible for South Eastern Anatolia and Mediterranean Regions. Graduated from Çukurova University, Faculty of Agriculture, SIGIN is fluent in English. He is married with one child.

Mehmet TÜMER

Deputy General Manager - Technical

Mehmet TÜMER started his career in 1992, and having worked in banking and textile sectors for a while, he moved into insurance industry. As an insurance professional, he served respectively as Assistant Manager of Freight Insurance, Corporate UW Assistant Manager, Bancassurance Manager, Senior Manager of Auto and Liability Insurances at Yapı Kredi Sigorta; Senior Manager of Motor and Freight Insurances at Allianz Sigorta; and finally as Assistant General Manager of Auto and other UW, Reassurance, and Pricing at Generali Sigorta. He has been a member of our company working as Assistant General Manager of Technical Section since January 2018. Graduated from Business Administration Department of Middle East Technical University, TÜMER is fluent in English.

Fehmi ÖZBALKAN

Deputy General Director- Financial Affairs

Born in 1978 in Bursa, Fehmi ÖZBALKAN graduated from Bursa Anatolian High School and earned his BA in Political Science and International Relations from Boğaziçi University in 2001. He continued his higher education in the USA and worked as a lecturer at the University of Illinois in Urbana-Champaign. He has two masters’ degrees in Finance and Political Science. He started his career as a Fund Manager in İş Asset Management in 2006. He then worked as a Private Portfolio Manager in Garanti Asset Management between 2007 and 2008, as Debt Instrument Funds Vice President at HSBC Asset Management in 2009, as Senior Fund Manager at Allianz Turkey between 2009 and 2011, as Investment Officer and Corporate Finance Department Manager in Ergo Insurance between 2011 and 2019. He has been working as the Chief Financial Officer / Deputy General Manager in our company since September 2019. He speaks English and French. He is married with one child.

Nuray DAY

Group Manager - Financial and Administrative Affairs

Nuray DAY, who started her career in 1995 as a member of the Business World Foundation in Insurance and Pre-Accounting, worked as a Financial Consultant in Commercial Union Life Insurance Company in 1997 and the Transportation and Engineering Department Responsible in Akdeniz Sigorta A.Ş. between 1998 and 2001 and Insurance Responsible between 2001 and 2002 in Sigmar Sigorta Aracılık Hizmetleri Ltd. Şti. She worked at SBN (Ticaret) Sigorta A.Ş between 2002 and 2009 as Accounting and Finance Assistant Manager. DAY served as the Assistant Manager of Budget and Financial Affairs at Ankara Anonim Türk Sigorta Şirketi between 2009 and 2012. Between 2012 and 2013, she worked as Financial and Administrative Affairs Manager at S.S. Koru Sigorta Kooperatifi. DAY, has been working in our company since 2013, is the Group Manager for Financial and Administrative Affairs. Nuray DAY graduated from the Department of Public Finance in Anadolu University, Faculty of Economics and Administrative Sciences. Her foreign language is English.

Ümit GÜLTEKİN

Group Manager – Auto Claims, Recourse, Customer Service Center

Ümit GÜLTEKİN started his career at the Department of Claims at Allianz Sigorta in 2002, and where he served as an appraiser of Auto and Engineering claims from 2002 to 2003; Supervisor of Special Projects and Underwriting from 2003 to 2004; Auto and Other Claims Supervisor from 2004 to 2005; Project Development Supervisor from 2005 to 2009; and as Assistant Project Manager of Automotive claims from 2006 to 2009. Continued his career at Mapfre Sigorta in the position of Assistant Manager of Claims from 2009–2010, GÜLTEKİN then worked as Operations Director of IT and Claims at the company Carglass from 2010 to 2015. Ümit GÜLTEKİN switched to Axa Sigorta in 2015, and where he worked as Claim Logistics Manager from 2015 to 2017. Joined our company in July 2017, GÜLTEKİN has been still serving as Group Manager of Recourse, Claim (Motor), Customer Services Center. Graduated from Electrics and Electronics Engineering Department of Sakarya University, GÜLTEKİN also speaks English. He is married with one child.

Duran ÇAKI

Group Manager – Logistics, R&D and Business Development

Duran ÇAKI, who started his career in the automotive industry in 2003, worked as a Spare Parts Specialist at Nissan Gülan authorized service between 2003-2005, Wholesale Spare Parts Regional Manager at Birmot (Otokoç) Automotive between 2005-2007 and as a Service Manager at Çetaş Renault authorized service between 2007-2011. He started his career in the insurance sector with Liberty Insurance in 2011, where he worked as a Claims Control Specialist between 2011-2013. He worked as Contracted Institutions Specialist at Axa Sigorta between 2013-2017, as Business Development Manager at TOFAŞ Turkish Automobile Factory between 2017-2018 and as Claims Control Manager at Çelik Motor between 2018-2019. ÇAKI, who has been working in our company since March 2019, still continues his duty as the group manager, responsible for Logistics, R & D and Business Development directorates. ÇAKI, who graduated from Marmara University Automotive Teaching in 2005 and Trakya University Mechanical Engineering in 2021, still continues his master's degree in Trakya University Mechanical Engineering Department. He is married with two children.

İpek GÜNER

Corporate Sales and Alternative / Digital Distribution Channels Group Manager

After having completed her high school education at FMV Işık High School, GÜNER graduated from the Department of Sociology at Istanbul University in 2001 and she speaks English. She started her career at Koç Allianz in 2002 as Koç Group Affairs Client Manager and continued in the same position until 2006. Afterwards, she worked as a Global Affairs Portfolio Manager at Aon Risk Solutions between 2006-2008, Corporate Sales Manager at Marsh Company between 2008-2010, and Assistant Manager of Corporate Region Broker and Captive Agencies at Zurich Insurance between 2010-2016. İpek GÜNER, who has been working as the Key Accounts and Corporate Sales Manager in our company since 2017, continues to serve as Corporate Sales and Alternative / Digital Distribution Channels Group Manager as of July 1, 2020.

Vedat ÖZER

Sales Group Manager – Anatolian Regions

Vedat ÖZER, who started his professional life in TÖBANK, worked as Inspector between 1984 - 1986 and as Bank Insurance Manager between 1986 - 1990. ÖZER, who has been with Yapı Kredi Sigorta A.Ş. in 1990, served as Deputy Director of Ankara Regional Directorate between 1990-1993, Izmir Regional Directorate between 1993 - 1994, as Ankara Regional Manager between 1994 - 1997 and as Group Head between 1997 - 2002. He then continued his career as General Manager at Bilgorta Brokerlik A.Ş. between 2002 and 2014 and worked as a consultant in Ankara Chamber of Drivers between 2014 and 2016. He has been working in the Banking and Finance Department of Bilkent University for 13 years where he gave lectures on Applied Insurance. He has been working as Sales Group Manager responsible for Central Anatolia, Aegean, Black Sea, Antalya and Adana Regions in our company since 2016. Vedat ÖZER is a graduate of Banking and Insurance Department of Gazi University, Faculty of Economics and Administrative Sciences. He is married with a child.

2.3 Human Resources Practices

2021 Human Resources activities will be addressed under different titles:

1) Employment Activities
2) Employee Data
3) Training Activities
4) Employer Branding and Process Development Activities
5) Performance and Career Management Activities
6) Activities Related to Covid-19
7) Other Projects

1) Employment Activities

2021 has been a year in which the organizational structure of our company continued to grow. We increased the quality and number of our personnel in order to provide faster and better service to our policyholders and to meet the operation volume created by the increasing premium production.

Within this scope, the number of personnel who started to work at our company in 2021 and their genders are provided in the table below.

NUMBER of NEW EMPLOYEES
68

GENDER	NUMBER of EMPLOYEES
Male	31
Female	37

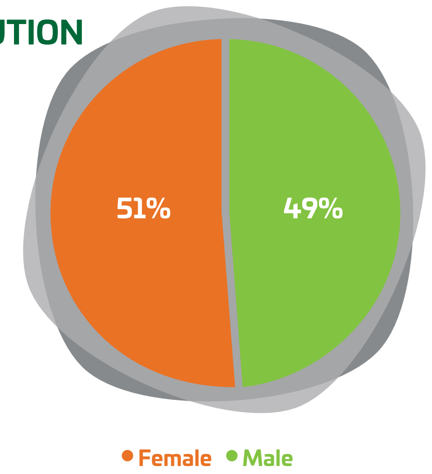
2) Employee Data

Number of Employees working at our company as of 31.12.2021 is 286. The demographic data of this personnel is given in the table and graphics below.

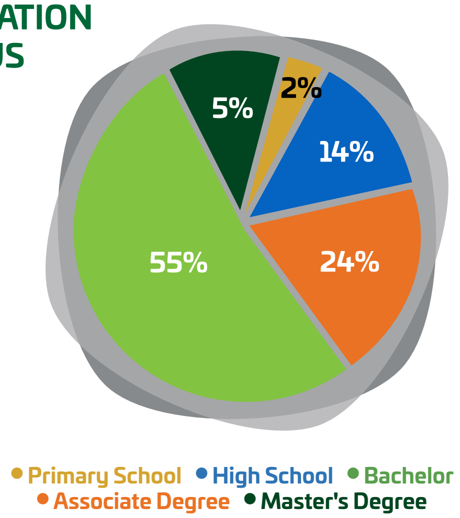
GENDER	NUMBER of EMPLOYEES
Male	139
Female	147
GRAND TOTAL	286

EDUCATION STATUS	NUMBER of EMPLOYEES
Primary School	6
High School	41
Associate Degree	68
Bachelor's Degree	157
Master's Degree	14

●GENDER DISTRIBUTION



●EDUCATION STATUS



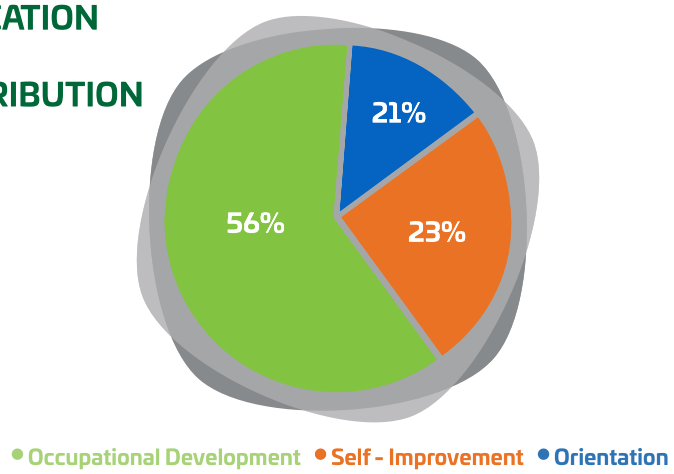
3) Training Activities

In 2021, 39 training activities were organized under 26 titles which would support our employees' personal and professional development. Detailed information regarding these trainings can be found in the graphics and tables below:

Total Number of Trainings	Total Number of Participants
39	626

Type of Training	Number of Training	The number of participants
Orientation	8	68
Self-improvement	9	490
Professional Development	22	68

● EDUCATION TYPE DISTRIBUTION



4) Employer Branding and Process Development Activities

In 2021, Instagram and Linkedin pages were established, which will reflect and strengthen the corporate image of our company, and make it easier for us to reach potential candidates. Through these pages, we bring together our job postings, the most up-to-date information about insurance and business life, and basic information about our Human Resources processes with our followers.

5) Performance and Career Management Activities

a) Performance Evaluation

The setup of our Performance Evaluation System on HRWEB was completed in 2021 and was made ready to switch to the online Performance Evaluation System in 2022. In 2022, employees will be able to enter their targets into the HRWEB system and track them from there. Year-end target evaluations will also be completed through the online system.

b) Career Management

In January, March and July 2021, some employees were assigned new positions within the company based on their knowledge, skills and competencies. 25 employees in total were promoted this year.

With the introduction of performance evaluation and creation of position based career maps in 2022, we plan to make this process more concrete and more systematic.

6) Activities Related to Covid-19

During the Covid-19 process, which also continued in 2021, the agenda was constantly followed by the Senior Management and Human Resources, and we continued our work by taking the necessary precautions without putting our employees at risk.

As a company our work from home process continued in 2021. Our employees are constantly informed about vaccination processes. Vaccination cards were requested from our colleagues who had to come to the office due to their job, in order to protect both their own and their colleagues' health, and PCR testing was mandatory for employees who did not have a vaccination card.

7) Other Projects

a) Digital HR Platform HRWEB

As of 2021, the work with the aim of transferring HR processes such as personnel, recruitment, leave processes, performance, career and talent management, and budget management to the digital environment, has been started. As part of the cooperation with SabancıDX, the digital platform was broadcast live as of May 2021 and made available to all employees.

hrweb İNSAN KAYNAKLARI UYGULAMALARI

b) Employee Support Program

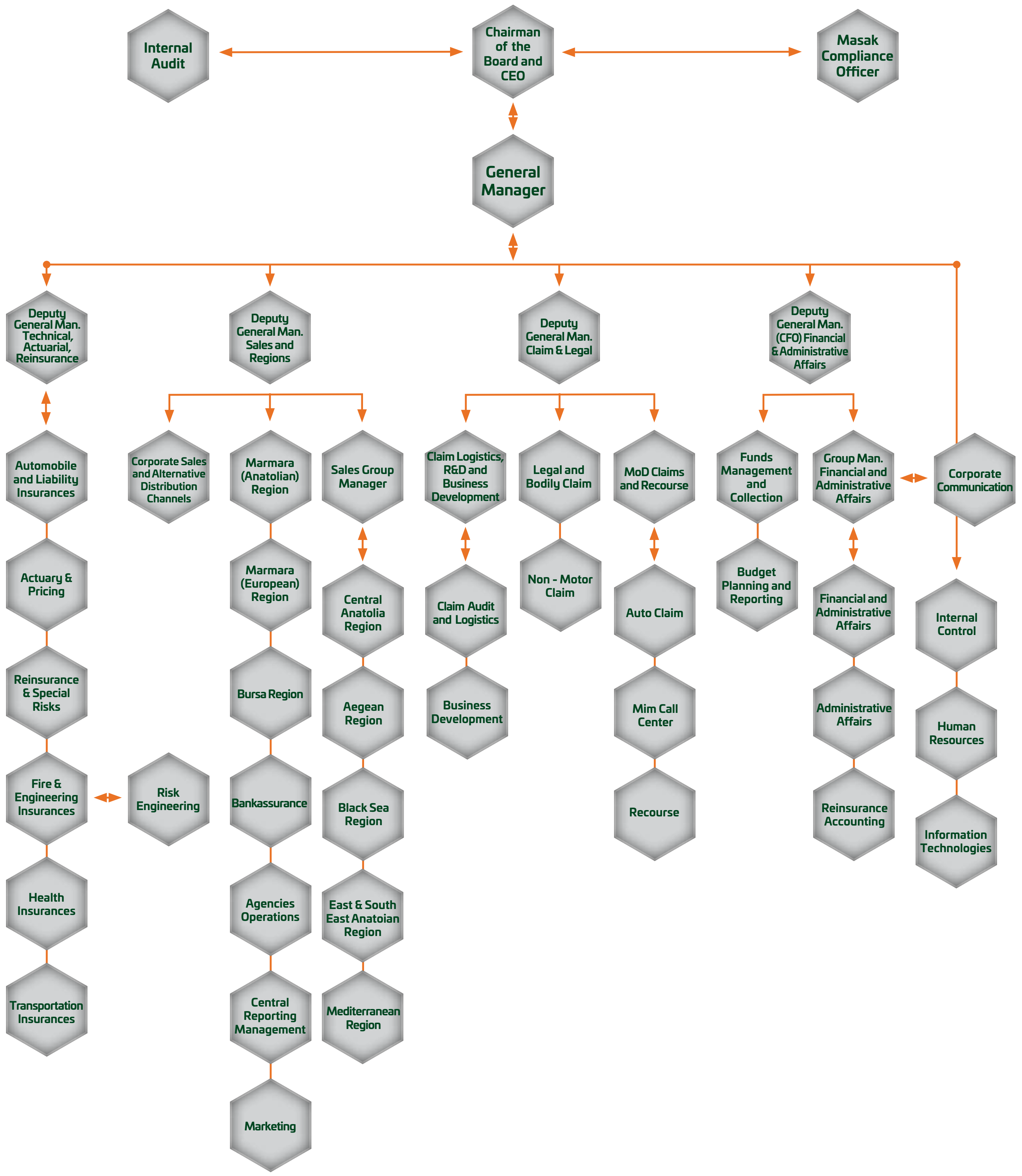
The Employee Support Program, which we launched in April, is a comprehensive support program that is widely used in many developed countries and provides guidance service 24 hours a day, 7 days a week to increase the quality of life and productivity of employees. Our aim with this program is to support the solution of life events that Doğa Sigorta employees have difficulty in allocating time for in their business and private lives, or that affect their performance and productivity.

In this context, our employees can receive 24/7 service from professionals who are experts in their fields, from psychological consultancy to legal information consultancy, from medical information consultancy to social life consultancy and more. At the same time, the 1st degree relatives of our employees also benefit from this service unlimitedly.

c) Position Based Job Descriptions

This project which was launched in 2019 to determine the duties and responsibilities of all positions was completed in 2020. Due to remote working, job descriptions of our current employees were communicated through the M-Files program in 2021.

2.4 Organizational Structure



2.5 Financial Benefits Provided to Board Members and Senior Executives

a. Total amount of financial benefits such as attendance fee, salary, premium, bonus, dividend payments, etc. are stated footnotes entitled Independent Auditors' Report 1.6.

b. Information about the total amount of allowances, travelling, accommodation and representation expenses, cash or non-cash advantages, insurances and similar benefits these are stated in the footnotes.

2.6 General Assembly Information

Our Company's 2021 General Assembly will be held in 2022.

2.7 Summary of the Board of Directors Report Presented to the General Assembly

Our Company realized TRY 2,143 million of premium production. We generated TRY 126 million profit after tax as a result of this year's operations. At the end of 2021, our shareholders' equity reached TRY 483 million with our after-tax profit and Cash assets reached to TRY 1,297 million and Size of Assets reached to TRY 2,603 million. With these results, our Company's equity profitability is recognized at 45 % in 2021.

Coşkun Gölpınar

Board Member and General Manager

2.8 Business Continuity

Along with the participation of the departments, "Risk Analysis" and "Business Impact Analysis" which are completed within the scope of the first phase of Doğa Sigorta business continuity project will be accomplished in 2021. Disaster recovery activities continued in coordination with Information Technologies Department and Internal Control and Corporate Risk Management Department. Business Continuity Committee met regularly during the year and evaluated periodic activities in this area. Tests and drills to be performed annually based on different scenarios aimed to maximize the awareness of the employees.

2.9 Risk Management

Risk management policies and procedures of Doga Sigorta A.Ş. were designed to monitor, keep under control, and where necessary, modify, the company's future cash flows, their risk and return structure and the quality and level of activities related thereto.

The purpose of risk management, which is a part of all business processes in the Risk management standards of Doga Sigorta A.Ş., is to monitor financial, insurance and operational risk exposure collectively and to measure their impact on critical financial indicators (profitability, company value, capital, liquidity).

2.9.1 Risk Appetite Framework

The role of the risk management team is to make sure that the top management approves the risks exposed by the company, understands the outcomes of negative development of risks and has actionable plans against the risk of a downturn. This is made possible by a Risk Appetite framework which indicates the impact of risks on Income, Company Value, Capital and Liquidity.

2.9.2 Classification of Risks

2.9.2.1 Financial Risks

The impact of the changes in interest and foreign exchange rates and real estate prices which may be caused by the fluctuations in financial markets and various investment instruments on financial indicators of the company are measured and action plans are implemented to keep potential impacts within risk limits. As part of the financial risks analyses, our company's reinsurance structure is analyzed and classified as per the ratings of international rating agencies, and our reinsurance risks are measured by the models per Doga Sigorta A.Ş. standards.

2.9.2.2 Insurance Risks

Concerning the risks related to insurance contracts, the financial loss that may be incurred if the subject matter of insurance occurs is measured by statistical methods and the minimum capital that must be held by the company is determined accordingly. Such measurements are made in accordance with the Doga Sigorta A.Ş. Standards and the internal models designed by the Ministry Treasury and Finance, General Directorate of Insurance.

2.9.2.3 Operational Risks

The efforts to identify and manage the risks that may have an adverse effect on the company's activities and business processes are conducted by the risk management unit. Operational risks include direct and indirect damages which may be caused by faulty internal processes, personnel or systems or external events.

Internal Control and Corporate Risk Management Department identifies, anticipates, measures and monitors operational risks that the company may be exposed to.

Risks that concern all departments and defined by a self-assessment method are regularly updated and measured.

Internal Control and Corporate Risk Management Department monitors the defined risks and the measures taken against the risks are executed carefully under monitoring and updating activities and reported at regular intervals. The table that defines the exposed risk groups in Doga Sigorta A.Ş. Risk Management standards is given below.

MAIN RISK GROUP	SUB RISK GROUP	RISK SUBJECT
FINANCIAL RISKS	Market Risks	Stock Risks
		Real-Estate Risks
		Interest Rate Risk
		Private Sector Bonds Risk
		Asset Based Financial Investment Risk
		Volatility Risk
		Basis Risk
	Credit Risk	Counterparty Risks
	Liquidity Risk	Liquidity Risk
NON-LIFE INSURANCE RISKS	Reserve Risks	Insufficient Reserve Risk
		Rising Risk
	Insurance Risks	Commercial Writing Risks
		Pricing Risk
		Customer Value Risk
	Catastrophe Risks	Catastrophe Risks - Natural Catastrophe
		Catastrophe Risks - Human Basis
OPERATIONAL RISKS	Internal Fraud	Internal Fraud and Unauthorized Operations
	External Fraud	External Fraud and System Security
	Workplace Safety and Employment Practices	Employee Relations, Discrimination
		Safe Working Environment
		Personnel Management (Critical Employee Losses)
	Customer, Production and Business Practices	Compliance, Notification and Product Responsibilities (Wrong Sales, Aggressive Sales, Misdirected Marketing Material
		Unsuitable Illegal Business and Market Practices (Antitrust, Unlicensed Sale, Black Money, Legal Incompability)
		Product Defects (Product Deficiencies and Model Faults)
	Possible Losses in Tangible Assets	Natural Disasters and Human-Made Disasters
	System Errors and Work Outages	System Security
		System Outage
	Process Management and Transaction Faults	Transaction Errors (e.g. Fault Claim Payments)
		Software and Claim Process
		Public Disclosure and Reporting Errors
		Project Management Errors
		Internal Services Providers' Errors and Their Poor Performance (Affilated Agencies , Sale and Promotion Teams)
		External Services Providers' Errors and Their Poor Performance

3. INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3.1 Internal Audit

Mustafa Özgür GÖKALP
Internal Audit Manager

Mustafa Özgür Gökalp was born in 1965 in Kahramanmaraş and graduated from Marmara University, Faculty of Economic and Administrative Sciences. He started his insurance career at Halk Sigorta in 1989. During his 25 years in the insurance sector, he worked as a manager in the Internal Audit Department for 14 years. He also worked as a Finance, Technical Compliance, Administrative Affairs Cost Management Manager. Mustafa Özgür Gökalp has been working as the Internal Audit Manager at Doğa Sigorta since September 2016.

2021 Internal Audit Activities

Internal audits are conducted by the Internal Audit Unit that reports to the Board of Directors as per the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies". Internal Audit Department consisted of two people, one Internal Audit Manager and the Internal Audit Specialist in 2021.

The Internal Audit Department which operates directly under the Board of Directors also submits the reports to the Board.

The purpose of the internal audit activities is to ensure that the company activities comply with the laws and other legislation, and that they are in line with the company strategies, policies and principles.

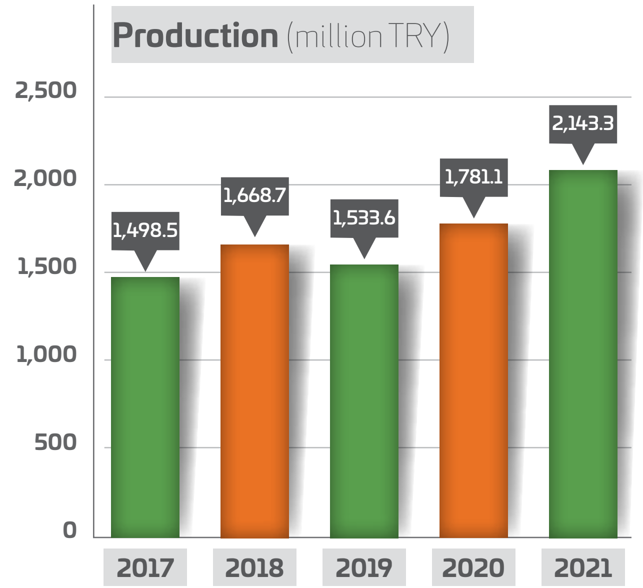
In this respect, risk-based audits were conducted, the liabilities for reporting the processes that are uncontrolled or do not appear to be adequately controlled under the current control system, revising the work flows and procedures as required, and monitoring correction and improvement activities were fulfilled as projected in the periodic internal audit plan and special inspections and investigations were conducted in addition to the plan. These activities also involve taking necessary measures aimed at determining control points in line with the objective of effective use of especially resources, information security, and minimization of risks. In addition, various projects were conducted to make all business processes of the company compliant with the provisions of the Law on the Protection of Personal Data in effect.

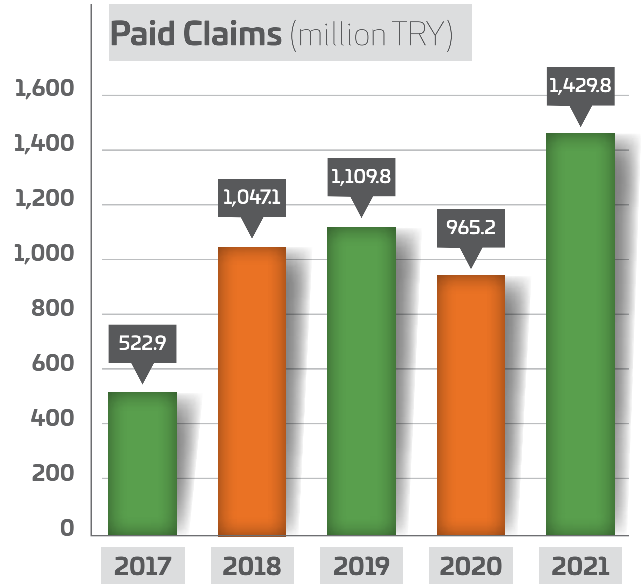
3.2 Disclosures Concerning Special Audit and Public Audit During the Reporting Period

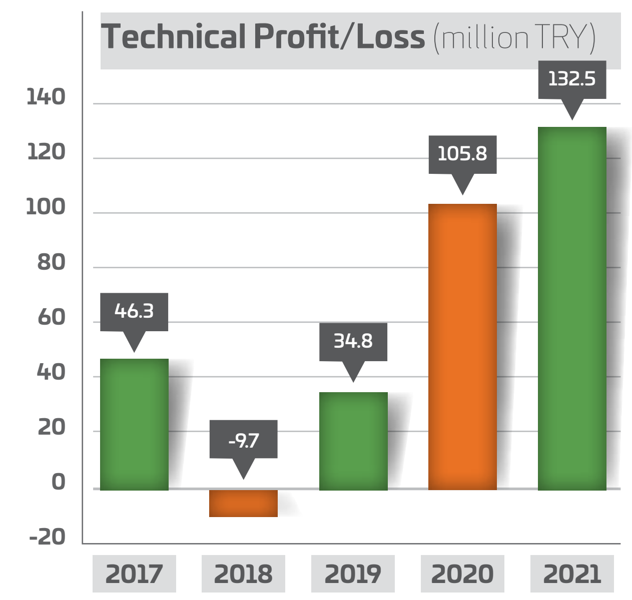
The Audit of Financial Statements and Accounting Transactions (Technical and Financial Analysis Audit) of Doga Sigorta A.Ş. pursuant to the Insurance Law no. 5684 and related regulations has been completed on 04.03.2022 as per the Approval no. 2657 dated 26.10.2018 of the Ministry of Treasury and Finance.

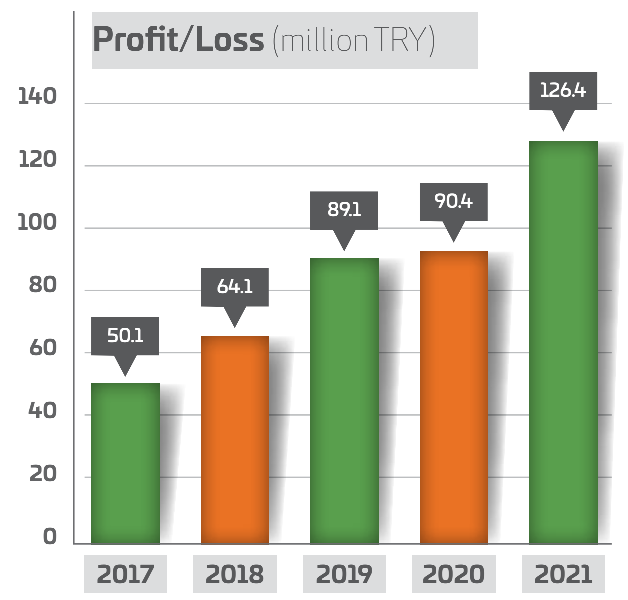
3.3 Financial Information for Five Years Period Including the Report Period

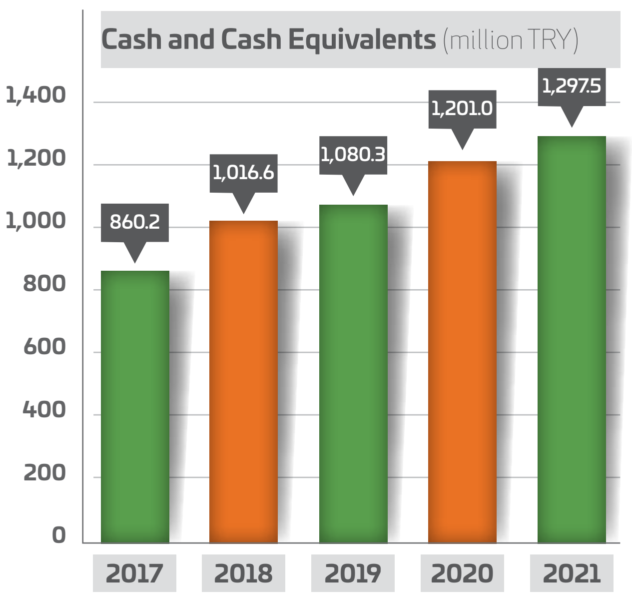
5 Year Data (million TRY)	2017	2018	2019	2020	2021
Production	1,498.5	1,668.7	1,533.6	1,781.1	2,143.3
Claim	522.9	1,047.1	1,109.8	965.2	1,429.8
Technical Profit/Loss	46.3	-9.7	34.8	105.8	132.5
General administrative expenses	74.0	79.4	114.3	111.1	124.3
Investment Incomes	75.6	204.2	271.9	352.6	530.4
Investment Expenses	5.0	9.7	46.1	84.5	37.5
Profit/Loss	50.1	64.1	89.1	90.4	126.4
Cash Assets	860.2	1,016.6	1,080.3	1,201.0	1,297.5
Size of Assets	1,132.2	1,373.1	1,708.8	2,117.3	2,602.6
Long and Short Term Liabilities	191.3	121.1	147.9	154.6	214.6

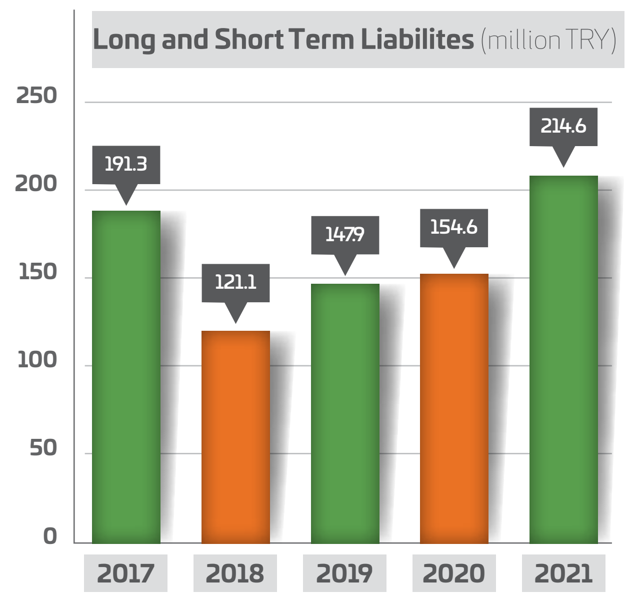


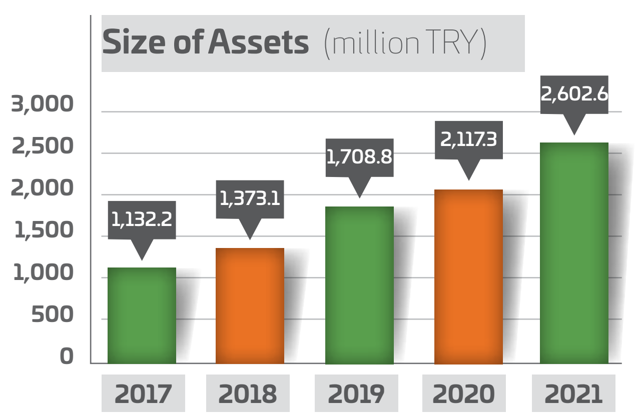












3.4 Management's Assessment as to Whether the Capital is Unreturned or Whether the Company is Deeply in Debt

The purpose of the "Regulation on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies" is to ensure and control that companies maintain a minimum level of equity against their existing liabilities and potential risks.

Under article 17 entitled Guarantees of the Insurance Law No. 5684, non-life insurance companies shall establish a minimum guarantee fund which should not be less than one third of their capital requirement. In any period, the minimum guarantee fund should never be less than one third of the capital requirement requisite for each branch in which the company is operating. As of 31.12.2021, our Company has TRY 125,162,840 blocked in favor of the Treasury.

According to the results of the capital adequacy statements measuring the amount of required equity capital for the company, the Company's capital adequacy dated 31.12.2021 was calculated as positive TRY 69,099,098 .

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in the table enclosed.

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in Articles 3.3 and 3.5.

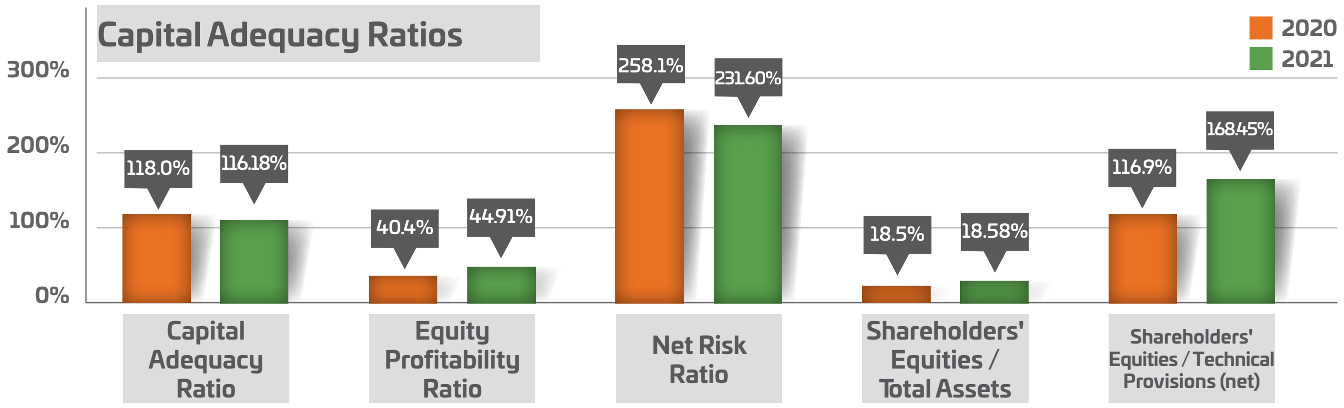
1st METHOD (TRY)	31.Dec.17	31.Dec.18	31.Dec.19	31.Dec.20	31.Dec.21
Equity Capital Required for Non-Life Branches	111,182,848	106,971,386	120,259,591	155,010,407	166,729,187
Equity Capital Required for Life Branch	-	-	-	-	-
Equity Capital Required for Pension Branch	-	-	-	-	-
Total Required Equity Capital	111,182,848	106,971,386	120,259,591	155,010,407	166,729,187
2nd METHOD (TRY)	**31.Dec.17**	**31.Dec.18**	**31.Dec.19**	**31.Dec.20**	**31.Dec.21**
Equity Capital Required for Active Risk	26,041,074	41,073,197	78,363,566	86,143,033	90,122,854
Equity Capital Required for Reinsurance Risk	38,501,402	40,052,669	34,350,496	47,577,948	51,523,344
Equity Capital Required for Excessive Premium Increase	-	-	-	-	-
Equity Capital Required for Outstanding Claims Reserve	20,271,796	38,093,815	52,533,333	71,873,757	86,611,830
Equity Capital Required for Underwriting Risk	82,530,153	91,511,716	100,089,596	125,889,265	171,849,880
Equity Capital Required for Interest Rate and Exchange Risk	232,899	1,326,795	7,249,642	6,656,137	27,062,083
Total Required Equity Capital	167,620,424	212,058,190	272,586,633	338,140,140	427,169,992
Shareholders' equities	180,780,135	245,533,485	328,487,569	391,667,873	483,449,483
Reserve for Balancing	1,054,661	2,260,415	4,215,092	7,591,929	13,119,606
Total Required Equity Capital to Be Considered for Capital Adequacy	181,834,797	247,793,899	332,702,661	399,259,802	496,569,090
Subsidiary Deducted from the Equity Capital	-	180,000	180,000	180,000	300,000
Capital Adequacy Result	14,214,373	35,555,709	59,936,028	60,939,662	69,099,098

3.5 Financial Tables and Information About Financial Structure, and Evaluation of Financial Status Profitability and Ability to Pay Compensation

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in the tables enclosed. Previous term comparison was conducted based on the 2020 annual report data.

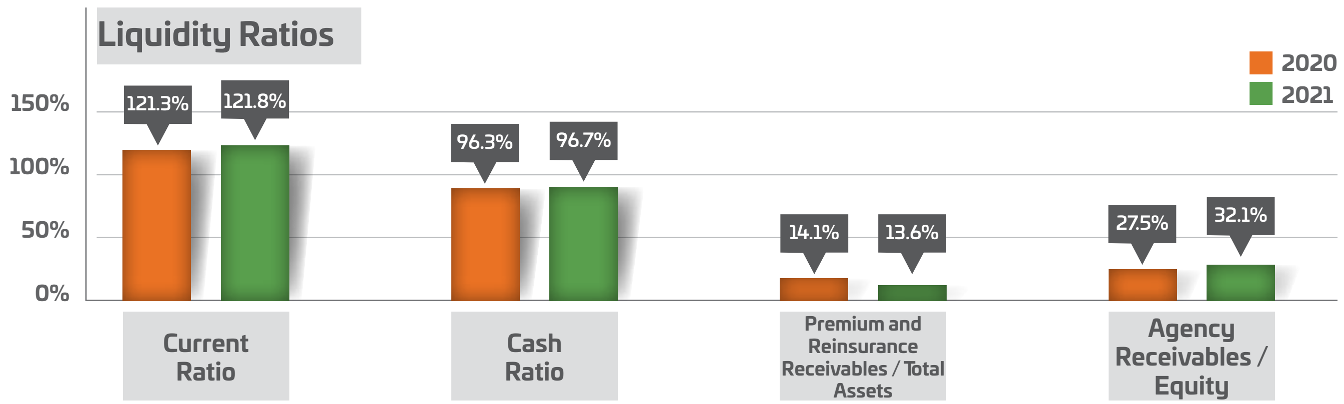
3.5.1 Capital Adequacy Result

CAPITAL ADEQUACY RATIOS	2020	2021
Capital Adequacy Ratio	118.00%	116.18%
Equity Profitability Ratio	40.40%	44.91%
Net Risk Ratio	258.10%	231.60%
Shareholders' Equities / Total Assets	18.50%	18.58%
Shareholders' Equities / Technical Provisions (net)	116.90%	168.45%



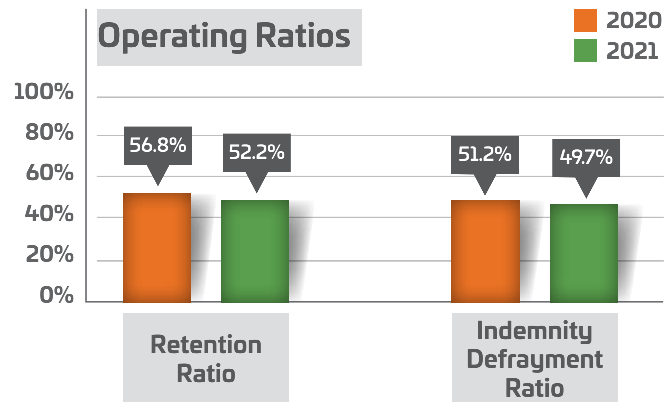
3.5.2 Liquidity

LIQUIDITY RATIOS	2020	2021
Current Ratio	121.3%	121.8%
Cash Ratio	96.3%	96.7%
Premium and Reinsurance Receivables / Total Assets	14.1%	13.6%
Agency Receivables / Equity	27.5%	32.1%



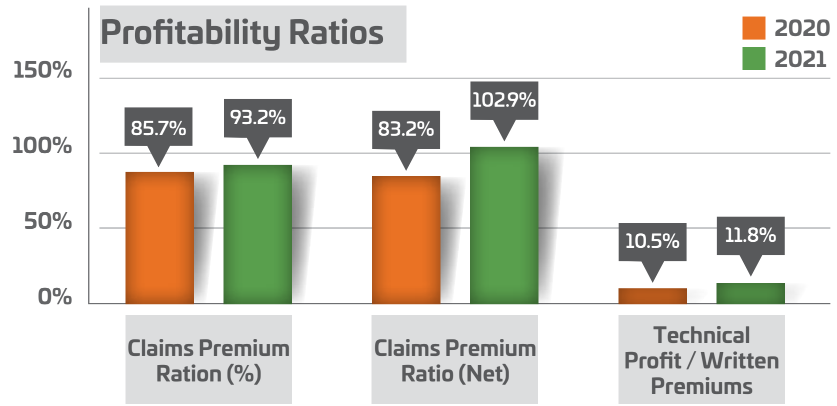
3.5.3 Operation

OPERATING RATIOS	2020	2021
Retention Ratio	56.8%	52.2%
Indemnity Defrayment Ratio	51.2%	49.7%



3.5.4 Profitability

PROFITABILITY RATIOS (%)	2020	2021
Claims Premium Ratio (%)	85.7%	93.2%
Claims Premium Ratio (Net)	83.2%	102.9%
Technical Profit / Written Premiums	10.5%	11.8%



Our company continued to grow and announced its post-tax financial profit as TRY 126,445,284 in 2021. In the same period, there was a 39% increase in long-term and short-term debts and realized as TRY 215 million. The growth rate of cash and cash equivalents was 8%. In 2021, our industry premium production rank was 13. We concluded 2021 by consolidating our financial adequacy and capital structure.

3.6 Information on Lawsuits Against the Company with a Potential Impact Upon Operations or Financial Standing and Their Possible Outcomes

There are standard lawsuits brought against the company regarding its operating field; however they are not at a level to influence the company's operations or financial standing. Besides, required provisions were allocated in the company's financial statements for all the lawsuits.

3.7 Information on Objectives and Achievement Evaluation

Our premium production realized at 104.1% in 2021. Our premiums were recorded above the target, and the selectivity and improvements in the customer portfolio continued. With the effect of the positive deviation in investment incomes, we achieved a profit of TRY 31 million higher than the net profit after tax targeted at the beginning of the year, and we closed the year 2021 with an after-tax profit of TRY 126.4 million.

2021 INCOME - EXPENSE STATEMENTS (TRY)	2021 TARGETED	2021 REALIZED	REALIZATION RATIO
WRITTEN PREMIUMS	2,059,540,197	2,143,340,348	104%
CEDED PREMIUMS TO REINSURERS	-723,790,445	-776,633,026	107%
PAID CLAIMS (NET)	-602,284,300	-861,509,764	143%
TECHNICAL RESERVE PROVISIONS	-216,017,116	-286,998,614	133%
OTHER OPERATING EXPENSES	-352,033,503	-313,965,634	89%
FINANCIAL INCOMES	229,251,566	530,434,613	231%
PROFIT/LOSS BEFORE TAX (+) (-)	121,200,759	160,328,196	132%
NET PROFIT	**95,450,854**	**126,445,284**	**132%**

3.8 Information on Dividend Distribution Policy, and If No Dividend is to be Distributed, the Reason for This Decision and Recommendation as to How Undistributed Dividend Will be Used.

Doğa Sigorta may distribute dividend within the framework of the relevant laws. When a decision is made regarding this issue, the company's current capital adequacy, its profitability and cash position, and its investment and financing policies are considered. Decisions concerning dividend distribution are taken by the shareholders at the General Assembly Meeting, and the profit to be distributed is the new profit for the period stated in the financial statements audited by independent auditors. When determining the amounts to be distributed, the General Assembly may choose to transfer some or all of the profit to the next year or set it aside as Reserve Funds.

Our Company will render a decision at the general assembly to be held in late March regarding the distribution of 2021 profits.

3.9 Affiliation Report

Our Company does not have any Affiliated Companies. Therefore, an Affiliated Company Report is not issued.

3.10 Takaful

3.10.1 Introduction

The government's efforts to increase the share of participation in the finance industry including banking in particular are recently on the increase in our country.

Spreading participation insurance business nationwide is among the objectives of the government in the five-year development plan. In line with this, the finance industry gained momentum in the field of participation with life and non-line insurance companies in addition to banking.

Participation insurance business started in non-life insurance when Neova Sigorta A.Ş. started its operations in 2009. Doğa Sigorta was the first company to engage in Participation Insurance business with the Window Model in 2015. Islamic Insurance in the life insurance branch was introduced in Turkey in 2014 when Katılım Emeklilik ve Hayat A.Ş. was founded.

Participation insurance which started with a single company and TRY 0.4 billion participation amount in 2014 grew 8.5 fold from 2015 and reached TRY 5 Billion production.

By the end of 2021, there are 11 participation companies in the market. 4 of these operate in pension and life branches whereas the other 7 are in non-life branches.

	TOTAL PARTICIPATION PRODUCTION (TRY)	TOTAL SECTOR PRODUCTION (TRY)	PRODUCTION SHARE
2015	533,253,025	31,025,897,629	1.72%
2016	1,045,611,280	40,486,796,941	2.58%
2017	1,315,855,322	46,554,689,545	2.83%
2018	2,231,560,711	54,656,028,968	4.08%
2019	3,230,742,355	69,242,168,593	4.67%
2020	3,941,191,476	68,143,744,181	5.78%
2021	5,057,526,099	87,580,270,796	5.77%

Table 1 : *The Share of Participation Insurance (Takaful) Production in the Overall Industry*

The regulation on the code of practice of participation insurance business which published in September 2017 and took effect in December 2017 will allow the participation insurance business to grow faster and more strongly. The regulation enforces a duration limit of 3+2 years on the companies that operate in the participation insurance (Takaful) business by window model and requires that the system be turned into an independent insurance company or a full participation company, or the participation insurance business be left altogether. In the Amendment of the Regulation on Participation Insurance Operating Procedures and Principles published in the Official Gazette dated 19.12.2020 and numbered 31339, the definitions and implementation processes were detailed comparing the regulation dated September 2017.

The window model has found the opportunity for implementation with the regulation and it allowed the company to enter the participation insurance business and proved an important step for the Islamic Insurance business to grow.

Doga Sigorta A.Ş. has been one of the companies that helped the participation insurance (Takaful) industry grow by window model since 2015. In our country, the introduction of the window model and participation insurance was realized together with Doğa Sigorta.

	DOĞA SİGORTA TOTAL PREMIUM PRODUCTION (TRY)	TOTAL SECTOR PRODUCTION (TRY)	PRODUCTION SHARE
2015	291,331,842	31,025,897,629	0.94%
2016	799,901,975	40,486,796,941	1.98%
2017	1,491,503,094	46,554,689,545	3.20%
2018	1,668,705,527	54,565,028,968	3.06%
2019	1,533,598,888	69,242,168,593	2.21%
2020	1,781,139,497	68,143,744,181	2.61%
2021	2,143,340,348	87,580,270,796	2.45%

Table 2 : *Doga Sigorta A.Ş. Sector Share of Production*

	SECTOR RANKING IN TOTAL PREMIUM PRODUCTION	SECTOR RANKING IN PARTICIPATION PRODUCTION
2015	19	3
2016	15	4
2017	9	2
2018	10	3
2019	13	3
2020	13	3
2021	13	8

Table 3 : *Doga Sigorta A.Ş Sector Ranking in Total and Participation Production*

In the light of the stable growth in the Turkish economy and recent developments in the Turkish Insurance Industry, Doğa Sigorta aims to grow its presence in the Insurance Industry in line with the positive attitude of the government towards the development of the industry and with the efforts to complete the required infrastructure. In this respect, we intend to have a strong presence in the participation insurance industry as well as the conventional one.

3.10.2 Establishment of Participation Company

Doğa Sigorta started its participation insurance business in 2015 with the window model. Being the first company to implement this model in our country, our company has made a significant contribution to the increase in awareness and development of participation insurance. Under the leadership of our company, participation insurance activity with the window model has been started to be implemented by other companies as well.

In order to increase the demand for participation insurance in the Turkish insurance sector and to provide better service to its growing portfolio structure, our company aims to expand its participation insurance activities with the Participation Insurance Company to be established.

In this context:

- EDK Sigorta Anonim Şirketi, which we have established as a Participation Insurance Company, applied for a license to the ministry on 29.05.2018 and the feasibility report we prepared in the appendix of our letter dated 29.05.2018 and numbered 1 was submitted to the control and approval of the ministry.

- Along with the increase in the demand for participation insurance in the Turkish insurance sector, the studies on the preparation of the legal infrastructure needed by the sector in the participation insurance sector were completed with the positive will of the public authority for the development of participation insurance and the Regulations on Participation Insurance Operation Procedures and Principles No. 30186 dated 20.09.2017 and numbered 31339 dated 19.12.2020 have entered into force.

- Within the scope of the regulation, companies that continue their participation insurance in the window model are obliged to continue these activities in the participation companies they will establish until 31.12.2021. The feasibility report we prepared in 2018 regarding the new participation company to be established was revised according to the current regulations and delivered to the Ministry of Treasury and Finance Insurance and Private Pension Regulation and Supervision Agency (SEDDK) in August 2021.

- Since our company establishment works continue in December 2021, an extension request was demanded from the Ministry of Treasury and Finance Insurance and Private Pension Regulation and Supervision Agency (SEDDK) and our request to work in the window model until 30.06.2022 was found appropriate. Within the scope of the portfolio transfer provisions of the regulation numbered 31339, our 2021 participation production was reduced in a controlled manner, and new works were not included in the window model production.

3.10.3 Participation Management Model

The models used in Islamic insurance practices:

3.10.3.1 Mudaraba Participation

In this model, contribution (tabarru) is collected from the participants, which are then transferred to the Takaful fund. The amount remaining after the expenses (reinsurance expenses, operational expenses, claims payments, etc.) are deducted from this fund is directed towards investment instruments which conform to Islamic principles. A mudabara contract is made between the Participants and the Takaful Company. In other words, the profit/loss obtained from these funds are distributed based on the numbers whose ratio is pre-determined according to the contract made among the contributors within the framework of labor capital partnership agreement. In this model, a single contract covers investment and insurance activities. This model is mostly used in Malaysia.

3.10.3.2 Wakalah (Proxy) Takaful Participation

Unlike the mudabara structure, a wakalah contract is signed between the Takaful company and the participants in a Takaful structure. The participation company receives its fee in return for this attorney's fee. In the wakalah model, the operator company receives some of the savings as a fee before it starts to operate the pool. This is called the wakalah fee. The basic tenet of this model is that the company acts as the proxy of the policy holder. Since a mudabara contract is not signed, the profit and loss resulting from the funds invested does not affect the Takaful company. The wakalah model is widely used in Takaful companies. Although the wakalah contract is widely used in insurance activities in Turkey, they are rarely used in contracts concerning the investment of the funds collected.

3.10.3.3 Hybrid Participation

Hybrid Takaful structure is a Takaful model created by using these two different Takaful structures together. In this model, there is both a wakalahand a mudabara contract. As the proxy for the owners of the funds, the company manages the funds in return for a proxy fees, and receives its share from the resulting profit/loss in accordance with the contract made. Profit/loss sharing may vary based on the contracts made. This is the most frequently used model in the Takaful sector. It is widely used in Middle Eastern countries. In this structure, insurance activities are performed based with wakalah contracts whereas profit and loss to be obtained from investments are distributed based on mudabara contracts.

Since our company's field of activity is general Participation, and the Proxy (Wakalah) system is considered most suitable for this field, our company adopted Proxy Participation system. In the Proxy Model, the Operator Company collects the payments made by the participants in an insurance pool, insurance payments are made from the fund that is formed, and the balance is directed to investment. The fundamental principle of this model is that the Operator company acts like the proxy of the policyholder. The Operator Company carries out all procedures of the pool for a predetermined cost.

No part of the Insurance fund formed or the profit or loss of the funds directed to investment is transferred to the Operator company.

The reason our company using the proxy model is:

- Trying to keep customer satisfaction at the highest level,
- Not being a party to the loss,
- Having an understandable operating structure,
- Easily manageable financial structure.

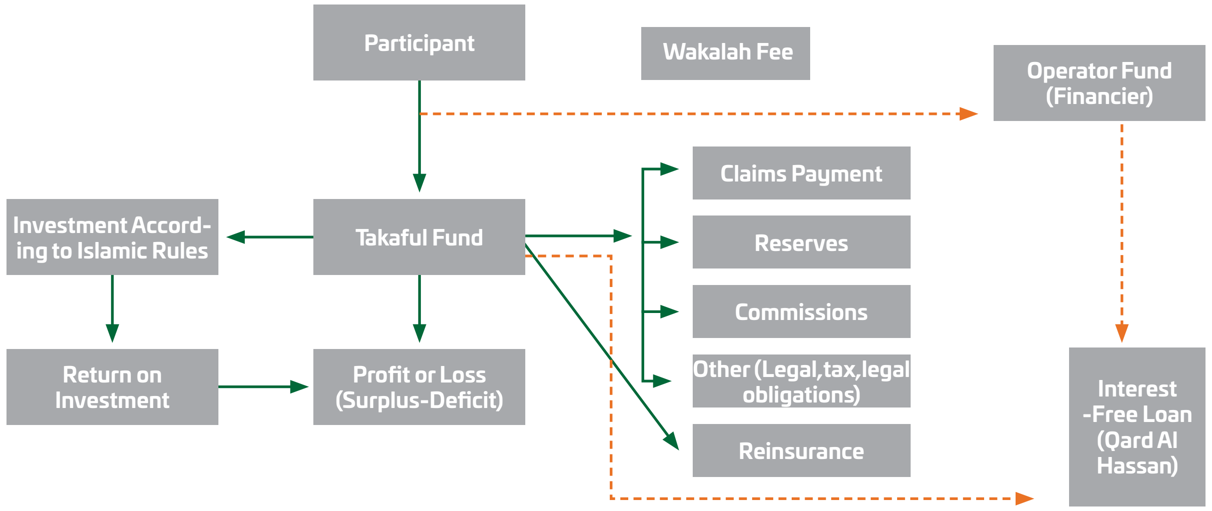


Table 6 : *Doga Sigorta A.Ş. Proxy Model (Wakalah) Work Flow*

As part of the proxy model, Doğa Sigorta assumed management of the funds as the proxy of the participants under the title of Operator Company. Our company pools policy premiums in a risk pool kept by the participation banks, and makes all insurance payments including the claims, agency commissions, payments to re-insurers, etc. from this pool. Our company also manages the transactions for increasing the revenue of the pool by directing the amounts collected in the pool to investment. Doğa Sigorta collects a certain amount of fee from the participants as approved by the board of ratification.

	PROXY (WAKALAH) FEE RATES	
2015	20%	*Maximum*
2016	15%	*Maximum*
2017	15%	*Maximum*
2018	20%	*Maximum*
2019	20%	*Maximum*
2020	20%	*Maximum*
2021	20%	*Maximum*

Table 7 : *Doga Sigorta A.Ş. Service Fee Rates*

3.10.4 Organizational Structure

Within the year 2015 our company started studying the domestic and foreign applications of Participation Insurance, a branch which could not be widely and commonly implemented in Turkey, and only after completing the necessary infrastructure works, it started to operate in the field of participation insurance starting from June 2015.

For the participation company to be established within the scope of the regulation numbered 31339, the works for the establishment of new units and the completion of the compulsory trainings for the personnel within the provisions of the regulation are being completed rapidly. The entire staff provides participation insurance service without an individual organizational structure in the existing structure until the company structure is formed and a new staff is gathered.

3.10.5 Advisory Committee

Prof. Dr. Hayrettin Karaman, Prof. Dr. Vecdi Akyüz and Assoc. Prof. Dr. İshak Emin Aktepe are members of our Advisory Committee.

Since the advisory committee took up position in 2015:

• Establishment of participation (takaful) system,

• Coverages to be given in policies,

• Collections made with credit cards of conventional banks,

• Wakalah fees from participants,

• Constitute Re Tekaful agreements,

• Operation of the insurance fund to be established,

• A certain part of the sum which is collected in the insurance fund as a result of the contract signed between Doğa Takaful and the Participants, a certain part of the profit to be generated by the fund, and a certain part of the difference between the income and the expenses are donated to foundations, associations and educational organizations which perform public service; scholarships are given, and donations are made with this money. in those main headings, it has given conformity to the issues that allow participation insurance to be implemented within the framework of the Islamic Rules.

3.10.6 Personnel Competence and Training

Employees are informed about participation insurance by internal training programs organized at regular intervals. In addition, registration in the Participation insurance training organized by SEGEM is in progress.

3.10.7 Website

The participation insurance page of ***www.dogasigorta.com*** was re-designed to comply with the annex 2 of the circular no. 2017/22 published under the Regulation on the Participation Insurance Principles and Procedure of Operation published by the Undersecretariat of Treasury on September 20, 2017.

3.10.8 Separation of the Funds

Participation policy premiums issued from 2015 are kept in Participation Banks and directed to investment. Payments of claim, commission, return of premium, assistance services, reinsurance, etc. are entirely made from the risk pool. Participation incomes earned by directing Risk Pool to investment in participation banks are transferred to the risk pool as a source of liquidity.

As of the end of 2020, we are collaborating with four participation banks to spread the risk and maximize the revenue. The amounts belonging to the insurance fund are forwarded to investment in these banks.

	PERIOD-END RISK POOL BALANCE(TRY)
END OF 2017	45,000,000
END OF 2018	244,500,000
END OF 2019	305,984,830
END OF 2020	302,388,205
END OF 2021	263,785,132

Table 8 : *Doga Sigorta A.Ş. Period-End Risk Fund Balance*

	PARTICIPATION INCOME(TRY) FROM THE PARTICIPATION FUND	PARTICIPATION INCOME (TRY) FROM LEASE CERTIFICATES	TOTAL INCOME (TRY)
2017	671,183	-	671,183
2018	19,201,748	346,962	19,548,710
2019	28,895,511	-	28,895,511
2020	12,705,612	4,610,636	17,316,248
2021	18,886,616	18,923,970	37,810,589
TOTAL	**80,360,670**	**23,881,568**	**104,242,241**

Table 9 : *Doga Sigorta A.Ş. Insurance Fund Participation Income*

3.10.9 Balance Rebate

At the end of every period, the company shall calculate the balance using the actuary and takaful finance principles which are generally accepted for the risk fund. The deficit and surplus found at the end of the said calculation shall be announced on the Company's website.

Provided that the participants are informed prior to the contract or in insurance contracts, if the said balance generates surplus, it is possible to:

• To use this amount to decrease the contribution premiums,

• To set it aside as contingency fund for unforeseeable risks in the future,

• To distribute it fully or partially among the participants without allowing the company to take a share,

• To evaluate it in another way to be approved by the advisory committee.

The distribution of the balance fully or partially among the participants can be effected by one of the ways below provided that it is stated in the insurance contract and that the company actuary approves that the company has sufficient capital:

• The balance may be distributed to all participants based on the contribution premiums they pay regardless of whether they recovered damages in the relevant period.

• The balance may be distributed to the participants who have not recovered any damages in the relevant period.

• The balance may be distributed to all participants who contribute positively to the fund regardless of whether they recovered damages in the relevant period.

• The balance may be distributed by a method to be approved by the advisory committee.

In the event the balance is evaluated with a method approved by the advisory committee, or the balance rebate is distributed with a procedure to be approved by the advisory committee, this situation shall be announced on the company's website.

Balance rebate calculations and rebate calculation tables shall be published on the companies' websites. In the event a rebate is calculated, the method by which it will be evaluated/distributed must be stated in the insurance contract and the company's website.

In companies which operate in liability and life-takaful, matters such as the balance calculation, the balance distribution method, and the frequency of balance distribution shall be determined with the positive opinion of the advisory committee after obtaining the company actuary's approval since the risks they assume are long-term.

The company shall determine how many years after the recording the balance rebate it will be distributed by considering the branch it operates in and the nature of the product, and by obtaining the positive view of the advisory committee after the approval of the company actuary.

Our company will not make balance rebate in auto and liability branches and in compulsory insurances.

In Doga Sigorta A.Ş., no fund surplus rebate will be made from funds in the first 5 years due to contingency.

The balance rebates not sought by the beneficiaries in a timely manner shall be subject to the "Regulation on Unclaimed Money by the Beneficiaries Within the Scope of Insurances Subject to Private Law Provisions".

In the event the risk fund generates surplus and it is aside as contingency fund for unforeseeable risks in the future, this fund shall not be distributed to the shareholders/members as dividend under any circumstances, and it shall not be taken into consideration in the calculation of distributable profit.

3.10.10 Retakaful

Our company transfers the Participation Insurance (Takaful) production to the Reinsurance Companies that provide takaful reinsurance service. Our Retakaful contracts have been renewed each June since June 2015 when we started our operations.

Our retakaful treaty terms which were renewed in June 2019:

RETAKAFUL QUOTA TREATY 01.06.2015 - 01.06.2021										
PERIOD	2015		2016-2017		2017-2018		2018-2019		2019-2020	
PLACEMENT%	NON MOTOR	MOTOR	NON MOTOR	MOTOR	NON MOTOR	MOTOR	NON MOTOR	MOTOR	NON MOTOR	MOTOR
CONSERVATION	30.00%	30.00%	30.00%	30.00%	30.00%	49.50%	30.00%	57.50%	30.00%	57.50%
SWISS RE	35.00%	35.00%	35.00%	24.50%	-	-	-	-	-	-
GIC RE	-	-	5.50%	11.00%	17.50%	28.00%	17.50%	30.00%	30.00%	30.00%
AFRICA RE	-	-	5.00%	10.00%	10.00%	10.00%	10.00%	10.00%	7.50%	7.50%
SCR MAROC	-	-	-	-	10.00%	-	15.00%	-	7.50%	-
CCR ALGERIA	-	-	-	-	7.50%	-	10.00%	-	7.50%	-
TUNIS RETAKAFUL	-	-	-	-	5.50%	-	10.00%	-	7.50%	-
ARAB RE	-	-	-	-	2.50%	2.50%	7.50%	2.50%	10.00%	5.00%
NEW INDIA	-	-	-	-	10.00%	10.00%	-	-	-	-
HANNOVER RETAKAFUL	35.00%	35.00%	24.50%	24.50%	7.00%	-	-	-	-	-
TREATY	70.00%	70.00%	70.00%	70.00%	70.00%	50.50%	70.00%	42.50%	70.00%	42.50%

Table 12 : *Doga Sigorta A.Ş. Our 2015-2020 Retakaful Contract Conditions*

3.10.11 Objectives and Strategies for the Upcoming Period

Designing projects under social responsibility projects inside and outside the industry to raise awareness about the Islamic Insurance system principles of practice in the uninsured segments of the society which avoid insurance because of certain sensitivities but hold considerable potential as future policyholders,

• Being one of the leading companies in the participation insurance market,

• To become one of the pioneers of the sector in Participation Insurance by establishing an Participation Insurance Company in the next 3 years,

Accelerating the growth and development of a participation insurance (Takaful) industry in Istanbul in line with the vision to make the city a financial center, based on our idea that participation insurance is an important instrument in creating funds to grow and develop the Islamic finance industry demanded by both Turkish and foreign investors and utilizing such funds in Islamic finance instruments to maximize investment alternatives.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3.10.12 Statement of the Participation Insurance Advisory Board

بسم الله الرحمن الرحيم
الحمد لله الصلاة والسلام على رسول الله

DOGA SİGORTA A.Ş. DECLARATION OF ADVISORY COMMITTEE

Doğa Sigorta continue to operate in Participation Insurance as a window model within the scope of the Insurance Law No. 5684 and the Regulation on Working Procedures and Essentials of Participation Insurance which is valid since 12/20/2017.

The transactions of Doğa Sigorta which are within the scope of the Participation Insurance are carried out in 2021 have been implemented in accordance with the Islamic Principles and we declare that the auditing of the transactions within the scope of the Participation Insurance was carried out by us.

DOGA SİGORTA A.Ş.
Advisory Committee
2022

Prof. Dr. Hayrettin Karaman | Prof. Dr. İshak Emin Aktepe | Prof. Dr. Vecdi AKYÜZ

3.10.13 Participation Insurance Takaful Transaction Ratification Certification

بسم الله الرحمن الرحيم
الحمد لله الصلاة والسلام على رسول الله

DOĞA KATILIM SİGORTA
"güven doğasında var"

- Doğa Participation establishes a takaful system;
- It collects funds from the participant in the takaful pool it creates as donation;
- It also collects funds from its participant as partnership contribution;
- It charges expenses during entry to the takaful system;
- It pays commission from the insurance pool to intermediaries and pays for other expenses related to insurance from the fund;
- It operates the amount collected in the takaful fund through the power it receives from the participants, and receives a fee which may be definite, relative and/or a premium;
- It invests the amount collected in the insurance fund in transactions which conform to the Islamic law;
- Doğa Takaful or Re-Takaful Company gives Qard Al-Hassan Loan to the fund to cover the deficit in the Takaful fund, and they collect this amount when the fund is able to pay;
- It collects a difference in the amount of the inflation that realizes during the period it was a debtor when collecting the Qard Al-Hassan;
- It resorts to retakaful to share the risk;
- The participants receive compensation when the risk realizes; they receive profit share when the fund generates surplus, or they obtain discount right for the subsequent policy;
- A certain part of the sum which is collected in the insurance fund as a result of the contract signed between Doğa Participation Insurance and the Participants, a certain part of the profit to be generated by the fund, and a certain part of the difference between the income and the expenses are donated to foundations, associations and educational organizations which perform public service; scholarships are given, and donations are made with this money.

Prof. Dr. Hayreddin Karaman   Prof. Dr. Vecdi Akyüz   Doç. Dr. İshak Emin Aktepe

3.11 2021 Declaration of Conformity for the Annual Report

We hereby represent that the content of the Board of Directors' 2021 Annual Report,

in relation the activities of our Company is drawn up in compliance with the principles and procedures set out by "Regulation on the Determination of the Minimum Content of Annual Activity Reports of Companies" issued by the Ministry of Customs and Trade which entered in to force after it was published in the Official Gazette dated 28 August 2012 and No. 28395. and by the "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" issued by the Undersecretariat of Treasury which entered into force after it was published in the Official Gazette date 7 August 2007 and No. 26606.

İstanbul, 31 December 2021

3.12 Audit Firm Compliance Opinion

ANIL
Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

Member of Antea Alliance of independent firms

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Doğa Sigorta Anonim Şirketi,

A) Independent Audits of Unconsolidated Financial Statements

1) Opinion

We have audited the non-consolidated statement of financial position dated December 31, 2021 of the company Doğa Sigorta Anonim Şirketi ("Company") with the non-consolidated financial statements consisting of the non-consolidated statement of profit or loss, the non-consolidated statement of changes in equity and the non-consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies for the accounting period ending on the same date.

In our view, the accompanying unconsolidated financial statements accurately present in all significant aspects the company's non-consolidated financial position as of December 31, 2021, and its non-consolidated financial performance and non-consolidated cash flows of the reporting period ending on the same date in accordance with the regulations on accounting and financial reporting in force based on insurance legislation and, in issues not regulated by them, the "Insurance Accounting and Financial Reporting Legislation", which includes the provisions of Turkish Accounting Standards.

2) Justification of the Opinion

Our independent audit has been conducted in accordance with the regulations regarding independent auditing principles, and with the Standards on Auditing which is an integral part of the Turkish Auditing Standards ("TAS") published by the POA and the insurance legislation. Our responsibilities under these standards are detailed in the Independent Auditor's Responsibilities for the Independent Audit of Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA and the provisions on ethics contained in the legislation relating to the independent audit of financial statements. Codes of Ethics and other ethical responsibilities under the legislation have also been observed by us. We believe that the independent audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

ANIL
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3) Key Audit Issues

Key audit issues are the most important issues in the independent audit of the unconsolidated financial statements of the current period according to our professional judgment. Key audit issues are addressed as a whole within the framework of an independent audit of the unconsolidated financial statements and in the formation of our opinions on the unconsolidated financial statements, and we do not express any separate opinion regarding these issues.

Key Audit Issue	How key audit issues are addressed in the audit
Estimation used in the calculation of technical provisions of insurance contracts	
As described in footnotes 2 and 17, the Company has allocated a total of TRY 1.680.118.837 for insurance technical provision as of 31.12.2021. 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. As of 31.12.2021, the Company has allocated a net provision of TRY 983,667,347 for outstanding damages and TRY 626,519,528.00 for incurred but not reported losses within this amount. The reason why we focus on these issues in our audits is that since it contains important estimates and management judgment used in the calculation of outstanding damage provisions, which include incurred but not reported damage amounts, this issue has been selected as a key audit issue.	From the insurance technical provisions detailed in Notes 2 and 17, we performed the audit procedures for the assumptions used in the calculation of the provision for outstanding damages and the provision for incurred but not reported outstanding damages (IBNR) together with the certified Actuary as an external expert, who is a part of our audit team. We examined the data set for the outstanding damage and paid damage files subject to the IBNR account of the Company and carried out the checks against the relevant period trial balance. We checked the IBNR amounts based on branches by recalculating the compliance with the legislation according to the method determined by the Company. We examined the opening history of development coefficients, final H/P premium rates and file outstanding amounts, and checked their compatibility with both the branch characteristics and the company experience. We checked the interest calculations of the files that were subject to the lawsuit. We checked the reflection of the total legal outstanding provision on the financial statements and the data set subject to the IBNR account. By examining damage analyses conducted by the company actuary, we questioned its compliance and consistency with both legislation and company experience, we evaluated whetherthe disclosures on this issue were sufficientin the /footnote disclosures that are part of the financial statements.

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4) The Responsibilities of the Management and Those Responsible for the Top Management regarding the Unconsolidated Financial Statements

The Company's management is responsible for the preparation of the unconsolidated financial statements in accordance with the Insurance Accounting and Financial Reporting Legislation, their presentation in an accurate manner, and the internal control as it deems necessary for the preparation of the financial statements in a way that does not contain significant inaccuracies due to error or fraud.

While preparing the unconsolidated financial statements, the management is responsible for evaluating the Company's ability to maintain its continuity, expressing the continuity-related issues when necessary, and using the principle of continuity of the business unless it has the intention or obligation to liquidate the Company or terminate the business activity.

Those responsible for top management are responsible for oversight of the Company's financial reporting process.

5) Responsibilities of the Independent Auditor Regarding the Independent Audit of unconsolidated Financial Statements

In an independent audit, we, as the independent auditors, have the following responsibilities:

Our aim is to have reasonable assurance as to whether or not the unconsolidated financial statements as a whole contain a significant inaccuracy caused by error or fraud and to issue an independent auditor's report containing our view. A reasonable assurance given as a result of an independent audit conducted in accordance with the Independent Accounting Standards, which are part of the rules on independent audit principles in force in accordance with insurance legislation and the Turkish Audit Standards published by the Accounting and Audit Standards Authority, is a high level of assurance but does not guarantee that any significant inaccuracy will always be detected. The inaccuracies may have been caused by error or fraud. If the inaccuracies, either alone or collectively, are reasonably expected to affect the economic decisions that the financial statement users will take based on these unconsolidated financial statements, these inaccuracies are considered significant.

As a requirement of an independent audit conducted in accordance with the Independent Accounting Standards, which are part of the rules on independent audit principles in force in accordance with insurance legislation and the Turkish Audit Standards published by the Accounting and Audit Standards Authority, we use our professional reasoning and maintain our professional skepticism throughout the independent audit. In addition to these:

- The risks of "significant inaccuracy" arising from error or fraud in the financial statements are identified and evaluated, audit procedures responding to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to provide the basis for our opinion (Since fraud can include the acts of collusion, forgery, willful negligence, false statement or violation of internal control, the risk of failure to detect a significant inaccuracy caused by fraud is higher than the risk of failure to detect a significant inaccuracy caused by an error.).

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INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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5) Responsibilities of the Independent Auditor Regarding the Independent Audit of unconsolidated Financial Statements (Continued)

- The internal control related to the audit is not evaluated for the purpose of providing an opinion on the effectiveness of the company's internal control, but for the purpose of designing the audit procedures that are appropriate to the situation.
- The compliance of accounting policies used by management and whether the accounting estimates made and related disclosures are reasonable are evaluated.
- Based on the audit evidence obtained, it is concluded on whether there is significant uncertainty regarding the events or circumstances that may cast serious doubt on the company's ability to maintain continuity and on the suitability of using the principle of continuity of the business by the management. If we conclude that there is significant uncertainty, we should draw attention to the relevant disclosures in the unconsolidated financial statements in our report, or give an opinion not positive if these disclosures are insufficient. The results that we have reached are based on the audit evidence obtained until the date of the independent auditor's report. However, future events or circumstances may end the Company's Life continuity.

- The general presentation, structure, and content of the unconsolidated financial statements, including explanations, and whether these statements reflect the underlying processes and events in such a way as to provide an accurate presentation are evaluated.

In addition to other issues, we report the planned scope and timing of the independent audit, and the important audit findings including the significant internal audit deficiencies that we identified during the audit, to those responsible for the top management.

We have informed those in charge of top management that we comply with the ethical provisions related to independence. We have also communicated to those responsible for senior management the measures related to all relations and other issues that may be considered to have an impact on independence.

Among the issues reported to those responsible for the top management, we determine the most important issues in the independent audit of the unconsolidated financial statements of the current period, namely the key audit issues. In cases where the legislation does not permit the public disclosure of the issue, or in highly exceptional circumstances where the negative consequences of public disclosure are reasonably expected to exceed the public interest that the public disclosure will result in, we may decide that the relevant issue is reported in our independent auditor's report.

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B) Other Obligations Arising From Legislation

1) The Auditor's Report on the Early Detection of Risk System and Committee, prepared in accordance with paragraph four of Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), was submitted to the Board of Directors of the Company on March 4, 2022.

2) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code (TCC); no significant matter has come to our attention that leads us to believe that for the period 1 January - 31 December 2021, the Company's bookkeeping activities and the statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and requested documents in connection with the audit.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.

T.C. 1923

Vahap ADIYAMAN
Auditor In Charge
4 March 2022
Istanbul, Turkey

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.
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3.13 31.12.2021 Independent Auditor's Report

ANIL Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
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INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of
Doğa Sigorta Anonim Şirketi,

1) **Opinion**

Since we performed an audit on the financial statements of Doğa Sigorta Anonim Şirketi pertaining to the accounting period from January 1, 2021 to December 31, 2021, we also audited their annual report for such accounting period.

In our opinion, the financial information contained in the Annual Report of the Board of Directors and the Board of Director's investigations of the Company's status are consistent with all important aspects, the audited full set of financial statements and the information we obtained during the independent audit and reflect the truth.

2) **Justification of the Opinion**

Our independent audit was carried out in accordance with the Independent Audit Standards ("IAS"), which are part of the Turkish Audit Standards published by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). Our responsibilities within the scope of these standards are given in detail in the "Responsibilities of the Independent Auditor for the Independent Audit of the Annual Report" section of our report. We hereby declare that we are independent of the Company in accordance with the Code of Ethics for Independent Auditors published by the POA ("Code of Ethics") and the ethical provisions contained in the legislation related to independent auditing. Other responsibilities regarding the Code of Ethics and other ethical responsibilities under the legislation have also been fulfilled by our side. We are in the opinion that the independent audit evidence we obtained during the independent audit provides an adequate and appropriate basis for the generation of our opinion.

3) Our Auditor's Opinion on the Full Set of Financial Statements

We have expressed a Positive Opinion in our auditor's report dated 04.03.2022 regarding the Company's full set of financial statements pertaining to the period from January 1, 2021 to December 31, 2021.

4) Responsibility of the Board of Directors Concerning the Annual Activity Report

In accordance with Article 514 and 516 of the Turkish Commercial Code 6102 ("TCC"), the company management is responsible for the preparation of the annual activity report with due diligence and to ensure consistency with the financial statements and for such internal control as postulated necessary by the company management to enable the preparation of such annual report.

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4) Responsibility of the Board of Directors Concerning the Annual Activity Report (continued)

a) The company prepares the annual activity report within the first three months following the balance sheet date and submits it to the general assembly.

b) It prepares its annual report in a manner to reflect the flow of the Company's activities for that year and its financial situation in all aspects accurately, completely, directly, realistically and truthfully. In this report, the financial status is evaluated according to the financial statements. The risks possible to be encountered during the development of the Company are clearly indicated in the report. The evaluation of the Board of Directors on these issues is also included in the report.

c) The annual report furthermore includes the following issues:

i. The events that occur in the Company after the end of the activity year and which are of material importance,
ii. Research and Development works of the company
iii. Financial benefits such as wages, premiums, bonuses paid to the board of directors members and senior managers, facilities in-kind and cash facilities such as allowances, travel, accommodation and representation expenses as well as insurance and similar guarantees,

While preparing the annual report, the Board of Directors also takes into account the secondary legislation regulations issued by the Ministry of Customs and Trade and the related institutions.

5) Responsibility of the Independent Auditor Regarding the Independent Audit of the Annual Report

Our objective is to provide an opinion and to issue a report including this opinion on whether the financial information contained in the annual report within the framework of the provisions of the Turkish Commercial Code and the investigations performed by the Board of Directors are consistent with the audited financial statements of the Company as well as the information we obtained during the independent audit and whether such information reflects the truth or not.

Our independent audit was performed in accordance with the regulations and IASs regarding the independent audit principles in force in accordance with the insurance legislation. These standards require that the independent audit be planned and carried out in order to get reasonable assurance whether the financial information which was obtained during the experience and included in the annual report and the investigations made by the Board of Directors are consistent with the financial statements and the information obtained during the audit and whether they reflect the truth or not by ensuring compliance with the Code of Ethics.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.

Vahap ADIYAMAN
Auditor In Charge
4 March 2022
Istanbul, Turkey

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.
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INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

AUDITORS' REPORT ON SYSTEM AND COMMITTEE OF EARLY DETECTION OF RISKS

To the Board of Directors of
Doga Sigorta Anonim Şirketi

1. We have completed our audit procedure covering the early detection of risk system and committee established by Doğa Sigorta A.Ş. ("Company").

Responsibility of the General Assembly

2. Pursuant to the subparagraph one of Article 378 of Turkish Commercial Code No. 6102 ("TCC"), General Assembly is required to constitute an expert committee, and to run and to develop the necessary system for the purposes of early detection of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks.

Auditor's Responsibility

3. Our responsibility is to reach to a conclusion on the early risk detection system and committee based on our audit. Our audit was conducted in accordance with TCC and "Principles on the Auditor's Report on the Early Risk Identification System and Committee" issued by the Public Oversight Accounting and Auditing Standards Authority., and code of ethics. Those principles require us to identify whether the Company established the early risk detection system and committee or not and, if established it is required to assess whether the system and committee are operating or not within the framework of Article 378 of TCC. Our audit does not include evaluating the appropriateness of the remedies put forth by the early detection of the risk committee or the adequacy of the operations carried out by the management of the Company in order to manage these risks.

Information Regarding The Early Risk Detection System and Committee

4. The Company is not obligated to constitute an Early Risk Detection Committee within the framework of Article 378 of TCC. The Company's Early Risk Detection System was examined in accordance with the "Principles on the Auditor's Report on the Early Risk Detection System and Committee"

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ANIL
Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

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Results

5. Based on our audit, it has been concluded that, early risk detection system and committee of Doğa Anonim Şirketi is sufficient, in all material respects, in accordance with Article 378 of TCC, exclusive of the matters addressed in the paragraph below.
6. The Company's early risk detection system is not designed and applied based on written procedures. Therefore no systematical approach could be observed. However, Members of the General Assembly actively participate in Company operations. General Assembly Members are also executives, and the follow the Company's operational, financial and legislative processes, and render and apply decisions regarding them. The vast experience of the General Assembly Members in the industry, and their careful and meticulous pursuit of Company activities allow the early identification and detection of the risks. The controls we performed during the performance of our auditing activities support our assessment. It will be beneficial for the General Assembly to write down its organizational risk management activities in the future.

Anıl Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

T.C.

Vahap ADIYAMAN, YMM
Auditor In Charge
Istanbul, 04 March 2022

ANIL YEMİNLİ MALİ MÜŞAVİRLİK ve BAĞIMSIZ DENETİM A.Ş.

Doğa sigorta
güven doğasında var

FINANCIAL REPORT OF

DOGA SİGORTA ANONİM ŞİRKETİ

AS OF 31 DECEMBER 2021

We declare that the financial statements as of December 31, 2021, and the related explanations and footnotes which prepared in accordance with the accounting principles and standards in force within the framework of the regulations issued by the T.R. Ministry of Treasury and Finance, comply with the provisions of the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" and our Company's accounting records.

Istanbul, 04.03.2022

Coşkun GÖLPINAR
General Manager

Fehmi ÖZBALKAN
Deputy General Manager

Nuray DAY
Financial and Administrative Affairs Group Manager

Esra DENİZCİ
Actuary (Skm No: 31)

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1. FINANCIAL STATEMENTS:

a. Financial statements as of 31 December 2021 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".)

ASSETS			
I-Current Assets	Footnote	Independent the Items Has Been Subjected to the Audit 31 December 2021	Independent the Items Has Been Subjected to the Audit 31 December 2020
A- Cash and Cash Equivalents	**-**	**1,297,469,633**	**1,201,042,046**
1- Cash	-	739	739
2- Cheques Received	-	-	-
3- Banks	14	933,522,777	910,567,469
4- Cheques Given and Payment Orders (-)	-	-	-
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months	14	363,946,117	290,473,838
5- Cash and Cash Equivalents	-	-	-
B- Financial assets and Financial Investments of which the Risks are Undertaken by the Policyholders	**-**	**732,691,230**	**449,801,840**
1- Available-For-Sale Financial Assets	11	147,753,503	259,937,528
2- Marketable Securities to Be Held Until Maturity	11	579,724,880	189,863,972
3- Marketable Securities in the Tradebook	11	5,212,847	340
4- Loans	-	-	-
5- Provision for Credits (-)	-	-	-
6- Financial Investments of which the Risks are Undertaken by the Life Insurance Policyholders	-	-	-
7- Company Stock	-	-	-
8-Provision for Impairment of Inventory (-)	-	-	-
C- Receivables from Real Operating Income	**-**	**351,484,196**	**286,957,190**
1- Receivables from Insurance	12	299,628,008	216,231,248
2- Provision for Insurance Transaction Receivables (-)	12	(2,975,728)	(12,448,335)
3- Receivables from Reinsurance Transactions	12	54,831,916	83,174,277
4- Provision for Reinsurance Transactions Receivables (-)	-	-	-
5- Deposits on Behalf of Insurance and Reinsurance Companies	-	-	-
6- Loans of Policyholders	-	-	-
7- Provision for Loans of Policyholders (-)	-	-	-
8- Receivables for Pension (Retirement) Transactions	-	-	-
9- Doubtful Receivables Arising from Real Operations	12	82,396,314	51,898,806
10- Provisions for Doubtful Receivables Arising from Real Operations (-)	12	(82,396,314)	(51,898,806)
D- Receivables from the Related Parties	**-**	**3,358**	**-**
1- Receivables from Shareholders	-	-	-
2- Receivables from Associates	4	3,358	-
3- Receivables from Subsidiaries	-	-	-
4- Receivables from Group Companies	-	-	-
5- Receivables from Employees	-	-	-
6- Receivables from Other Related Parties	-	-	-
7- Rediscounted Receivables from Related Parties (-)	-	-	-
8- Doubtful Receivables from Related Parties	-	-	-
9- Provision for Doubtful Receivables from Related Parties (-)	-	-	-
E- Other Receivables	**-**	**13,026,829**	**10,142,776**
1- Leasing Receivables	-	-	-
2- Unearned Lease Interest Incomes (-)	-	-	-
3- Deposits Paid and Guarantees Given	4	159,800	159,800
4-Other Miscellaneous Receivables (+/-)	4	12,867,029	9,982,976
5-Rediscount on Other Miscellaneous Receivables (-)	-	-	-
6-Doubtful Other Receivables	-	-	-
7- Provision for Doubtful Other Receivables (-)	-	-	-
F- Short-Term Prepaid Expenses and Accrued Income	**-**	**161,206,857**	**131,346,739**
1- Deferred Production Costs	17	151,045,210	126,973,537
2- Accrued Interest and Rental Income	-	-	-
3- Accrued Revenue Receivables	-	-	-
4- Short-Term Prepaid Expenses and Accrued Income	17	10,161,647	4,373,202
G- Other Current Assets	**-**	**879,392**	**665,661**
1- Required Stocks for Future Months	-	-	-
2- Prepaid Taxes and Funds	35	53,653	3,642
3- Deferred Tax Assets	-	-	-
4- Work Advances	4	512,374	535,060
5- Advances to Personnel	4	313,365	126,959
6-Inventory and Delivery Shortages	-	-	-
7-Other Miscellaneous Current Assets	-	-	-
8-Provisions for Other Current Assets (-)	-	-	-
I- Total Current Assets	**-**	**2,556,761,493**	**2,079,956,252**

Footnotes offer supplementary information about the financial statement.

a. Financial statements as of 31 December 2021 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".) - Continued

ASSETS			
II- Non-Current Assets	Footnote	Independent the Items Has Been Subjected to the Audit 31 December 2021	Independent the Items Has Been Subjected to the Audit 31 December 2020
A- Receivables from Real Operating Income	**-**	**-**	**-**
1- Receivables from Insurance	-	-	-
2- Provision for Insurance Transaction Receivables (-)	-	-	-
3- Receivables from Reinsurance Transactions	-	-	-
4- Provision for Reinsurance Transactions Receivables (-)	-	-	-
5- Deposits on Behalf of Insurance and Reinsurance Companies	-	-	-
6- Loans of Policyholders	-	-	-
7- Provision for Loans of Policyholders (-)	-	-	-
8- Receivables for Pension (Retirement) Transactions	-	-	-
9- Doubtful Receivables Arising from Real Operations	-	-	-
10- Provisions for Doubtful Receivables Arising from Real Operations (-)	-	-	-
B- Receivables from the Related Parties	**-**	**-**	**-**
1- Receivables from Shareholders	-	-	-
2- Receivables from Associates	-	-	-
3- Receivables from Subsidiaries	-	-	-
4- Receivables from Group Companies	-	-	-
5- Receivables from Employees	-	-	-
6- Receivables from Other Related Parties	-	-	-
7- Rediscounted Receivables from Related Parties (-)	-	-	-
8- Doubtful Receivables from Related Parties	-	-	-
9- Provision for Doubtful Receivables from Related Parties (-)	-	-	-
C- Other Receivables	**-**	**223,350**	**3,422,856**
1- Leasing Receivables	-	-	-
2- Unearned Lease Interest Incomes (-)	-	-	-
3- Deposits Paid and Guarantees Given	4	223,350	3,422,856
4-Other Miscellaneous Receivables	-	-	-
5-Rediscount on Other Miscellaneous Receivables (-)	-	-	-
6-Doubtful Other Receivables	-	-	-
7- Provision for Doubtful Other Receivables (-)	-	-	-
D- Financial Assets	**-**	**1,175,420**	**984,773**
1- Long Term Securities	9	875,420	684,773
2- Associates	-	-	-
3-Capital Commitments to Associates (-)	-	-	-
4- Subsidiaries	9	300,000	300,000
5- Capital Commitment to Subsidiaries (-)	-	-	-
6- Receivables from Group Companies	-	-	-
7- Capital Commitment to Receivables from Group Companies (-)	-	-	-
8- Financial Assets and Financial Investments of which the Risks are Undertaken by the Policyholders	-	-	-
9-Other Miscellaneous Financial Assets	-	-	-
10-Provision for Impairment of Inventory (-)	-	-	-
E- Tangible Assets	**-**	**23,288,504**	**17,235,993**
1- Investment Property	-	-	-
2-Provision for Impairment of Inventory for Investment Property (-)	-	-	-
3- Property Intended for Use	-	-	-
4- Machine and Equipment	-	-	-
5- Fixtures and Installations	6	8,357,222	7,547,808
6- Motor Vehicles	6	13,222,260	6,974,098
7- Other Tangible Assets (Leasehold Improvement Amount Is Included)	6	11,506,708	11,356,900
8- Acquired Tangible Assets by Leasing	6	8,814,742	7,571,892
9- Accumulated Depreciation (-)	6	(18,612,428)	(16,214,705)
10- Advances for Tangible Assets (Investments in Progress are Included)	-	-	-
F- Other Intangible Assets	**8**	**4,074,943**	**3,624,961**
1- Rights	8	10,009,153	7,463,577
2- Goodwill	-	-	-
3- Expenses in Respect of the Pre-Operating Cycle	-	-	-
4- Research and Development Expenses	-	-	-
6- Other Intangible Fixed Assets	-	-	-
7- Accumulated Depreciation (-)	8	(5,934,210)	(3,838,616)
8- Advances for Intangible Fixed Assets	-	-	-
G- Prepaid Expenses and Income Accruals Pertaining to Future Years	**-**	**1,212,986**	**-**
1- Deferred Production Costs	-	-	-
2- Income Accruals	-	-	-
3- Long-Term Prepaid Expenses and Accrued Income	-	1,212,986	-
H- Other Non-Current Assets	**-**	**15,833,164**	**12,114,732**
1- Effective Foreign Exchange Accounts	-	-	-
2- Foreign Currency Accounts	-	-	-
3- Required Stocks for Future Years	-	-	-
4- Prepaid Taxes and Funds	-	-	-
5- Deferred Tax Assets	21	15,833,164	12,114,732
6-Other Miscellaneous Non-Current Assets	-	-	-
7-Depreciation for Other Non-Current Assets (-)	-	-	-
8-Provisions for Other Non-Current Assets (-)	-	-	-
II- Total Non-Current Assets	**-**	**45,808,367**	**37,383,315**
Total Current Assets (I + II)	**-**	**2,602,569,860**	**2,117,339,569**

Footnotes offer supplementary information about the financial statement.

a. Financial statements as of 31 December 2021 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".) - Continued

LIABILITIES			
III- Short Term Liabilities	Footnote	Independent the Items Has Been Subjected to the Audit 31 December 2021	Independent the Items Has Been Subjected to the Audit 31 December 2020
A-Financial Payables	**-**	**1,708,626**	**2,692,299**
1-Payables to Credit Agencies	-	-	-
2-Payables from Leasing Receivables	20	2,538,438	3,133,182
3- Deferred Financial Lease Borrowing Expenses (-)	20	(829,812)	(440,883)
4- Principal and interest payable of long term loans	-	-	-
5- Issued Bonds Principal, Installments and Interest	-	-	-
6-Other Miscellaneous Financial Assets	-	-	-
7- Premiums on Other Miscellaneous Financial Assets (-)	-	-	-
8- Other Miscellaneous Financial Assets (Liabilities)	-	-	-
B- Real Operating Liabilities	**-**	**157,115,735**	**108,998,346**
1- Payables from Insurance Operations	19	40,590,986	39,179,624
2- Receivables from Reinsurance Transactions	10,17,19	116,524,749	69,818,722
3- Deposits on Behalf of Insurance and Reinsurance Companies	10,19	-	-
4- Receivables for Pension (Retirement) Transactions	-	-	-
5- Other Real Operating Liabilities	-	-	-
6- Rediscount on other Notes Payable from Real Operating Income (-)	-	-	-
C- Liabilities due to Related Parties	**-**	**3,141**	**4,427**
1- Due to Shareholders	45	-	-
2- Payables to Associates	-	-	-
3- Payables to Subsidiaries	-	-	-
4- Receivables from Group Companies	-	-	-
5. Due to Personnel	45	3,141	4,427
6- Receivables from Other Related Parties	-	-	-
D- Other Payables	**-**	**57,488,713**	**45,618,007**
1-Deposits and Guarantees Received	19	20,581,491	11,996,377
2- SSI Debts Related to Treatment Expenses	19	25,953,926	22,283,844
3-Other Miscellaneous Payables	19	10,953,296	11,337,786
4- Rediscount on Other Miscellaneous Payables (-)	-	-	-
E- Insurance Technical Reserves	**-**	**1,666,999,231**	**1,380,000,617**
1- Provisions for Unearned Premiums - Net	17	602,631,782	541,898,235
2- Provision for Unexpired Risks - Net	17	80,700,102	21,480,657
3- Mathematical Provisions - Net	-	-	-
4- Provision for Outstanding Claims and Compensations - Net	17,42	983,667,347	816,621,725
5- Provision for Bonus and Discounts - Net	-	-	-
6- Provision for Financial Investments with Risks on Saving Life Policyholders - Net	-	-	-
7- Other Technical Provisions (Net)	-	-	-
F- Reserves for Taxes Payable and Other Fiscal Liabilities	**-**	**35,765,077**	**32,745,256**
1- Taxes and Dues Payable	23	34,672,642	31,920,999
2. Social Security Withholdings Payable	23	1,092,435	824,257
3- Overdue, Postponed or Re-structured Taxes and Fiscal Liabilities	-	-	-
4-Other Taxes and Liabilities Payable	-	-	-
5- Provision for Tax and other Legal Liabilities on Profit	23	33,882,912	31,266,587
6- Prepaid Taxes and Other Legal Liabilities on Profit (-)	23	(33,882,912)	(31,266,587)
7- Provision for Other Taxes and Liabilities Payable	-	-	-
G- Provisions for Others Risks	**-**	**11,237,923**	**8,381,666**
1- Provisions for Termination Indemnities	23	1,250,553	855,779
2- Provision for Social Support Fund Deficits	-	-	-
3- Provision for Cost Expenses	23	9,987,370	7,525,887
H- Deferred Income and Expense Accruals for Future Months	**-**	**89,914,094**	**59,669,277**
1- Deferred Commission Incomes	19,17	89,914,094	59,669,277
2. Expense Accruals	-	-	-
3- Deferred Income and Expense Accruals for Future Months	-	-	-
I- Other Short Term Liabilities	**-**	**78,899,850**	**76,759,806**
1- Deferred Tax Obligation	-	-	-
2- Inventory and Delivery Surplus	-	-	-
3- Other Miscellaneous Short Term Liabilities	17, 10	78,899,850	76,759,806
III- Total of Short Term Liabilities	**-**	**2,099,132,389**	**1,714,869,701**

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

a. Financial statements as of 31 December 2021 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".) - Continued

LIABILITIES			
IV- Long Term Liabilities	Footnote	Independent the Items Has Been Subjected to the Audit 31 December 2021	Independent the Items Has Been Subjected to the Audit 31 December 2020
A-Financial Payables	**-**	**4,696,354**	**1,035,398**
1-Payables to Credit Agencies	-	-	-
2- Payables from Financial Leasing Transactions	20	6,508,419	1,158,775
3- Deferred Financial Lease Borrowing Expenses (-)	20	(1,812,065)	(123,377)
4- Bonds Issued	-	-	-
5-Other Issued Miscellaneous Financial Assets	-	-	-
6- Premiums on Other Miscellaneous Financial Assets (-)	-	-	-
7- Other Financial Liabilities (Liabilities)	-	-	-
B- Real Operating Liabilities	**-**	**-**	**-**
1- Payables from Insurance Operations	-	-	-
2- Receivables from Reinsurance Transactions	-	-	-
3- Deposits on Behalf of Insurance and Reinsurance Companies	-	-	-
4- Receivables for Pension (Retirement) Transactions	-	-	-
5- Other Real Operating Liabilities	-	-	-
6- Rediscount on Other Notes Payable from Real Operating Income (-)	-	-	-
C- Liabilities Due to Related Parties	**-**	**9,927**	**9,927**
1- Due to Shareholders	45	9,927	9,927
2-Payables to associates	-	-	-
3- Payables to subsidiaries	-	-	-
4- Receivables from Group Companies	-	-	-
5. Due to Personnel	-	-	-
6- Receivables from Other Related Parties	-	-	-
D- Other Payables	**-**	**-**	**-**
1- Deposits and Guarantees Received	-	-	-
2- SSI Debts Related to Treatment Expenses	-	-	-
3-Other Miscellaneous Payables	-	-	-
4- Rediscount on Other Miscellaneous Payables	-	-	-
E- Insurance Technical Reserves	**-**	**13,119,606**	**7,591,929**
1- Provisions for Unearned Premiums - Net	-	-	-
2- Provision for Unexpired Risks - Net	-	-	-
3- Mathematical Provisions - Net	-	-	-
4- Provision for Outstanding Claims and Compensations - Net	-	-	-
5- Provision for Bonus and Discounts - Net	-	-	-
6- Provision for Financial Investments with Risks on Saving Life Policyholders - Net	-	-	-
7- Other Technical Provisions (net)	17	13,119,606	7,591,929
F- Other Liabilities and Provisions	**-**	**-**	**-**
1-Other Liabilities payable	-	-	-
2- Overdue, Postponed or Re-structured Taxes and Fiscal Liabilities	-	-	-
3- Provisions for other payables and expenses	-	-	-
G- Provisions for Others Risks	**-**	**1,959,865**	**2,031,874**
1- Provisions for termination indemnities	23	1,959,865	2,031,874
2- Provision for Social Support Fund Deficits	-	-	-
F- Deferred Income and Expense Accruals Pertaining to Future Years	**-**	**-**	**-**
1- Deferred Commission Incomes	-	-	-
2. Expense Accruals	-	-	-
3- Deferred Income and Expense Accruals for Future Years	-	-	-
I- Other Long Term Liabilities	**-**	**202,237**	**132,867**
1- Deferred Tax Obligation	-	-	-
2- Other Long Term Liabilities	-	202,237	132,867
IV- Total of Long Term Liabilities	**-**	**19,987,989**	**10,801,995**

Footnotes offer supplementary information about the financial statement.

a. Financial statements as of 31 December 2021 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".) - Continued

EQUITY CAPITAL			
V- Equity Capital	Footnote	Independent the Items Has Been Subjected to the Audit 31 December 2021	Independent the Items Has Been Subjected to the Audit 31 December 2020
A- Paid in capital	**-**	**220,000,000**	**220,000,000**
1- Nominal Capital	2, 15	220,000,000	220,000,000
2- Unpaid Share Capital (-)	-	-	-
3- Positive Inflation Adjustment on Capital	-	-	-
4- Negative Distinction from Share Capital Adjustment (-)	-	-	-
B- Capital Reserves	**-**	**-**	**-**
1- Equity Share Premiums	-	-	-
2- Gains on Sale of Cancelled Share Certificates	-	-	-
3- Capitalized Surplus	-	-	-
4- Foreign Currency Conversion Adjustments	-	-	-
5- Other Capital Reserves	15	-	-
C-Profit Reserves	**-**	**29,135,757**	**22,584,855**
1- Legal Reserves	15	15,565,102	8,708,515
2- Statutory Reserves	-	-	-
3-Extraordinary Reserves	15	6,780,498	6,780,498
4- Special Funds (Reserves)	15	7,384,087	7,384,087
5- Valuation of Financial Assets	-	-	-
6- Other Profit Reserves	15-21	(593,930)	(288,245)
D- Previous Years' Profits	**-**	**107,868,442**	**58,667,259**
1- Previous Years' Profits	-	107,868,442	58,667,259
E- Previous Years' Losses (-)	**-**	**-**	**-**
1- Previous Years' Losses	-	-	-
F- Net Profit for the Period	**-**	**126,445,284**	**90,415,758**
1- Net Profit for the Period	-	126,445,284	90,415,758
2- Net Loss for the Period (-)	-	-	-
Total Shareholders' Equity	**-**	**483,449,483**	**391,667,872**
Total Sum of Liabilities (III + IV + V)	**-**	**2,602,569,860**	**2,117,339,569**

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

b. Accounting period ending on 31 December 2021 solo income statement (All figures are expressed in Turkish Lira "TRY".)

I-TECHNICAL DEPARTMENT	Footnote	Independent the Items Has Been 1 January - 31 December 2021	Independent the Items Has Been 1 January - 31 December 2020
A- Non-Life Technical Income	**-**	**1,480,564,506**	**1,161,613,064**
1- Earned Premiums (Net of Reinsurance Share)	-	999,700,437	900,564,308
1.1- Written Premiums (Net of Reinsurance Share)	17	1,119,653,429	1,011,034,054
1.1.1- Gross Written Premiums (+)	-	2,143,340,348	1,781,055,358
1.1.2- Ceded Premiums to Reinsurers (-)	17	(926,380,573)	(677,370,462)
1.1.3- Premiums Transferred to SSI	17	(97,306,346)	(92,650,842)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	29	(60,733,547)	(118,729,819)
1.2.1- Provisions for Unearned Premiums (-)	-	(200,860,150)	(129,392,513)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17	135,983,849	6,884,590
1.2.3- SSI of Unearned Premiums Reserve	-	4,142,754	3,778,103
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	29	(59,219,445)	8,260,073
1.3.1- Provision for Unexpired Risks (-)	-	(81,856,681)	(4,603,100)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	-	22,637,236	12,863,173
2- Investment Incomes Transferred from Non-Technical Department	4,2	437,878,948	243,862,835
3- Other Technical Incomes (net of reinsurance share)	-	375,629	2,237,562
3.1- Other Gross Technical Incomes (+)	-	375,629	2,237,562
3.2- Reinsurance Share in Other Gross Technical Incomes (-)	-	-	-
4- Accrued Salvage and Subrogation Revenues	-	42,609,493	14,948,359
A- Non-Life Technical Expenditure (-)	**-**	**(1,348,048,697)**	**(1,055,818,843)**
1- Realized Claims (Net of Reinsurance Share)	-	(1,028,555,386)	(749,336,540)
1.1- Claims Paid (Net of Reinsurance Share)	29	(861,509,764)	(524,897,897)
1.1.1- Gross Claims Paid (-)	-	(1,429,794,680)	(965,218,270)
1.1.2- Reinsurance Share of Claims Paid (+)	17	568,284,916	440,320,373
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	29	(167,045,622)	(224,438,643)
1.2.1- Outstanding Claims Reserve (-)	-	(217,083,500)	(370,493,191)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17	50,037,878	146,054,547
2- Change in Provision for Bonus and Discounts (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
2.1- Provision for Bonus and Discounts (-)	-	-	-
2.2- Reinsurance Share of Provision for Bonus and Discounts (+)	-	-	-
3- Change in Other Technical Provisions (Net of Reinsurance Share and the Transferred Amount) (+/-)	29	(5,527,677)	(3,376,837)
4- Operating Expenses (-)	32	(267,480,605)	(269,772,093)
5- Other Technical Provisions	-	(46,485,029)	(33,333,373)
C- Technical Department Balance- Non-Life (A – B)	**-**	**132,515,809**	**105,794,221**
D- Life - Technical Income	**-**	**-**	**-**
1- Earned Premiums (Net of Reinsurance Share)	-	-	-
1.1- Written Premiums (Net of Reinsurance Share)	-	-	-
1.1.1- Gross Written Premiums (+)	-	-	-
1.1.2- Ceded Premiums to Reinsurers (-)	-	-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
1.2.1- Provisions for Unearned Premiums (-)	-	-	-
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	-	-	-
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
1.3.1- Provision for Unexpired Risks (-)	-	-	-
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	-	-	-
2- Investment Income of Life Branch	-	-	-
3- Unrealized Investment Gains	-	-	-
4- Other Technical Incomes (Net of Reinsurance Share)	-	-	-

b. Accounting period ending on 31 December 2021 solo income statement (All figures are expressed in Turkish Lira "TRY".) - Continued

I-TECHNICAL DEPARTMENT	Footnote	Independent the Items Has Been Subjected to the Audit 1 January - 31 December 2021	Independent the Items Has Been Subjected to the Audit 1 January - 31 December 2020
E- Life - Technical Expenditure	-	-	-
1- Realized Claims (Net of Reinsurance Share)	-	-	-
1.1-Indemnities Paid (Net of Reinsurance Share)	-	-	-
1.1.1- Gross Indemnities Paid (-)	-	-	-
1.1.2- Reinsurance Share of Paid Indemnities (+)	-	-	-
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
1.2.1- Gross Outstanding Claims Reserve (-)	-	-	-
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	-	-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
2.1- Provision for Bonus and Discounts (-)	-	-	-
2.2- Reinsurance Share of Provision for Bonus and Discounts (+)	-	-	-
3- Change in Mathematical Life Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
3.1 Mathematical Life Provision (-)	-	-	-
3.2 Reinsurance Share of Mathematical Life Provision (+)	-	-	-
4- Change in Provision for Financial Investments with Risks on Saving Life Policyholders (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
4.1- Provision for Financial Investments with Risks on Saving Life Policyholders (-)	-	-	-
4.2- Reinsurance Share of Provision for Financial Investments with Risks on Saving Life Policyholders (+)	-	-	-
5- Change in Other Technical Provisions (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
6- Operating Expenses (-)	-	-	-
7- Investment Expenses (-)	-	-	-
8- Unrealized Investment Losses (-)	-	-	-
9- Investment Incomes Transferred to Non-Technical Department (-)	-	-	-
F- Technical Department Balance- Life (D – E)	-	-	-
G- Pension Related Technical Income	-	-	-
1- Fund Management Revenues	-	-	-
2- Administrative Expenses Fee	-	-	-
3- Admission Fee Revenues	-	-	-
4- Administrative Expenses Fee in Case of Recess	-	-	-
5- Private Services Expenses Fee	-	-	-
6- Prepaid Capital Allotment's Increment Value Income	-	-	-
7- Other Technical Incomes	-	-	-
H- Pension Related Technical Expenditure	-	-	-
1- Fund Management Expenditure (-)	-	-	-
2- Prepaid Capital Allotment's Impairment Charges (-)	-	-	-
3- Operating Expenses (-)	-	-	-
4- Other Technical Provisions (-)	-	-	-
I- Technical Department Balance- Pension (G – H)	-	-	-

Footnotes offer supplementary information about the financial statement.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

b. Accounting period ending on 31 December 2021 solo income statement (All figures are expressed in Turkish Lira "TRY".) - Continued

I-NON-TECHNICAL DEPARTMENT	Footnote	Independent the Items Has Been Subjected to the Audit 1 January - 31 December 2021	Independent the Items Has Been Subjected to the Audit 1 January - 31 December 2020
C- Technical Department Balance- Non-Life (A – B)	-	**132,515,809**	**105,794,221**
F- Technical Department Balance- Life (D – E)	-	-	-
I- Technical Department Balance- Pension (G – H)	-	-	-
J- General Technical Department Balance (C+F+I)	-	**132,515,809**	**105,794,221**
K- Investment Incomes	-	**530,434,613**	**352,597,005**
1- Yield from Financial Investments	4.2	194,907,443	92,710,982
2- Yield from Liquidation of Financial Investments	-	-	-
3- Valuation of Financial Investments	4.2	7,911,131	9,442,832
4- Foreign Exchange Profits	4.2, 36	326,747,168	157,139,084
5- Dividend Incomes from Associates	4.2	230,439	200,214
6- Incomes Subject to Subsidiaries and Group Companies	-	-	-
7- Incomes from Landed Property, Parcel of Land and Buildings	-	-	-
8- Incomes from Derivatives	-	-	-
9- Other Investments	4.2	638,432	93,103,894
10- Transferred Investment Income from Technical Life Department	-	-	-
L- Investment Expenses (-)	-	**(475,412,987)**	**(328,369,010)**
1- Investment Administration Expenses – Interest is Included (-)	4.2	(415,370)	(791,031)
2- Impairment Charges of Investments (-)	-	(8,011,318)	-
3- The Arising Losses from Liquidation of Investments (-)	4.2	(8,635)	(7,506,742)
4- Transferred Investment Income to Non-Technical Life Department (-)	4.2	(437,878,948)	(243,862,835)
5- Losses Arising from Derivatives (-)	-	-	-
6- Foreign Exchange Losses (-)	4.2 , 36	(16,757,045)	(67,623,595)
7- Depreciation Expenses (-)	4.2 , 6	(10,097,838)	(8,584,807)
8- Other Investment Expenses (-)	-	(2,243,834)	-
M- Income and Profit, Expenditure and Loss Pertaining to Other Operations and Extra Ordinary Operations (+/-)	-	**(27,209,238)**	**(8,339,871)**
1- Reserves Account (+/-)	47	(32,899,649)	(10,478,125)
2- Rediscount Account (+/-)	47	(912,306)	(4,594,158)
3- Qualifying Insurance Account (+/-)	-	-	-
4- Inflation Adjustment Losses (+/-)	-	-	-
5- Deferred Tax Assets Account (+/-)	35	3,642,010	1,850,545
6- Deferred Tax Obligation Expenditure (-)	-	-	-
7- Other Income and Profits	-	3,859,139	5,366,836
8- Other Ordinary Expenses and Losses (-)	-	(530,439)	(460,192)
9- Previous Period's Income and Profits	-	-	-
10- Previous Period's expenses and losses (-)	-	(367,993)	(24,777)
N- Net Profit / Loss for the Period	-	**126,445,284**	**90,415,758**
1- Profit and Loss for the Period	37	160,328,197	121,682,345
2- Provision for Tax and Other Legal Liabilities on Profit (-)	35	(33,882,912)	(31,266,587)
3- Net Profit or Loss for the Period	37	126,445,284	90,415,758
4- Inflation Adjustment Account	-	-	-

Footnotes offer supplementary information about the financial statement.

c. Accounting period ending on 31 December 2021 solo cash flow statement (All figures are expressed in Turkish Lira "TRY".)

A. CASH FLOWS ARISING FROM REAL OPERATIONS	Footnote	Independent the Items Has Been Subjected to the Audit 1 January - 31 December 2021	Independent the Items Has Been Subjected to the Audit 1 January - 31 December 2020
1. Cash Flows Derived from Insurance Operations	-	1,285,151,648	1,124,302,526
2. Cash Flows Derived from Reinsurance Operations	-	-	-
3. Cash Flows Derived from Pension and Retirement Operations	-	-	-
4. Cash Outflow Derived from Insurance Operations (-)	-	(1,303,732,560)	(975,967,583)
5. Cash Outflow Derived from Reinsurance Operations (-)	-	-	-
6. Cash Outflow Derived from Pension and Retirement Operations (-)	-	-	-
7. Cash Derived from Real Operations (A1+A2+A3-A4-A5-A6)	**-**	**(18,580,912)**	**148,334,943**
8. Interest Incomes (-)	-	-	-
9. Income Tax Payments (-)	-	(33,933,223)	(38,860,591)
10. Other Cash Inflows	-	6,311,383	6,690,054
11. Other Cash Outflows (-)	-	(4,669,221)	(12,663,914)
12. Cash Flows Arising from Real Operations	**-**	**(50,871,973)**	**103,500,492**
B. CASH FLOWS ARISING FROM INVESTMENT OPERATIONS			
1. E- Intangible Fixed Assets	6	4,045,231	933,856
2. E- Intangible Fixed Assets	6	(15,041,040)	(9,921,474)
3. Acquisition of Financial Assets (-)	11	(1,966,951,279)	(3,260,393,016)
4. Sales of Financial Assets	11	1,917,426,320	3,108,761,729
5. Interests Received	-	145,027,747	84,093,985
6. Dividends Received	-	-	-
7. Other Cash Inflows	-	156,665,479	254,889,901
8. Other Cash Outflows (-)	-	(312,723,595)	(58,094,629)
9. Cash Flows Arising from Investment Operations	**-**	**(71,551,136)**	**120,270,352**
C. CASH FLOWS ARISING FROM FINANCE OPERATIONS			
1. Sales of Share Certificates	15	-	-
2. Cash Inflow with Respect to Loans	-	-	-
3. Financial Lease Debts Payments (-)	-	-	-
4. Dividends Paid (-)	-	(34,357,988)	(27,087,209)
5. Other Cash Inflows	15	2,677,283	(1,164,540)
6. Other Cash Outflows (-)	-	(415,370)	(791,031)
7. Cash Flows Arising from Investment Operations	**-**	**(32,096,075)**	**(29,042,780)**
D. EFFECT OF CASH DIFFERENCES TO CASH AND CASH EQUIVALENTS	**-**	**245,526,588**	**(10,060,817)**
Net Increase in Cash and Cash Equivalents (A12+B9+C7+D)	**-**	**91,007,404**	**184,667,247**
F. Cash and Cash Equivalents Availability in the Beginning of the Period	**14**	**1,198,782,541**	**1,014,115,294**
G. Cash and Cash Equivalents Availability at the End of the Period (E+F)	**14**	**1,289,789,945**	**1,198,782,541**

Footnotes offer supplementary information about the financial statement.

d. Accounting period ending on 31 December 2021 profit distribution rate statement (All figures are expressed in Turkish Lira "TRY".)

	Footnote	Current Period 31 December 2021	Previous Period 31 December 2020
I. DISTRIBUTION OF THE PROFIT OF THE PERIOD			
1.1. PROFIT FOR THE PERIOD	-	160,328,197	121,682,345
1.2. TAXES PAYABLE AND OTHER FISCAL LIABILITIES	-	(33,882,912)	(31,266,587)
1.2.1. Corporate Tax (Income Tax)	-	(33,882,912)	(31,266,587)
1.2.2. Income Tax Deduction	-	-	-
1.2.3. Others Tax and Legal Liabilities	-	-	-
A Net Profit for the Period (1.1 - 1.2)	**-**	**126,445,284**	**90,415,758**
1.3. PREVIOUS YEARS' LOSS (-)	-	-	-
1.4. PRIMARY RESERVE	-	6,322,264	4,520,788
1.5. STATUTORY SAVING FUNDS (-)	-	-	-
B DISTRIBUTABLE NET PROFIT OF THE PERIOD [(A - (1.3 + 1.4 + 1.5)]	**-**	**120,123,020**	**85,894,971**
1.6. FIRST DIVIDENDS TO THE SHAREHOLDERS (-)	-	-	-
1.6.1. To the Owners of the Share Certificates	-	-	-
1.6.2. Holders of Preferred Capital Stock	-	-	-
1.6.3 Holders of Redeemed Shares	-	-	-
1.6.4 Holders of Participation Bond	-	-	-
1.6.5 Holders of Profit and Loss Sharing Certificate	-	-	-
1.7. DIVIDEND TO EMPLOYEES (-)	-	-	-
1.8. DIVIDENDS TO FOUNDERS (-)	-	-	-
1.9. DIVIDEND TO BOARD OF DIRECTORS (-)	-	-	-
1.10. SECOND DIVIDENDS TO THE SHAREHOLDERS (-)	-	-	-
1.10.1. To the Owners of the Share Certificates	-	-	-
1.10.2. Holders of Preferred Capital Stock	-	-	-
1.10.3. Holders of Redeemed Shares	-	-	-
1.10.4. Holders of Participation Bond	-	-	-
1.10.5. Holders of Profit and Loss Sharing Certificate	-	-	-
1.11. SECOND LEGAL RESERVE (-)	-	-	-
1.12. STATUTORY RESERVES(-)	-	-	-
1.13. EXTRAORDINARY RESERVES	-	-	-
1.14. OTHER RESERVES	-	-	-
1.15. SPECIAL FUNDS	-	-	-
II. DISTRIBUTION FROM RESERVES	**-**	**-**	**-**
2.1. DISTRIBUTED RESERVES	-	-	-
2.2. SECOND LEGAL RESERVE (-)	-	-	-
2.3. COMMON SHARES (-)	-	-	-
2.3.1. To the Owners of the Share Certificates	-	-	-
2.3.2 Holders of Preferred Capital Stock	-	-	-
2.3.3. Holders of Redeemed Shares	-	-	-
2.3.4 Holders of Participation Bond	-	-	-
2.3.5 Holders of Profit and Loss Sharing Certificate	-	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-	-
III. PROFIT PER SHARE	**-**	**-**	**-**
3.1. TO THE OWNERS OF THE SHARE CERTIFICATES	-	-	-
3.2. TO THE OWNERS OF THE SHARE CERTIFICATES (%)	-	-	-
3.3. HOLDERS OF PREFERRED CAPITAL STOCK	-	-	-
3.4. HOLDERS OF PREFERRED CAPITAL STOCK (%)	-	-	-
IV. DIVIDEND PER SHARE	**-**	**-**	**-**
4.1. TO THE OWNERS OF THE SHARE CERTIFICATES	-	-	-
4.2. TO THE OWNERS OF THE SHARE CERTIFICATES (%)	-	-	-
4.3. HOLDERS OF PREFERRED CAPITAL STOCK	-	-	-
4.4. HOLDERS OF PREFERRED CAPITAL STOCK (%)	-	-	-

Footnotes offer supplementary information about the financial statement.

e. Accounting period ending on 31 December 2021 solo table of changes in equity (All figures are expressed in Turkish Lira "TRY".)

Statement of Changes in Equity Subjected to Independent Audit - 31 December 2020	Capital	Stock Certificates of the Incorporation (-)	Reva-luation Increase in Assets	Inflation Adjustment Differences of Capital	Foreign Currency Exchange Differences	Other Capital Reserves	Legal Reserves
II - Outstanding Balance at the End of the Period (31.12.2019)	220,000,000	--	--	--	--	--	4,253,382
I - Outstanding Balance at the End of the Period (31.12.2019)	220,000,000	--	--	--	--	--	4,253,382
II - Amendments Pursuant to the Errors	--	--	--	--	--	--	--
III - New Balance (I + II) (01.01.2020)	220,000,000	--	--	--	--	--	4,253,382
A- Capital Increase	--	--	--	--	--	--	--
1- Cash	--	--	--	--	--	--	--
2- From Internal Resources	--	--	--	--	--	--	--
B- Purchase of Own Stock Certificates	--	--	--	--	--	--	--
C- Earnings and Losses not Included in the Income Statement	--	--	--	--	--	--	--
D- Valuation of Financial Assets	--	--	--	--	--	--	--
E- Foreign Currency Exchange Differences	--	--	--	--	--	--	--
F- Other Earnings and Losses	--	--	--	--	--	--	--
G- Inflation Adjustment Differences	--	--	--	--	--	--	--
H- Net Profit for the Period	--	--	--	--	--	--	--
I- Distributed Dividend	--	--	--	--	--	--	--
J- Transfer (*)	--	--	--	--	--	--	4,455,133
II - Outstanding Balance at the End of the Period (31.12.2020)	220,000,000	--	--	--	--	--	8,708,515
Statement of Changes in Equity Subjected to Independent Audit - 31 December 2021	**Capital**	**Stock Certificates of the Incorporation (-)**	**Reva-luation Increase in Assets**	**Inflation Adjustment Differences of Capital**	**Foreign Currency Exchange Differences**	**Other Capital Reserves**	**Legal Reserves**
II - Outstanding Balance at the End of the Period (31.12.2020)	220,000,000	--	--	--	--	--	8,708,515
I - Outstanding Balance at the End of the Period (31.12.2020)	220,000,000	--	--	--	--	--	8,708,515
II - Amendments Pursuant to the Errors	--	--	--	--	--	--	--
III - New Balance (I + II) (01.01.2021)	220,000,000	--	--	--	--	--	8,708,515
A- Capital Increase	--	--	--	--	--	--	--
1- Cash	--	--	--	--	--	--	--
2- From Internal Resources	--	--	--	--	--	--	--
B- Purchase of Own Stock Certificates	--	--	--	--	--	--	--
C- Earnings and Losses not Included in the Income Statement	--	--	--	--	--	--	--
D- Valuation of Financial Assets	--	--	--	--	--	--	--
E- Foreign Currency Exchange Differences	--	--	--	--	--	--	--
F- Other Earnings and Losses	--	--	--	--	--	--	--
G- Inflation Adjustment Differences	--	--	--	--	--	--	--
H- Net Profit for the Period	--	--	--	--	--	--	--
I- Distributed Dividend	--	--	--	--	--	--	--
J- Transfer (*)	--	--	--	--	--	--	6,856,587
II - Outstanding Balance at the End of the Period (31.12.2021)	220,000,000	--	--	--	--	--	15,565,102

Footnotes offer supplementary information about the financial statement.

e. Accounting period ending on 31 December 2021 solo table of changes in equity (All figures are expressed in Turkish Lira "TRY".) - Continued

Statement of Changes in Equity Subjected to Independent Audit - 31 December 2020	Statutory reserves	Other Reserves and Retained Profit	Net Profit for the Period (or loss)	Previous Years' Profits	Previous Years' Losses (-)	Total
II - Outstanding Balance at the End of the Period (31.12.2019)	7,384,087	6,640,499	89,102,662	1,106,940	--	328,487,570
I - Outstanding Balance at the End of the Period (31.12.2019)	7,384,087	6,640,499	89,102,662	1,106,940	--	328,487,570
II - Amendments Pursuant to the Errors	--	--	--	--	--	--
III - New Balance (I + II) (01.01.2020)	7,384,087	6,640,499	89,102,662	1,106,940	--	328,487,570
A- Capital Increase	--	--	--	--	--	--
1- Cash	--	--	--	--	--	--
2- From Internal Resources	--	--	--	--	--	--
B- Purchase of Own Stock Certificates	--	--	--	--	--	--
C- Earnings and Losses not Included in the Income Statement	--	(148,246)	--	--	--	(148,246)
D- Valuation of Financial Assets	--	--	--	--	--	--
E- Foreign Currency Exchange Differences	--	--	--	--	--	--
F- Other Earnings and Losses	--	--	--	--	--	--
G- Inflation Adjustment Differences	--	--	--	--	--	--
H- Net Profit for the Period	--	--	90,415,758	--	--	90,415,758
I- Distributed Dividend	--	--	(27,087,209)	--	--	(27,087,209)
J- Transfer (*)	--	--	(62,015,452)	57,560,319	--	--
II - Outstanding Balance at the End of the Period (31.12.2020)	7,384,087	6,492,253	90,415,758	58,667,259	--	391,667,872
Statement of Changes in Equity Subjected to Independent Audit - 31 December 2021	**Statutory Reserves**	**Other Reserves and retained Profit**	**Net Profit for the Period (or loss)**	**Previous Years' Profits**	**Previous Years' Losses (-)**	**Total**
II - Outstanding Balance at the End of the Period (31.12.2020)	7,384,087	6,492,253	90,415,758	58,667,259	--	391,667,872
I - Outstanding Balance at the End of the Period (31.12.2020)	7,384,087	6,492,253	90,415,758	58,667,259	--	391,667,872
II - Amendments Pursuant to the Errors	--	--	--	--	--	--
III - New Balance (I + II) (01.01.2021)	7,384,087	6,492,253	90,415,758	58,667,259	--	391,667,872
A- Capital Increase	--	--	--	--	--	--
1- Cash	--	--	--	--	--	--
2- From Internal Resources	--	--	--	--	--	--
B- Purchase of Own Stock Certificates	--	--	--	--	--	--
C- Earnings and Losses not Included in the Income Statement	--	(305,685)	--	--	--	(305,685)
D- Valuation of Financial Assets	--	--	--	--	--	--
E- Foreign Currency Exchange Differences	--	--	--	--	--	--
F- Other Earnings and Losses	--	--	--	--	--	--
G- Inflation Adjustment Differences	--	--	--	--	--	--
H- Net Profit for the Period	--	--	126,445,284	--	--	126,445,284
I- Distributed Dividend	--	--	(34,357,988)	--	--	(34,357,988)
J- Transfer (*)	--	--	(56,057,770)	49,201,183	--	--
II - Outstanding Balance at the End of the Period (31.12.2021)	7,384,087	6,186,568	126,445,284	107,868,442	--	483,449,483

Footnotes offer supplementary information about the financial statement.

1. GENERAL INFORMATION

1.1 The parent company's name and the last owner of the group

Doğa Sigorta Anonim Şirketi ("Company") is not controlled by any other Company or group.

1.2 Domicile and the legal structure of the Company, country and the address of the registered office (address of the operating center if it is different from the registered office)

Doğa Sigorta Corporation is a Joint Stock Company established pursuant to Turkish Commercial Code ("TCC") which operates at Büyükdere Caddesi Spine Tower No: 243 Maslak, Sarıyer, Istanbul.

1.3 The Company's main operations

The Company conducts its operations in accordance with the Insurance Law No. 5684 and other related communiqués and regulations. The Company mainly produces contracts for Accidents, land vehicles liability, transport, fire and natural disasters, land vehicles, general liability, Illness / Health, Legal Protection, bailment, credits, general damages, watercraft, watercraft liability, aircraft, aircraft liability, Railway Vehicles, Illness, bailment II (indirect bailment), Credit II (Export Loan), Financial Losses I-V-VIII insurances.

As of 31 December 2021, the Company has 1,875 sales channels. (31 December 2020: 1,885)

	31 December 2021	31 December 2020
Authorized Agency	1,787	1,804
Broker	85	78
Bank	3	3
Total	**1,875**	**1,885**

1.4 Description of the start-up activities and main operations of the Company

The company conducts insurance activities in compliance with the Law no. 5684 on Insurance and other regulations and directives published by R.T. Ministry of Treasury and Finance based on the said law.

1. GENERAL INFORMATION (Continued)

1.5 The number of the personnel during the period in consideration of their categories

	31 December 2021	31 December 2020
Senior Manager (*)	10	10
Officer	270	260
Total	**280**	**270**

(*)The Company's general manager, assistant general managers and group managers are included.

1.6 Total salaries and Benefits paid to the Executive Management

In the accounting period ending on 31 December 2021, the sum of wages and similar benefits provided to the Board of Directors and Senior Executives is TRY 10,512,693 (December 31 2020: TRY 7,095,779).

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 makes the distribution of investment expenses and operational expenses in accordance with the "Circular on the Principles and Procedures for Keys Used in Financial Statements Drawn Up within the Framework of Uniform Chart of Accounts in Insurance" published on 4 January 2008 and enacted on 1 January 2008 by the Undersecretariat of Treasury (2008-1) and Circular on the Amendment of the General Regarding the Procedures and Principles of the Keys Used in the Financial Tables Prepared in the Frame of the Insurance Uniform Chart of Accounts dated 9 August 2010 and 2010/9 issued by the Undersecretariat of Treasury.

1.8 Issue whether only a firm or group of firms are included in financial statements

Financial statements include financial information for only Doğa Sigorta Anonim Şirketi. As it is explained in detail in *Note 2.2*, no consolidated financial statements were prepared as of 31 December 2021.

1. GENERAL INFORMATION (Continued)

1.9 Name or other identifying information of the reporting enterprise and changes in such information since the previous balance sheet date

Name / Commercial Title	Doga Sigorta Anonim Şirketi
Headquarters Address	Büyükdere Cad. Spine Tower No: 243 Maslak / İstanbul
Telephone	+90(212) 212 36 42
Fax	+90(212) 212 36 44
Website	www.dogasigorta.com
E-mail Address	info@dogasigorta.com

There has been no change in the Company's name and other company information as at the prior balance sheet date.

1.10 Events After The Balance Sheet Date

Events after the balance sheet date are events in favor of or to the detriment of the Company which occur between the balance sheet date and the date of authorization for the issuance of the balance sheet.

Subsequent events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

There has been no change in the Company's operations, documentation and records of these operations, and Company policies after the balance sheet date.

The unconsolidated financial statements prepared as of December 31, 2021 were approved by the Board of Directors of the Company on March 04, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Preparation Principles

2.1.1 Principles used in preparation of the financial statements and information regarding the special accounting policies being implemented

The Company prepares its financial statements in accordance with the Insurance Law numbered 5684 and the principles stipulated for insurance and reinsurance companies by the R.T. 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 Ministry of Treasury and Finance regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette dated 30 December 2004 and No. 25686 (Insurance Accounting System Communiqué No.1) and the "Notice Regarding the Presentation of the New Account Codes and Financial Statements" dated 27 December 2011 and No. 2011/14.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Preparation Principles (Continued)

2.1.1 Principles used in preparation of the financial statements and information regarding the special accounting policies being implemented (Continued)

The content and the format of the financial statements prepared and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette Numbered 26851 dated 18 June 2008, and the "Notice Regarding the Presentation of the New Account Codes and Financial Statements" dated 31 May 2012 and No. 2012/7.

The company accounts for its activities 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, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") issued by the Accounting and Auditing Standards Authority ("POA") and other regulations, communiqués and explanations issued by Treasury on accounting and financial reporting. With reference to the notice of Treasury No. 9 dated 18 February 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" were kept out of the scope this application in 2008. On the other hand, insurance companies are obliged to prepare consolidated financial statements with "the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies" with respect to the published official gazette dated 31 December 2008 and numbered 27097. The company has no subsidiaries which it needs to consolidate in this regard.

As of December 31, 2021, the Company calculates and recognizes its insurance technical reserves 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 numbered 5684 were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies (See Note: 2.20.2).

2.1.2 Other Accounting Policies Appropriate for the Understanding of the Financial Statements

Accounting in hyperinflationary countries

Financial statements of the Turkish corporations in business have been restated for the changes in the general purchasing power of the Turkish Lira based on "TAS 29 - Financial Reporting in Hyperinflationary Economies" as of 31 December 2004. TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous years be restated in the same terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Preparation Principles (Continued)

Since the cumulative change in overall purchasing power over the past three years has been specified as 74.41% according to the Consumer Price Index (CPI) in the statement issued by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it has been stated in the financial statements for 2021 that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies. In this respect, no inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements dated December 31, 2021.

2.1.2 Other Accounting Policies Appropriate for the Understanding of the Financial Statements (Continued)

Other accounting policies

Based on the declaration of the Turkish Treasury dated 4 April 2005 with No. 19387, the adjustment of the financial statements according to the inflation was invalidated as of the beginning of 2005. The company was established on 02 April 2013. Therefore, its assets and liabilities were not subjected to inflation accounting.

Information regarding other accounting polices is disclosed above in 2.1.1-Information about the principles and the specific accounting policies used in the preparation of the financial statements and each under its own caption in the following sections of this report.

2.1.3 Current and reporting currency

The Company's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The amounts in the financial statements and the notes are expressed in Turkish Liras ("TRY").

2.1.4 Rounding scale of the amounts presented in the financial statements

Financial information presented in TRY, has been rounded to the nearest TRY values.

2.1.5 Basis of measurement(s) used in the preparation of the financial statements

The accounting policies used in preparing the financial statements and the used revaluation principles are explained in Notes 2.2 and 2.26 below.

2.1.6 Accounting policies, changes in accounting estimates and errors

Critical accounting changes in the accounting policies are applied retroactively, and the financial statements of previous periods are restated.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
2.1 Preparation Principles (Continued)

In preparing the financial statements according to TAS, the Company management is obligated to make assumptions and estimations which could affect the asset and liability amounts, probable liabilities and commitments as of the date of the balance sheet, and the revenue and expense amounts as of the reporting period. Concurrently, the realized results may be different from the estimations. Estimations and forecasts are regularly reviewed, necessary revisions are made and reported in the statement of income issued pursuant to the period they had been realized. The used estimates concern the impairment of the assets, the useful lives of tangible and intangible assets, and provisions.

2.1.7 Comparative Information and Restatement of the Prior Periods' Consolidated Financial Statements

Accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated. If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods.
No amendment or error was present in the accounting policies of the Current Period.

The Company's consolidated financial statements are prepared comparatively with the prior period in order to provide information on the financial position and performance of the Company. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

Within this framework, the Company's financial position statement (balance sheet) dated December 31, 2021, financial statement dated December 31, 2020, the statement of income, equity changes statement, and cash flow statement dated 31 December 2021, the statement of income, equity changes statement, and cash flow statement dated 31 December 2020, were presented in comparison.

2.2 Consolidation

The "Consolidation Communiqué" no. 27097 dated December 31, 2008, published by the Undersecretariat of Treasury requires insurance, reinsurance and pension companies to announce consolidated financial statements in addition to unconsolidated financial statements from March 31, 2009. In this sense, EDK Sigorta A.Ş., a subsidiary of the Company, which was founded on 11 April 2018 but has not engaged in any insurance activity, is classified as a Financial Asset in this financial statement since it does not have a material effect.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to assess its performance, and for which discrete financial information is available. Reports based on geographical regions were not submitted since the main geography where the Company operates is Turkey. Reports based on activity areas were not submitted since the Company operates only in the non-life insurance segment, which is tracked as a single reportable segment.

2.4 Foreign Currency Reserves

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

2.5 Tangible Fixed Assets

Purchased tangible assets are included in the records at their cost values. Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected to the statement of income of the related period.

Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.

There are no pledges, mortgages and other encumbrances on tangible assets.

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

Depreciation for tangible assets is calculated on a straight-line basis over their estimated useful lives based on their recorded values.

Depreciation rates and estimated useful lives in calculating the depreciation of tangible assets are as follows:

Tangible Fixed Assets	Estimated Useful Lives (Years)	Depreciation Rate (%)
Fixtures and Installations	3 -50	2.00 – 33.33
Motor Vehicles	5	20.00
Rights	3-5	20.00 – 33.33
Special Costs	5	20.00

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Investment Property

Investment properties are held either to earn rentals and/or for capital appreciation or for both.

Investment properties are measured initially at cost values including transaction costs.

Subsequent to initial recognition, the Company measured all investment property based on the cost model in accordance with the cost model for property and equipment (i.e. at cost less accumulated depreciation and less impairment losses if any). Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

As of 31 December 2021, the Company does not own any Investment Properties. (31 December 2020: N/A)

2.6 Intangible Fixed Assets

Intangible assets are non-monetary assets which are without physical substance and identifiable.

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.
During its initial recognition, an intangible asset shall be measured at cost.
An entity shall choose either the cost model or the revaluation model as its accounting policy in relation to intangible assets. If an intangible asset is accounted for using the revaluation model, all the other assets in its class shall also be accounted for using the same model, unless there is no active market for those assets.

The Company has chosen cost model in relation to intangible assets.

Acquired intangible assets, particularly the computer software licenses, are capitalized on a straight-line method of depreciation over their five-year long useful lives. Under IAS 38, expenditure on research shall be recognized as an expense when it is incurred.

Development costs for future products and other internally generated intangible assets are capitalized at cost, provided manufacture of the products is likely to bring the Company an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred. Cost includes all costs directly attributable to the development process as well as appropriate portions of development-related overheads. The costs are amortized in ten years using the straight-line method of depreciation from the start of production over the expected life cycle of the models or developed components of units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets

Classification and measurement

Financial assets are comprised of cash, contractual rights to obtain cash or another financial asset from or to exchange financial instruments with the counterparty, or the capital instrument transactions of the counterparty.

The financial assets are classified into four groups as "Financial Assets at Fair Value through Profit And Loss", "Financial Assets Available for Sale", "Held to Maturity Investments" and "Loans and Receivables".

- *Financial assets at fair value through profit or loss* are presented as financial assets held for trading in the accompanying financial statements. Financial assets at fair value through profit or loss are measured at their fair values, and the gain/loss arising due to changes in the fair values of the related financial assets are recorded in the statement of income. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. As of the date of this report, the Company does have any financial assets held for trading. (31 December 2021: Footnote;11)

- *Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables in the Company's financial statements which are not interest earning are measured by discounting of future cash flows less impairment losses, and interest earning loans and receivables are measured at amortized cost less impairment losses.

- *Financial assets to be held until maturity* are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity including funding ability yet excluding loans and receivables. Subsequent to initial recognition, financial assets and loans to be held until maturity are measured at amortized cost using effective interest rate method deducting provision for losses, if any. As of the date of this report, the Company has financial assets that are classified as financial assets to be held until maturity. (31 December 2021: Footnote;11)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets (Continued)

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

Available-for-sale financial assets are initially recorded based on cost value and the related financial assets are measured based on their fair values in the subsequent periods. Unrecognized gains or losses derived from the difference between the fair value of available-for-sale financial assets and amortized cost values calculated per effective interest rate method are recorded in "Revaluation of Financial Assets" under shareholders' equity. Upon disposal of available-for-sale financial assets the realized gain or losses created as a result of the fair value accounting approach are directly recognized in the statement of income.

The determination of fair values of financial instruments not traded in an active market is determined by using valuation methods. Observable market prices of the quoted financial instruments which are similar in terms of interest, maturity and other conditions are used in determining the fair value.

The financial instruments categorized as available-for-sale financial assets traded in an active market (exchange) are recorded in the statement of income based on their fair value by considering the registered prices in the said market (exchange). The financial instruments apart from stock exchange securities in an active market (exchange) are monitored based on their acquisition costs, and these assets are recognized in the financial statements after their impairments are deducted, if any.

Purchase and sale transactions of securities are put to accounting process at the date of delivery. The Company does not have any available-for-sale financial assets as at the date of the report. (31 December 2021: Footnote;11)

Derecognition

Financial assets are derecognized when the control over the contractual rights that comprise the assets is lost. Such a case occurs when the rights are realized, maturity date is due or provided that the rights are reinstated.

2.9 Impairment of financial assets

Financial assets or group of financial assets are reviewed during each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the Group estimates the amount of impairment. Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event (s) ("loss event (s)") incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Receivables are presented with net amounts after deducting specific provisions against non-collection risk. Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to decrease these loans and receivables to the level of recoverable amounts.

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans measured to fair value is calculated as the present value of the expected future cash flows discounted by means of the current market rate of interest.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, available-for-sale financial assets, and debt securities which are categorized as financial assets held for trading, the reversal is recognized in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal of provision for losses is recognized directly based on the equity.

During each reporting period, the Company evaluates whether there is an indication of impairment of fixed assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the "*TAS 36* - Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Rediscount and provision expenses of the year are filed in detail in *Note 47.4*.

2.10 Derivative Financial Instruments

These derivative instruments are classified as: Transactions held for trading financial assets in compliance with the standard TAS 39 - Financial Instruments.

Derivative financial instruments are initially recognized based on their fair value.
The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts based on the contract amounts.

Derivative financial instruments are subsequently remeasured at fair value and positive fair value differences are presented either as "financial assets held for trading" and negative fair value differences are presented as "other financial liabilities" in the accompanying financial statements. The consequence of the measurement is reflected in the income statement on the basis of the changes in the fair values of the related derivative financial instruments.

As of the reporting period, the Company does not have derivative financial instruments.
(31 December 2020: Not applicable.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Entering Items of Financial Assets In An Account (Offsetting)

Financial assets and liabilities are off-set and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to set off the amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the Reporting Standards, or for gains and losses arising from a group of transactions resulting from the Company's similar activities like trading transactions.

2.12 Cash and Cash Equivalents

"*Cash and cash equivalents*", which is the basis for the preparation of the statement of cash flows includes cash on hand, checks received, other cash and cash equivalents, demand deposits and time deposits at banks having an original maturity less than 3 months which are ready to be used by the Company or not blocked for any other purpose.

2.13. Capital

As of 31 December 2021 and 31 December 2020, capital and shareholding structure are analyzed as follows:

	31 December 2021		31 December 2020	
Name, Last Name and Title of the Partner	**Amount of Share (TRY)**	**Share Portion (%)**	**Amount of Share (TRY)**	**Share Portion (%)**
Nihat Kırmızı	99,000,000	45.00	99,000,000	45.00
Nabi Kırmızı	74,800,000	34.00	74,800,000	34.00
Kirmizi Holding A.Ş.	46,200,000	21.00	46,200,000	21.00
Paid-up Capital	**220,000,000**	**100**	**220,000,000**	**100**

As of 31 December 2021, the Company's share capital is TRY 220,000,000 consists of 220,000,000 shares each having a nominal value of TRY 1. As of 31.12.2021 the company has no unpaid capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13.1. Information on shareholders owning 10% or more of the equity

As of 31 December 2021, there are 3 shareholders of the Company. There are 3 shareholders owning more than 10% of the equity. (31 December 2020: There are 3 shareholders owning more than 10% of the equity.)

2.13.2. Privileges on common shares representing share capital

There are no preference stocks of the company.

2.13.3. Registered capital system in the Company

The company is not subject to the registered capital system.

2.14 Insurance and investment contracts - classification

Insurance Contracts:

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) in order to cover the damages for which claims are set forth which may arise from one or more contracts. The insurance contracts and the reinsurance contracts hold by the Company are also included in the classification of insurance contracts.

Insurance contracts are accounted when the insurance risk is transferred, and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

Investment Contracts:

Investment contracts do not transfer a significant insurance risk but they transfer financial risk. The Company does not have any investment contracts. (31 December 2020: Not applicable.)

2.15 Insurance and Investment Contracts With Discretionary Participation Features

Discretionary participation feature within insurance contracts and investment contracts is the contractual right to have following benefits in addition to the guaranteed benefits.

(i) that are likely to comprise a significant portion of the total contractual benefits,
(ii) whose amount or timing is contractually at the discretion of the Issuer; and
*(iii)*that are contractually based on:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Insurance and Investment Contracts With Discretionary Participation Features (Continued)

(1) the performance of a specified pool of contracts or a specified type of contract;

(2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or

(3) the profit or loss of the Company, Fund or other entity that issues the contract.

By the end of the reporting period, the Company does not have any insurance or investment contracts that contain a discretionary participation feature. (31 December 2020: Not applicable.)

2.16 Investment Contracts without Discretionary Participation Feature

By the end of the reporting period, the Company does not have any investment contracts that do not contain a discretionary participation feature (31 December 2020: Not applicable.)

2.17 Liabilities

Commercial liabilities of the Company are measured at their discounted values by using the effective interest rate method. Short term commercial liabilities which do not have a specified interest rate are measured based on the invoice amount if the interest accrual effect is insignificant. Notes and post-dated checks are measured at amortized cost using the effective interest rate method by subjecting to rediscount.

2.18 Taxes

Corporate Tax

Corporate Tax

Statutory income is subject to corporate tax at 20% in Turkey. However, the corporate tax rate, which has been specified as 20% as per the Provisional Article 10 added to the Corporate Tax Law, will be applied as 22% for the 2018, 2019 and 2020 taxation periods of the institutions. With the important tax regulations contained in the Law on the Procedure for the Collection of Public Receivables and the Law on Amendments to Certain Laws No. 7316 published in the Official Gazette dated 22.04.2021 and numbered 31462, within the framework of the provisional article 13 of the Corporate Tax Law No. 5520, the corporate tax rate will be applied at 25% for the corporate earnings in 2021 and 23% for the corporate earnings in 2022. These rates shall be applied to the earnings of the institutions appointed for the special accounting period regarding the periods beginning within the relevant year. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Taxes (Continued)

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate applied on the dividend payments other than the ones specified above is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years Advance taxes paid during the year may be deducted from the corporate tax calculated on the annual corporate tax return.

In accordance with the applicable tax legislation in Turkey, tax losses may be deducted from the future taxable income on condition that it does not exceed 5 years. However, financial losses cannot be set off against retained earnings. In Turkey, there is no procedure with respect to reconciliation between the taxing authority pursuant to tax assessments. Companies file their tax returns with their tax offices by the end of 30th day of the fourth month following the closing of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Deferred tax

In accordance with "TAS 12 - Turkish Accounting Standards as to Income Taxes", deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base. The differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit are excluded.

The deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Taxes (Continued)

The corporate tax rate for the period of December 31, 2021 is 25%. It was used with a tax rate of 23% for temporary differences expected to be realized/closed in 2022 and 20% for temporary differences expected to be realized/closed after 2022. (31 December 2020: Within the scope of the "Law No. 7061 on Amending Certain Tax Laws and Other Laws" which was published in the Official Gazette dated 5 December 2017, the corporate tax was raised from 20% to 22% for 2018, 2019 and 2020. Within the scope of the mentioned law, deferred tax assets and liabilities in the financial statements dated December 31, 2020 have been calculated with a tax rate of 20%.

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

2.19 Employee Benefits

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in an implicit manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Provisions for termination indemnities

In accordance with the applicable Turkish Labour Law, the Company is required to pay for termination indemnities provisions to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct and for the draftee and deceased employee. The indemnity to be paid is one month's salary for each service year, and the applicable maximum amount as of 31 December 2021 is TRY 8,284.51. (31 December 2020: TRY 7,117.17)

According to the TAS 19 ("TAS 19") which was enacted via the "Communiqué on Turkish Accounting Standards Concerning Employee Benefits" published in the Official Gazette dated 12 March 2013 with No. 28585, and which affects the accounting periods starting after 31 December 2012, the actuarial losses and gains resulting from the re-measurement of the defined net benefit liability must be accounted under the other comprehensive revenues category under equity, and this effect must be applied retroactively. Since the previous years' actuarial gains and losses were below the materiality level, the Company started to account the actuarial gains and losses in other profit reserves account in the equity from 2016. As of 31 December 2021, the Company has TRY 1,959,865 benefit obligation. (31 December 2020: TRY 2,031,874)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (continued)

Provisions for termination indemnities (Continued)

"TAS 19 - Communiqué on Turkish Accounting Standards Concerning Employee Benefits" requires that actuarial methods be used in accounting for the employee severance indemnities.

The major actuarial assumptions used in the calculation of the total liability as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Discount Rate	8.39%	5.98%
Expected rate of salary/limit increase	6.48%	6.14%
Estimated employee Leaving Possibility	-	-

The above expected rate of salary/limit increase is determined according to the long term inflation expectations of the TR Central Bank.

Other benefits provided for the employees

The Group has provided for undiscounted short-term employee benefits earned during the year as per services rendered in compliance with *TAS 19* in the accompanying financial statements. As of 31 December 2021, the Company has TRY 1,250,553 liabilities on account of the unused vacations. (31 December 2020: TRY 855,779)

2.20 Provisions

2.20.1 Provisions, contingent assets and liabilities within the scope of TAS 37

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

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

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions

Unearned premiums reserves and outstanding claims reserves, which are included in technical insurance accounts in financial statements, and the reinsurer shares of these reserves are recognized according to the principles stated below in line with the Insurance Law enacted on 14 June 2007 and the "Regulation on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" issued on 7 August 2007 ("Regulation on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in the Official Gazette dated 18.10.2007 with No. 26664; and the Regulation on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in the Official Gazette dated 28.07.2010 with No. 27655).

Provisions for Unearned Premiums

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and 7 August 2007 dated Official Gazette and put into effect starting from 1 January 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies.
For commodity transportation policies with indefinite expiration dates, the estimated expiration dates must be determined based on statistical data, and provision for unearned premiums must be set aside accordingly. If such calculation is not made, 50% of the remaining portion of the premiums accrued in the last three months is also provided as unearned premium reserves.

Reserve for unearned premiums is calculated for all insurance contracts except for the contracts for which the mathematical reserve is provided. Unearned premium reserves are also calculated for premiums corresponding to annual insurance coverage of long-term insurance contracts for one year, which includes insurance contracts renewed at short intervals based on either one year terms or less than a year term.

Reserve for unearned premiums is calculated as a half day as per the "Sector Announcement on the Application of the Legislation on Technical Reserves" dated 27 March 2009 and No. 2009/9 and issued by the Undersecretariat of Treasury considering the fact that all policies start at 12.00 PM at noon and end at 12.00 PM.

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

Pursuant to the Technical Reserves Regulation, during the accounting of the reserve for unearned premiums insurance agreements indexed to foreign exchange, the currency rates announced by the Turkish Central Bank in the Official Gazette on the date the relevant premium accrues if no currency is specified in the insurance agreement. (It does not have foreign exchange indexed insurance contract.)

The commissions paid to intermediaries on condition that accrual occurs based on production, commissions received for the premiums assigned to reinsurers, amounts paid for non-proportional reinsurance agreements, and all production expenses incurred for the preparation and sale of insurance agreements, the part of the payments related to support services which will be made in following period or periods are recognized under deferred incomes and deferred expenses accounts and other relevant accounts.

The terms of the reinsurance agreements in force or related reinsurance agreements are taken into account in the calculation of the reinsurer share amount for the provision of unearned premiums. In the calculation of net premiums, fees paid which subjected to regarding period for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

As of the end of the reporting period, the reserves for unearned premiums set aside by the Company is **TRY 1,120,698,765** as gross; reinsurer share of reserves for unearned premiums is **TRY 387,277,859**; and the Social Insurance Institution's share for of reserves for unearned premiums is **TRY 54,112,466**; Pool Share of Unearned Premiums Reserve is **TRY 76,676,659** and the Net Reserves for Unearned Premiums is **TRY 602,631,782**. (31 December 2020: The reserves for unearned premiums set aside by the Company is **TRY 919,838,615**; reinsurance share of reserves for unearned premiums is **TRY 271,542,975**; and the Social Insurance Institution's share for of reserves for unearned premiums is **TRY 49,969,712**; Pool Share of Unearned Premiums Reserve is **TRY 56,427,693** and the Net Reserves for Unearned Premiums is **TRY 541,898,235**. (See Note -17)

Provision for Unexpired Risks

In accordance with the Communiqué on Technical Reserves, in each accounting period, the companies while providing reserve for Unexpired Risks and unearned premiums should perform adequacy test covering the preceding 12 months in regard with the probability of future compensations of the outstanding policies will arise in excess of the reserve for unearned premiums already provided.

In performing this test, it is required to multiply the reserve for unearned premiums in net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (provision for outstanding claims, net at the end of the period + claims paid, net - provision for outstanding claims, net at the beginning of the period) to earned premiums (written premiums, net + reserve for unearned premiums, net at the beginning of the period - reserve for unearned premiums, net at the end of the period). If the loss ratio calculated for a branch, which are determined by the Undersecreteriat, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

The difference between the gross amount and the net amount is considered as the reinsurer share. The corresponding portion of the amounts paid for non-proportional reinsurance agreements are considered premiums transferred in the net premium account.

The provision for outstanding claims which is used in calculating the reserve for unexpired risks provision must include provisions for outstanding claims accrued and identified, accrued and expense portions and outstanding claims adequacy difference.

In accordance with the circular letter numbered 2021/31 of the Insurance and Private Pension Regulation and Supervision Agency published on 30 December 2021, the calculation method for the Provision for Ongoing Contingencies has been changed as follows.

The rate of 95% used for the Provision for Ongoing Contingencies calculation method in paragraph three of article 6 of the regulation is used as 100% in the land vehicles responsibility branch.

In accordance with the legislation in force, the Company calculated a gross **TRY 132,613,829** net total of **TRY 80,700,102** on-going Risks Reserves in Boat Marine Vehicles, Land Vehicles, Land Vehicles Liability and General Liability as of **31 December 2021**. (**31.12.2020**: Total gross **TRY 50,757,148** net **TRY 21,480,657 TL)**

Gross outstanding claims reserve

In accordance with the 7th Clause of the Regulation on the Technical Provisions of Insurance, Reassurance and Retirement Companies and the Assets for Depositing These Provisions, Companies reserve provisions for outstanding compensation for accrued and fixed, however unpaid in specie in previous accounting periods or current accounts period, or if this sum is not calculated, for the compensation amounts that are realized in estimate but are not reported. During the calculation of the outstanding claim provision that is accrued and calculated, all expenditure shares required for the remuneration of compensation files, including estimated or estimated expert, consultant, litigation and communication expenses, are taken into consideration.

Pursuant to the "Communiqué on Amendment of the Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves", which was issued in the Official Gazette numbered 27655 and dated 28 July 2010 dated, incurred but not reported claim amounts are calculated by using the actuarial methods whose application principles are determined by the Undersecretariat of Treasury starting from 30 September 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

The incurred but not reported claim amounts are calculated based on gross amounts, and the net amounts are reached based on the Company's current or relevant reinsurance agreements.

The Circular on Outstanding Claims Reserves numbered 2014/16 states, "The company actuary calculates incurred but not reported ("IBNR") outstanding claim amount. The selection of data to be used, correction operations, selection of the most appropriate method and growth factors and interference to growth factors is made by the Company's actuaries by using actuarial methods on the basis of branches. This matter is detailed in the actuarial report that is sent to Turkish Treasury according to Article 11 of Actuaries Regulation."

However, according to the current legislation, in calculations concerning new branches, the adequacy difference between the IBNR outstanding claims reserves and the outstanding claims reserves according to the calculations made by the company actuary for five years since the beginning of the operations. In branches where the actuary eliminates the big claims since it is decided that the number of claims files is insufficient, adequacy difference will be calculated for the eliminated big claims.

There has been an amendment in Clause 5.A of the Circular About Amendment in the 2016/11 Circular on the Outstanding Claims Reserve (2014/16), and in accordance with this, starting from the first quarter of 2016, provided that the gap (a-b) not being lower than the undermentioned quarterly rates, IBNR calculation can be made

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

to (b). Explanations concerning the IBNR calculation and the applied rates of increase must be included in the notes for the relevant financial statements by branch, and in the actuary reports in detail. The period profit resulting from the application mentioned in this article must be left within the company structure".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

Pursuant to "Circular on Outstanding Claims Reserves Arising From Discounting of the Net Cash Flow" No. 2016/22, the Companies may estimate the net cash flows originating from the outstanding compensations reserves, which it calculated and set aside according to the insurance legislation, based on the main branches stated in the Table 57 – ACLM file. The net cash flows can be estimated for a period of ten years at maximum by considering the insurance's legal guarantee periods. However, the net cash flows period must not exceed the term which is covered by the IBNR calculation. As of the financial reporting period date, the net cash flows are discounted to the cash value by using the last legal interest rate published in the Official Gazette. The company Actuary has used the rates specified in Table 57-AZMM within the framework of the Circular on Outstanding Claims Reserves Arising From Discounting of the Net Cash Flow.

The discount transaction is performed after all the incurred but not reported amounts, including the adequacy difference, are determined and gradual transition, which will be applied according to Article 5/A of the Circular on Outstanding Claims Reserves (2014/16) when necessary, is carried out. Accordingly, IBNR comparison is performed based on the values which are not discounted for the gradual transition.

Discounted amounts are monitored in the discount accounts in the statement of income.

All assumptions and methods used in the discount calculation are detailed in the notes and actuary report.

The profit which arises as long as the gradual transition is applied and which is generated due to the first transition to the discount method is not distributed.

Risky insurance pool was created as per the Regulation No. 30121 on Amending the Regulation on Principles of Applying Tariff in Compulsory Automobile Liability Insurance which was published on 11.07.2017 to be effective from 12.04.2017. Within the framework of the principles set out in working principles, premiums and claims concerning Traffic Insurance policies are divided among companies by the Turkey Motor Insurance Bureau. The companies arrange their records according to the receipts they receive on a monthly basis. As of the account date, the estimated pool will reflect Incurred But Not Reported (IBNR) values to financials.

As of 31 December 2021, the Company calculated **TRY 1,859,306,080** Gross Provision for Outstanding Claims (31 December 2020: **TRY 1,642,222,580**), **TRY 875,638,733** for Reinsurer Share of Provision for Outstanding Claims (31 December 2020: **TRY 825,600,854 TL**) and **TRY 983,667,347** for Net Provision for Outstanding Claims (31 December 2020: **TRY 816,621,725**).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

The Company's claims data and IBNR calculations were made by considering the provisions of the communiqué on Outstanding Claims Reserve No. 2014/16, and the Standard method was used for all branches. In the Compulsory Traffic branch, which constitutes the most significant portion of the total IBNR, tangible and bodily claims were not modeled separately but together. Major Claim Exclusion was applied in tangible claims.

The company had implemented a gradual transition of 80% in the 2017Q2 period whereas the gradual transition implemented in the periods 2017Q4 and beyond was 100%. According to the statement made by the company, since it is compulsory to make discounts on the General Liability and Land Vehicles Liability branches pursuant to the Circular on Amendment of the Circular no. 2016/22 on Discounting the Net Cash Flows Arising from the Provisions for Outstanding Claims no. 2017/7 dated 15 September 2017, all branches were discounted as per the resolution of the Company Management and the Authorized Actuary.

Outstanding Claims Provisions were discounted for the first time in Q3 2017. As of 31 December 2021, the gross discount amount was **TRY 475,542,010** and Discount Reinsurance portion (including the Risky Insurance Pool discount portion) was **TRY 205,031,433**. The calculation method in the Table 57 was used in calculating the discounts.

Starting from 12.04.2017, the Company notified the premium and claims information to the Turkey Motor Vehicles Bureau in accordance with the Regulation No. 30121 on Amending the Regulation on Principles of Applying Tariff in Compulsory Automobile Liability Insurance which was published on 11.07.2017,and with working principles and recorded the information it received accordingly.

As of 31 December 2021, the Company Actuary calculated the pool IBNR and the company reflected it in financial statements. **TRY 154,567,139** paid to, and **TRY 212,806,559** received from, the Compulsory Traffic Insurance Pool was taken into account. The final H/P used in the pool IBNR account was determined as below by quarters according to the Company Actuary.

The Company has allocated **TRY 21,498,929** as the provision for outstanding compensation for indirect works for Compulsory Financial Liability Insurance related to medical malpractice under the general liability branch.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

UW Quarter	Inowa Expectation
2017Q3	107%
2017Q4	96%
2018Q1	101%
2018Q2	101%
2018Q3	101%
2018Q4	92%
2019Q1	87%
2019Q2	91%
2019Q3	112%
2019Q4	97%
2020Q1	70%
2020Q2	54%
2020Q3	84%
2020Q4	90%
2021Q1	77%
2021Q2	86%
2021Q3	120%
2021Q4	120%

The company applied deductions to outstanding claims reserves for the first time based on the ratio of the lawsuits won in 2019Q2. It is stated in Circular No. 2011/23 that it is possible to apply deduction to the outstanding claims reserves for files in the process of a lawsuit based on the ratio of lawsuits won. The total amount to be deducted from the outstanding claims reserves cannot in any case exceed 25% of the total amount of the outstanding claims reserve set aside for the files in the process of a lawsuit. As it is stated in article one the circular, the companies in the relevant sub-branch for which five year data does not exist can calculate a winning ratio based on the number years it has been active and apply a deduction accordingly, provided that this ratio does not exceed 15%. In the calculations made for determining the IBNR amounts, the files in the process of a lawsuit will be considered without applying any deduction. As of 31 December 2021, the Company applied a deduction of gross **TRY 129,978,604** and **TRY 74,197,253** as the Reinsurer's share from the outstanding claims reserves.

Due to the fact that the Company calculated IBNR based on data outside the pool, total IBNR amount is calculated by adding the IBNR amounts taken from and given to the pool.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

The incurred but not reported claim amounts are calculated based on gross amounts, and the net amounts are reached based on the Company's current or relevant reinsurance agreements.

According to this information, the gross IBNR amount calculated by the Company as of 31 December 2019 is **TRY 1,133,027,040**, IBNR Reinsurer Share **TRY 506,507,512** and net IBNR amount is **TRY 626,519,528**.
As of 31 December 2021, there is a sum of **TRY 816,621,725** (31 December 2021: **TRY 592,183,083**) Outstanding Claims Reserve of the Company, consisting of **TRY 357,147,819** for net File Outstanding Claims Reserve (31 December 2020: **TRY 237,468,242**), and **TRY 626,519,528** of this being Unreported Provision for Outstanding Claims – IBNR (31 December 2020: **TRY 579,153,483**) and **TRY 0** net of Outstanding Claim Sufficiency Difference (31 December 2020: **TRY 0**) . (See Note – 17.19 ve 42).

Reserve for Balancing

In accordance with the Communiqué on Technical Reserves put into effect starting from 1 January 2008, the companies should provide equalization provision in credit insurance and earthquake branches including additional guarantees to equalize the fluctuations in future possible claims and for catastrophic risks.

Equalization provision is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. In un-proportional reinsurance agreements which contain multiple branches, the portion of the transferred premium amounts corresponding to earthquake and credit branches will be determined by considering the weight of these branches in total premium amount if no other calculation method has been foreseen by the company.

The equalization provision for reinsurance undertakings in which the reinsurance companies accept split and non-split transactions is calculated as 12% of net premiums written in credit insurance and earthquake branches. The earthquake and credit premium portions in those obtained from works considered in the un-proportional basis by reinsurance companies are calculated in proportion to the earthquake and credit premium portion in the works considered proportional.

The companies provide equalization provision until reaching 150% of the highest premium amount written in a year within the last five years. After five financial years, in case that provision amount is less than previous year amount depending on written premiums, the difference is recognized in other profit reserves under equity. This amount recorded in equity can either be kept under reserves or can also be used in capital increase or paying claims.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Reserves (Continued)

2.20.2 Technical Provisions (Continued)

In life insurances where death coverage is provided, the companies shall use their own statistical data in calculating the equalization provision. The companies which do not have the data set to enable the necessary calculation shall consider 11% of net death premium as premium written for earthquake coverage and allocate 12% of those amounts as equalization provision.

In case of an earthquake, or the credit branch registers a technical loss in the relevant accounting year, the provision allocated for credit and earthquake coverage may be used for claims payments. In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization provisions.

As of 31 December 2021, the Company has gross **TRY 40,893,371** equalization provision (Reinsurer's share **TRY 27,773,765**, net **TRY 13,119,606.** As of 31 December 2021, the Company has **TRY 13,119,606** equalization provision. (31 December 2020: **TRY 7,591,929**)

Deferred Incomes and Deferred Expenses Reserves

In accordance with paragraph 6 of Article 5 of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested", the part corresponding to the future period or periods, of the commissions paid to the intermediaries on condition that accrual is made as based on the production, the commissions taken due to the premiums transferred to the reinsurer, production expense shares and the sums paid for non-proportional reinsurance contracts and the variable production expenses for the preparation and sale of the tariffs and insurance contracts and the payments for support services, were recognized by the Company under deferred income and deferred expenses accounts. As of 31 December 2021, deferred commission expense amount was **TRY 140,420,074** and the deferred commission income (including Risky Insurances Pool) was **TRY 89,914,094.**

As of 31 December 2021, the Company has **TRY 78,899,850** equalization provision. There is 25% temporary commission which started in 2017 within the scope of the treaty that started in 2017, and which is calculated at the end of 24 months based on reinsurer. Commission ratios are determined in the treaty as steps according to the claims premium ratio.

In case the Claim/Premium ratio realizes above 95%, the temporary commission may be repaid to the reinsurer companies. Due to the fact that it is highly probable that the claim/premium ratio realizes above 95% in relevant branches, reserves were set aside.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition

Written Premiums

Written premiums represent premiums on policies written during the period net of taxes, premiums of the cancelled policies which were produced in prior periods and premium ceded to reinsurance companies.
Premiums ceded to reinsurance companies are accounted as "written premiums, ceded" in the profit or loss statement.

Claims Paid

Claims are recognized as expense as they are paid. Outstanding claims provision is provided for both reported unpaid claims and incurred but not reported claims within the reporting period. Reinsurer shares of claims paid and outstanding claims provisions are off-set against these reserves.

Subrogation, Salvage and Similar Incomes

Accrued or collected subrogation, salvage and similar income items are not subject to any deductions in accrued and calculated outstanding claims reserve calculations. However, accrued subrogation, salvage and similar income items are recognized under the related receivable account and statement of income in the assets of balance sheet, as detailed below.

For subrogation and salvage receivable or income accrual, subrogation rights should be obtained, exact amounts should be calculated and they should not be collected as at period-end. Pursuant to Turkish Commercial Code, the claims must be paid in order to be entitled to subrogation.
According to the "Circular on Subrogation and Salvage Income" numbered 2010/13 and dated 20 September 2010; Irrespective of obtaining certificate of release from insurance companies, insurance companies should obtain certificate of release (a bank receipt evidencing the payment) from policyholders following the settlement of the claim payment and subrogation receivables can be accrued up to the amount of the debtor insurance company's coverage limit upon the notification to the other insurance company or third parties. If the amount cannot be collected from the counterparty insurance company, the Company provides provision for uncollected amounts due for six months. If the counter party is not an insurance Company, the provision is provided after four months.

If, however, a protocol is signed within the six and four-month periods described above respectively with the indebted insurance company or third party, which stipulates the payment of subrogation receivables within a payment plan that will not be longer than twelve months in total, or if a check, promissory note or similar instrument is received for such payment, then it will not be required to make a provision for those installments of these receivables that are in the process of acceptance and collection, which have a maturity exceeding six months for insurance companies and exceeding four months for third parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

As at 31 December 2021, net **TRY 29,576,187** subrogation receivable was recognized in the receivables from main operations account according to the said Circular. (*Note 12*) (31 December 2020: **TRY 27,602,035**) The Company provided allowance for uncollected subrogation receivables amounting to TRY **2,975,728** in accordance with circular. (*Note 12*) (31 December 2020: **TRY 12,448,335)**

If the protocol made, or the instrument received, involves a payment plan, or a maturity, that exceeds twelve months in total, a provision is required to be made for the amount of receivable that corresponds to the maturity date or dates that exceeds 12 months on the date the protocol is signed or the instrument is received. Furthermore, a provision must be made for the entire existing or remaining installment/receivable amounts for which a provision is not made earlier, in the event of non-payment of any installment that has become due, or non-payment of the entire receivable amount in the case of a single maturity, within 12 months from the date of claim payment for which a payment plan is stipulated, regardless of the payment dates stated in the protocol or in the instrument received.

If a lawsuit/enforcement proceeding is initiated for the subrogation demand, then the accrual will be made as of the date of initiation of these proceedings and a provision for bad debt will be set aside for the amount in question on the same date.
The Company recognized net subrogation receivable in the amount of **TRY 82,396,314** in the Doubtful Receivables from Main Operations account by making a doubtful receivable reserve for the amount it retained for the subrogation transactions via lawsuits and enforcement proceedings (31 December 2020: **TRY 51,898,806**)

In order to accrue salvage income, if the sum insured for the partially damaged goods is compensated in full and the ownership or derivative possession (salvage) of these goods pass to the insurance company, then the income derived on their disposal need to be accrued in the related periods, just like subrogation receivables. In such a case, salvage income needs to be accrued and must not be discounted from the claims paid or from outstanding claims in the event that the goods under the derivative possession of the Company are disposed of via a third party (real/legal person) or is surrendered to the insured or is sold directly by the Company.

As of the period ended 31 December 2021, net salvage and subrogation income collected are **TRY 75,300,591** in total. (31 December 2020: **TRY 40,223,159**.)

Received and Paid Commissions

As further disclosed in Footnote *2.20*, commissions paid to the agencies related to the production of the insurance policies and the commissions received from reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced before 1 January 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after 1 January 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

Interest Income And Expense

Interest income and expense are recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

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

Trading Income / Expense

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

Dividend

Dividend income is recognized when the Company’s right to receive payment is ascertained.

2.22 Leasing Operations

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

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

Set out below are the new accounting policies of the Company upon adoption of TFRS 16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Leasing Operations (Continued)

Right of Use Assets

The company recognizes its right of use assets on the date at the inception of the lease (e.g. on the date when the relevant asset is available for use). Right of use assets are calculated by deducting the accumulated depreciations and impairment losses from the cost value. If the lease payables re-appreciate, this figure is also readjusted.

The cost of the right of use asset include the following:

(a) The first measurement amount of the lease liability,
(b) The amount calculated by deducting all lease incentives receives from all the lease payments made on or before the date when the lease actually started, and
(c) All initial direct costs borne by the company.

Unless the transfer of the ownership of the underlying asset to the Company by the end of the lease term is not finalized reasonably, the Company subjects the right of use asset to depreciation from the date the lease actually started through the end of the useful life of the underlying asset. The right of use assets are subject to the impairment evaluation.

Lease Liabilities

The company measures its lease liability based on the current value of the rents not paid on the date the lease started actually.

The lease payments included in the measurement of the lease liability on the date the lease started actually, consist of the following payments which will be made for the right of use during the lease term of the underlying asset and which have not been paid when the lease started actually:

(a) Fixed payments,
(b) The variable lease payments whose measurement was made by using an index or ratio on the date the lease started actually, and which are dependent upon an index or a ratio,

(c) If the company is reasonably sure that it will use the purchase option, the price of using the option, and
(d) If the lease term indicates that the Company/Group will use it as an option to terminate the lease, the penalty payments concerning the termination of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Leasing Operations (Continued)

The variable lease payments which are not dependent on an index or ratio are recorded as expense in the period when the event or condition that triggered the payment.

In the event the implicit interest rate for the lease can be easily determined, the company determines the revised discount ratio for the remaining period of the lease as this ratio; if it cannot be determined easily, it determines it to be the Company's alternative debt interest rate on the date of the re-evaluation.

The company measures its lease liability as follows after the date the lease starts actually:

(a) It increases the book value so as to reflect the lease liability interest, and
(b) It decreases the book value so as to reflect the lease payments made.

Additionally, in case the lease term, or the fixed lease payments, or the evaluation regarding the purchase option related to the underlying asset is changed, the value of the lease liabilities are measured again.

The right of use which is calculated on leasing agreements is accounted under "Property, Plant and Equipment" account.

The interest expense on the lease obligation is accounted under "Investment Management Expense - Including Interest'', and the depreciation expense of the usage right asset is accounted under "Depreciation and Amortization Expenses "

Information on the duration of the operating leases and discount rates applied are as follows:

Assets subject to operational leasing	During the term of the contract	Discount Rate (TRY)
Building	3-5 Years	17.76%-19%
Passenger Car	3 Years	19%-16.75%-21.60%

2.23 Distribution of dividend shares

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 of the date of the report, there are not any dividends available to be distributed. (31 December 2020: Not applicable.)

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Distribution of dividend shares (Continued)

The proposal for distributing dividend from the profit of 2020, which was prepared within the framework of the Company's Profit Distribution Policy and which was voted at the Ordinary General Assembly on 25 March 2021 was unanimously accepted.

In accordance with this decision, TRY 34,357,988 of the TRY 83,559,172 net distributable profit remaining after deducting TRY 6,856,587 Legal Reserves was distributed to the shareholders as cash dividend on 01 April 2021.

Upon the decision of the Insurance and Private Pension Regulation and Supervision Board dated 26.11.2021 and numbered 148, it has been decided to classify the profits to be distributed (including retained earnings and distributable reserves) based on the results of year 2021 financial statements of insurance, reinsurance and pension companies in a manner that will not decrease the capital adequacy level below 135% pertaining to year 2022 and no profit distribution will be made in 2022 only for this year since the capital adequacy of the company is below 135% as of 31.12.2021 provided that 20% security installation is made to the self-evaluation stage and the provisions of other legislation subject to the companies whose shares are traded on the stock exchange are reserved.

2.24 Related Parties

For the purposes of these financial statements, parties are considered related to the Company if;

(a) directly, or indirectly through one or more intermediaries, the party:

- Is in charge of controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
- Has an interest in the Company that gives it significant influence over the Company; or
- Has joint control over the Company;

(b) the party is an associate of the Company;

(c) the party is a joint venture in which the Company is a venture;

(d) the party is member of the key management personnel of the Company and its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Related Parties (Continued)

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company

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

A number of transactions are entered into with related parties in the normal course of business.

2.25 Earnings / (Losses) Per Share

Earnings per share presented in the income statement are calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year. Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior years' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

2.26 Newly Issued Standards and Comments

The accounting policies adopted in preparation of the financial statements of the accounting period ending on 31 December 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS effective as of 1 January 2021 which are summarized below. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective dating from 1 January 2021 are as follows:

Interest Rate Benchmark Reform - Phase 2-Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform-Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed. Early application is permitted. The amendments include the following:

2.26 Newly Issued Standards and Comments (Continued)

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Privileges for the termination of hedging accounting relationship

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

2.26 Newly Issued Standards and Comments (Continued)

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendment did not have significant impact on the financial position or performance of the Company.

Amendments to TFRS 16 - Covid-19 Rent Related Concessions Amendments

In June, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. On April 7, 2021, the POA made an amendment for the extension of the exemption to include concessions causing a decrease in rental payments which will become due on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application is permitted.

In general terms, the Company does not anticipate any significant impact on the financial statements.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective on the part of the Company up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The POA has deferred the effective date of the amendments made in TFRS 10 and IAS 28 in December 2015 for an indefinite period of time to be amended in accordance with the ongoing research project deliverables on the equity method. Early application of the amendments is still permitted. The company will evaluate the effects of the said amendments after the said amendments are finalized.

2.26 Newly Issued Standards and Comments (Continued)

Changes to TFRS 3 – Changes to the References to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS Business Merges. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments are to be applied for annual periods beginning on or after 1 January 2022. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (Version 2018).

The impact of amendment on the financial position and performance of the Company is evaluated.

Changes to TAS 16 - Tailoring for Intended Use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. These amendments are to be applied for annual periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no exemption for those who will apply TFRS for the first time.

The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

Changes to TAS 37 - Economically disadvantaged contracts- Costs for the fulfillment of the contract

In July 2020, the POA issued amendments to "TAS 37 Provisions, Contingent Liabilities and Contingent Assets". The amendment in TAS 37, which will be applied for the annual accounting periods starting from 1 January 2022 and after, has been made to determine the costs to be taken into consideration when evaluating whether a contract is economically "disadvantaged" or "losing" and includes the implementation of the approach of including 'directly related costs'. Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Early application is permitted.

The impact of amendment on the financial position and performance of the Company is evaluated.

2.26 Newly Issued Standards and Comments (Continued)

TFRS 17 – New Insurance Contracts Standard

In February 2019, POA issued TFRS, 17 which is a new and comprehensive accounting standard that covers accounting, measurement, presentation of and explanations regarding insurance contracts. TFRS 17 introduces a model in which the liabilities arising from insurance contracts are measured with their current balance sheet values, and which enables the recognition of the profit over the period services are provided; Current measurement of the future cash flows and certain amendments in risk adjustments are also recognized over the period services are provided. The companies may choose to recognize the effects of the changes in discount ratios under profit or loss or other comprehensive incomes. The standard contains a special instruction for the measurement and presentation of insurance contracts with participation features. TFRS 17 will become effective in annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as TFRS 9 Financial Instruments and TFRS 15 Revenue From Contracts with Customers are also applied. As per the changes published by the POA in December 2021, businesses will have the option to switch to "overlapping of classification" in order to eliminate the possible accounting discrepancies between the financial assets and insurance contract obligations contained in the comparative information presented when TFRS 17 was first implemented.

The effects of the mentioned standard on the financial status and performance of the Company are evaluated.

Amendments to TAS 1 - Classification of Liabilities as Current and Non-Current Liabilities

On January 2021, the POA issued amendments to “TAS 1 Presentation of Financial Statements”. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Early application is permitted.

The impact of amendment on the financial position and performance of the Company is evaluated.

Changes to TAS 8 – Description of Accounting Estimates

In August 2021, the POA issued changes to TAS 8 introducing a new definition for "accounting estimates". Changes to TAS 8 will be effective for the annual accounting periods beginning on or after January 1, 2023. The changes clarify the distinction between those in the accounting estimates and the ones in the accounting policies and correction of errors. Furthermore, if the changed standard does not arise from the correction of prior period errors occurring due to a change in input or the effects of a change in a measurement technique on the accounting estimate it will clarify that there are changes in the accounting estimates. The previous definition of a change in accounting estimate indicated that changes in accounting estimates could be due to new information or new developments. Therefore, such changes are not considered as correction of errors. This aspect of the definition has been preserved by the POA. Changes will apply to accounting estimate or accounting policy changes occurring on or after the effective date, and early application will be permitted.

The impact of amendment on the financial position and performance of the Company is evaluated.

2.26 Newly Issued Standards and Comments (Continued)

Changes to TAS 1 – Description of Accounting Estimates

In August 2021, the POA published changes to TAS 1 where it provided guidance and examples to help businesses to implement materiality estimates in their accounting policy disclosures. Changes to TAS 1 will be effective for the annual accounting periods beginning on or after January 1, 2023. Since the term "significant" does not have a definition available in TFRS, the POA decided to replace this term with "material" in the context of disclosure of accounting policy information. 'Material' is a term defined in TFRS and is understood to a great extent by financial statement users in accordance with the POA. When evaluating the importance of accounting policy information, businesses need to take into account both the size of transactions, other events or circumstances and their nature. Furthermore, examples have been added to the situations where the business can consider the accounting policy information as material.

The impact of amendment on the financial position and performance of the Company is evaluated.

Changes to TAS 12 – Deferred Tax on the assets and liabilities arising from a single transaction

In August 2021, the POA issued amendments to TAS 12 that narrowed the scope of the initial accounting exemption, ensuring that the exemption did not apply to transactions that resulted in equal taxable and deductible temporary differences. Changes to TAS 12 will be effective for the annual accounting periods beginning on or after January 1, 2023. The changes make it clear that it is a matter of reasoning whether such discounts are taxable (taking into account applicable tax law) to the liability (and interest expense) or related asset component (and interest expense) recognized in the financial statements or not where payments made in relation to a liability are tax deductible. This reasoning is important in determining whether there is any temporary difference in the inclusion of assets and liabilities in the financial statements for the first time. Changes are applied to the transactions that occur at or after the beginning of the earliest period presented comparatively. Furthermore, at the beginning of the earliest period presented in a comparative manner, deferred tax assets (provided that they are sufficiently taxable incomes) and deferred tax liabilities will be recognized for all deductible and taxable temporary differences related to leases, decommissioning, restoration and similar obligations.

The impact of amendment on the financial position and performance of the Company is evaluated.

Annual Improvements – 2018-2020 Term

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards:
- Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

2.26 Newly Issued Standards and Comments (Continued)

Annual Improvements – 2018-2020 Term (Continued)

- TFRS 9 Financial Instruments-Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

- TAS 41 Agriculture-Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41 of companies.

These amendments are to be applied for annual periods beginning on or after 1 January 2022. Early application is permitted.

The Company is in the process of assessing the impact of these amendments/improvements on financial position or performance of the Company.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND REQUIREMENTS

The notes in this section are provided in addition to the explanations made in relation to the management of insurance risk *(Note 4.1)* and financial risk (*Note 4.2*)

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of the reported assets and liabilities, revenues and expenses, and the application of the accounting principles. Such estimates might differ from actual consequences.

Estimates and the assumptions on which these estimates are based are constantly reviewed. Updates in accounting estimations are recorded in the period when these estimates and updated and the in the following periods which are affected by these updates.

In particular, the information concerning the uncertainties in the significant estimates which have the greatest effect on the amounts presented in the accompanying financial statements, and the critical interpretations are explained in the notes below:

Note 4.1 – Insurance risk management
Note 4.2 – Financial risk management
Note 10 – Reinsurance assets and liabilities
Note 11 – Financial assets
Note 12 – Loan and receivables
Note 17 – Insurance liabilities and reinsurance assets
Note 17 - Deferred Reinsurance Commissions
Note 19 - Commercial and other payables, deferred incomes
Note 21- Deferred taxes
Note 23 - Provisions for other liabilities and expenditure

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

3 SIGNIFICANT ACCOUNTING ESTIMATES AND REQUIREMENTS (Continued)

Evaluation of the effects of Covid-19 virus on the Company Operations

Covid-19 affected life both around the world and in Turkey very adversely. The pandemic not only created a serious health threat but also financial fluctuations which were felt globally. As the virus started to diagnosed in our country as of March 2020, many measures were intrduced in social life and economy.

In addition to measures which organized the social life according to the pandemic, various packages were announced to support the sector which were negatively affected by it; however, the increase in the foreign exchange rate also increased the inflation and the interest rates were increased again.

When we examine the subject matter from the point of view of our sector, we see that the policy holders avoided going out in the street and going to health institutions. Therefore, we are watching the claims payments which were made within the scope of health insurance, land vehicles and land vehicle liability insurances, and the level of income from securities closely. As of 31 December 2021, we can say that the pandemic has not affected our Company's first financial performance adversely.

In non-life insurance sector, premium production has increased by 28.5% in comparison to the same period in 2020. Our company has increased its premium production by 20.3%. In the Health Branch, premium production decreased in travel and foreign health branches both in the sector and in our Company due to the cancellation of international flights and restriction in 2021. However, premium production increased in the Health Branch by 29.5% from the same period last year, and our Company achieved 12% increase in this field from last year.

In order to minimize the macro-economic effects to be caused by the Covid-19 pandemic on the financial structure of our Company, and to reduce the risks which might occur in relation to our financial structure due to the increase in the costs of material damages caused by foreign exchange rate, the foreign currency in our calculated by considering the share of the material damage payments in the total claims payments was kept in our portfolio and a hedge was created, and the financial structure of our company was protected against any foreign exchange fluctuations. Since we work with credit cards in relation to premium production, we did not experience serious problems with regards to collection. In situations where we work with running accounts, we followed bout our companies and our agencies closely, and acted flexibly to both our agencies and our policyholders when necessary in order to prevent potential difficulties, and we have not experienced any serious collection problems to date. On the other hand, when we examine the situation in terms of operational change, we see that Covid-19 pandemic changed the way people work all around the world. Like many companies around the world, we transitioned to working from home model in order to protect the health of our employees. Since our company had already completed its adaptation to digital life, all operations such as production, claims, call-center, sale support services etc. continued at the same performance level during the working from home stage. There are not any operations that were negatively affected.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT

4.1 Insurance Risk

4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks:

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and cannot be anticipated.

Insurance risk is the probability that the received premium do not cover the paid indemnities. The main activity of the Company is to underwrite the existing risks at best prices and to transfer the risks it covered to other companies through insurance agreements. In performing the said activities, the Company evaluates the results at every stage, revises its underwriting policies based on these evaluations, and transfers the underwritten premiums and the taken risks to reinsurance companies through reinsurance agreements pursuant to the relevant laws.

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance);

4.1.2.1 Sensitivity to insurance risk

Insurance risk is defined as coverage for exposures that exhibit a possibility of financial loss due to applying inappropriate and insufficient insurance techniques. Main reasons of insurance risk exposure result from the risk selection and inaccurate calculation of insurance coverage, policy terms and fee or inaccurate calculation of coverage portion kept within the company and coverage portion transfers to policyholders and transfer conditions.

The main objective of the Risk Management Activities is to determine the risk measurement, assessment, and control procedures and maintain consistency between the Company's asset quality and limitations allowed by the insurance standards together with the Company's risk tolerance of the accepted risk level assumed in return for a specific consideration. In this respect, instruments that are related to risk transfer, such as; insurance risk selection, risk quality follow-up by providing accurate and complete information, effective monitoring of level of claims by using risk portfolio claim frequency, treaties, facultative reinsurance contracts and coinsurance agreements, and risk management instruments, such as; risk limitations, are used in achieving the related objective.

Risk acceptance is based on technical income expectations under the precautionary principle. In determining insurance coverage, policy terms and fee, these expectations are based accordingly.

It is essential that all the authorized personnel in charge of executing policy issuance transactions, which is the initial phase of insurance process, should ensure to gather or provide all the accurate and complete information to issue policies in order to obtain evidence on the acceptable risks that the Company can tolerate from the related insurance transactions.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.1 Sensitivity to insurance risk (Continued)

On the other hand, decision to be made on risk acceptance will be possible by transferring the coverage to the reinsurers and/or co-insurers and considering the terms of the insurance policy.

In order to avoid destructive losses over company's financial structure, company transfers the exceeding portion of risks assumed over the Company's risk tolerance and equity resources through treaties, facultative reinsurance contracts and coinsurance agreements to reinsurance and coinsurance companies. Insurance coverage and policy terms of reinsurance are determined by assessing the nature of each insurance branch.

Insurance guarantees given by branches are shown in *Note 17 -Insurance liabilities and reinsurance assets* as in detailed.

The Company conducts its risk analyses by evaluating the cumulative risk probabilities of the insured risk, and the consequences of the damage, and by considering the type, nature and geographical position of the current risks, and law of great numbers by the risk groups to achieve the optimum claims results.
Generally, the Company's insurance contracts include Fire and Natural Disasters (Natural Disasters Insurance Authority), accident, land vehicles, general losses (TARSİM - Agricultural Insurance Pool), land vehicles liability, general liability, Disease / Health branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency):

	31 December 2021		
Total Claims Liability	**Gross Total Claims Liability**	**Total Claims Liability Reinsurer Share**	**Net Total Claims Liability**
Accident	45,185,228	(41,226,928)	3,958,300
Land Vehicles (Own Damage)	337,024,492	(127,007,267)	210,017,224
Fire and Natural Disasters	83,778,419	(58,651,632)	25,126,787
Cargo	133,365,302	(132,840,633)	524,668
General Damages	38,301,552	(27,785,769)	10,515,783
Land Vehicles Liability (Traffic)	2,563,362,851	(1,017,047,554)	1,546,315,297
General Liability	54,396,614	(36,392,264)	18,004,350
Legal Protection	615,107	(431,248)	183,859
Health/Illness	28,775,667	505,782	29,281,449
Indemnity	1,034,905	(763,956)	270,949
Aircrafts	366	-	366
Financial Losses	3,244,499	(2,271,150)	973,350
Watercrafts	15,756	(11,029)	4,727
Total	**3,289,100,759**	**(1,443,923,648)**	**1,845,177,111**

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued):

	31 December 2020		
Total Claim Liabilities	**Gross Total Claims Liability**	**Total Claim Liabilities Reinsurer Share**	**Net Total Claims Liability**
Accident	20,694,198	(18,573,569)	2,120,628
Land Vehicles (Own Damage)	192,639,541	(73,305,769)	119,333,772
Fire and Natural Disasters	89,713,162	(70,742,702)	18,970,460
Cargo	82,704,880	(81,456,543)	1,248,337
General Damages	27,419,740	(19,987,933)	7,431,807
Land Vehicles Liability (Traffic)	2,143,889,980	(985,381,880)	1,158,508,100
General Liability	26,392,824	(13,863,667)	12,529,157
Legal Protection	108,262	(76,079)	32,183
Health/Illness	20,148,328	(77,674)	20,226,002
Indemnity	208,478	(145,934)	62,543
Aircrafts	278	-	278
Financial Losses	3,481,663	(2,437,164)	1,044,499
Watercrafts	39,516	(27,661)	11,855
Total	**2,607,440,849**	**(1,265,921,228)**	**1,341,519,622**

The Company issues insurance contracts mainly in Turkey. Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) issued in Turkey based on geographical regions are summarized as below.

	31 December 2021		
Total Claim Liabilities	**Gross Total Claim Liabilities**	**Total Claim Liabilities Reinsurer Share**	**Net Total Claim Liabilities**
Marmara Region (*)	3,289,100,759	1,443,923,648	1,845,177,111
Total	**3,289,100,759**	**1,443,923,648**	**1,845,177,111**

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued):

	31 December 2020		
Total Claim Liabilities	**Gross Total Claim Liabilities**	**Total Claim Liabilities Reinsurer Share**	**Net Total Claim Liabilities**
Marmara Region (*)	2,607,440,849	1,265,921,228	1,341,519,622
Total	**2,607,440,849**	**1,265,921,228**	**1,341,519,622**

(*) Due to the fact that the Company does not have details by regions, all balances are stated in the Marmara Region.

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) issued in Turkey based on currency type are summarized as below:

	31 December 2021		
Total Claim Liabilities	**Gross Total Claim Liabilities**	**Total Claim Liabilities Reinsurer Share**	**Net Total Claim Liabilities**
Turkish Liras	3,289,100,759	1,443,923,648	1,845,177,111
US dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
Total	**3,289,100,759**	**1,443,923,648**	**1,845,177,111**

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.1 Insurance Risk (Continued)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued):

	31 December 2020		
Total Claim Liabilities	**Gross Total Claim Liabilities**	**Total Claim Liabilities Reinsurer Share**	**Net Total Claim Liabilities**
Turkish Liras	2,607,440,849	1,265,921,228	1,341,519,622
US dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
Total	**2,607,440,849**	**1,265,921,228**	**1,341,519,622**

4.1.2.3 Incurred claim development table

Realistic prices must be determined to prevent the negative impact of possible claims on the Company's financial structure. To this end, the Company uses both its past statistical data, and the industry data, and considers the current market conditions. In addition, the reinsurance policies are re-evaluated at the end of every activity period in line with this objective.

4.1.2.4 Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately

The company provides technical reserves according to the laws due to the risks assumed.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk

Introduction and Overview

This note presents information about the Company's exposure to each of the below risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors monitors the effectiveness of the risk management system through the internal audit Department.

The Company's risk management policies have been formulated to identify and analyze risks encountered by the Company, to define risk limits and controls, and to monitor the risks and compliance with set limits. Risk management policies and systems are periodically reviewed in a way that reflects changes in market conditions as well as product and service offerings. The Company is developing a disciplined and constructive supervision framework with relevant training and management standards and procedures so that all employees understand their own duties and responsibilities.

Credit risk

Credit risk is defined as the possibility that counterparties might not be able to fulfill their obligations in accordance with the terms of contract that have been mutually agreed upon. Major balance sheet items where the Company is exposed to credit risk include the following:

- Banks
- Other cash and cash equivalents (excluding cash)
- Financial assets held for trading
- Available-for-Sale Financial Assets
- Financial Assets To Be Held Until Maturity
- Premium receivables from the insured
- Receivables from agencies
- Receivables from reinsurers related to commissions and paid-up claims
- Reinsurer shares arising from insurance liabilities
- Other receivables

The Company's financial assets subject to credit risk are mainly time and demand deposits held in banks located in Turkey, and the agency and credit card receivables. However, these receivables are not considered to pose high credit risk.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. The Company considers the reinsurer's creditworthiness by examining the financial status of the company in question before entering into the annual agreement.

Net carrying value of the assets that is exposed to credit risk is shown in the table below:

	31 December 2021	31 December 2020
Cash and cash equivalents (*Note 14*)	1,297,469,633	1,201,042,046
Financial assets	732,691,230	449,801,840
Receivables From Real Operating Income (Note 12.1)	351,484,196	286,957,190
Reinsurer share of outstanding claims reserve, at the end of the period *(Note 10), (Note 17.19)*	875,638,733	825,600,855
Deposits and guarantees given	383,150	3,582,656
Advances to Personnel	313,365	126,959
Advance payments	512,374	535,060
Receivables from Associates	3,358	-
Other Miscellaneous Receivables	12,867,029	9,982,976
Total	**3,271,363,067**	**2,777,629,582**

As at 31 December 2021 and 31 December 2020, the aging of accounts receivables from main operations is as follows:

	31 December 2021		31 December 2020	
	Gross amount	Reserve Allocated	Gross amount	Reserve Allocated
Undue receivables	249,276,393	-	218,733,902	-
Past due 0-30 days	75,607,344	-	53,069,588	-
Past due 31-60 days	-	-	-	-
Past due 61-180 days	-	-	-	-
Past due 181-365 days	-	-	-	-
Past due more than 1 year	-	-	-	-
Total	**324,883,737**	**-**	**271,803,490**	**-**
Amounts to be collected through subrogation and salvage	29,576,187	(2,975,728)	27,602,035	(12,448,335)
Doubtful receivables from main operations – subrogation receivables	82,396,314	(82,396,314)	51,898,806	(51,898,806)
Total	**436,856,238**	**(85,372,042)**	**351,304,331**	**(64,347,141)**

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Liquidity risk

Liquidity risk is the risk that the Company might have difficulty in fulfilling its financial liabilities.

Management of liquidity risk

As a method of protection against liquidity risk, the Company maintains a maturity match between assets and liabilities; liquid assets are kept ready for complete fulfillment of potential liquidity requirements if necessary.

The remaining maturity distribution of monetary assets and liabilities:

31 December 2021	Book Value	up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	longer than 1 year
ASSETS						
Cash and cash equivalents	1,297,469,633	558,765,048	738,704,584	-	-	-
Financial assets	732,691,230	152,966,347	10,272,696	53,056,697	67,494,815	448,900,675
Receivables From Real Operating Income	351,484,196	92,897,270	58,218,006	176,252,406	24,116,513	-
Deposits and guarantees given	383,150	-	-	-	159,800	223,350
Advances to Personnel	313,365	313,365	-	-	-	-
Advance payments	512,374	512,374	-	-	-	-
Receivables from associates	3,358	-	3,358	-	-	-
Other Miscellaneous receivables	12,867,029	12,867,029	-	-	-	
Total monetary assets	**2,395,724,335**	**818,321,433**	**807,198,644**	**229,309,103**	**91,771,128**	**449,124,025**
Liabilities						
Real Operating Liabilities	157,115,735	72,814,698	-	84,301,037	-	-
Liabilities due to related parties	13,068	3,141	-	-	-	9,927
Other payables	57,488,713	20,033,986	15,555,383	1,317,853	20,581,491	-
Insurance technical reserves (*)	1,680,118,837	181,290,477	1,211,741,821	132,069,457	140,907,972	14,109,110
Reserves for taxes and other similar obligations	35,765,077	16,564,857	11,689,654	7,510,566	-	-
Provisions for Others Risks	13,197,788	-	-	-	1,250,553	11,947,235
Other Long Term Liabilities	202,237	-	-	-	-	202,237
Total monetary liabilities	**1,943,901,455**	**290,707,158**	**1,238,986,859**	**225,198,914**	**162,740,017**	**26,268,508**

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Liquidity risk (Continued)

31 December 2020	Book Value	up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	longer than 1 year
ASSETS						
Cash and cash equivalents	1,201,042,046	318,848,537	882,193,510	-	-	-
Financial assets	449,801,840	-	259,937,868	-	-	189,863,972
Receivables From Real Operating Income	286,957,190	65,544,023	54,028,099	144,195,697	23,189,370	-
Deposits and guarantees given	3,582,656	-	-	-	159,800	3,422,856
Advances to Personnel	126,959	126,959	-	-	-	-
Advance payments	535,060	535,060	-	-	-	-
Receivables from associates	-	-	-	-	-	-
Other Miscellaneous receivables	9,982,976	9,982,976	-	-	-	-
Total monetary assets	**1,952,028,727**	**395,037,555**	**1,196,159,477**	**144,195,697**	**23,349,170**	**193,286,828**
Liabilities						
Real Operating Liabilities	108,998,346	43,336,990	1,138,231	64,523,125	-	-
Liabilities due to related parties	14,354	4,426	-	-	-	9,928
Other payables	45,618,007	16,517,716	14,632,099	2,471,815	11,996,377	-
Insurance technical reserves (*)	1,387,592,546	206,950,381	970,867,107	112,996,930	88,437,507	8,340,620
Reserves for taxes and other similar obligations	32,745,256	14,994,047	11,339,602	6,207,854	203,752	-
Provisions for Others Risks	10,413,540	-	-	-	855,779	9,557,761
Other Long Term Liabilities	132,867	-	-	-	-	132,867
Total monetary liabilities	**1,585,514,916**	**281,803,560**	**997,977,039**	**186,199,725**	**101,493,416**	**18,041,176**

(*) Insurance technical reserves, outstanding claims reserves and unearned premium reserves are presented within the short term liabilities in the accompanying financial statements. All of outstanding claims reserves were calculated as 1-3 month maturity, and the unearned premium reserves maturity were calculated based on the policy maturities.

Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Currency risk

The Company is exposed to currency risk through its insurance and reinsurance transactions denominated in foreign currencies. Foreign exchange gains and losses due to foreign currency denominated transactions are recognized in the period of the transaction. At the end of the reporting periods, foreign currency assets and liabilities evaluated by the Central Bank ("TCMB") of the Republic of Turkey's spot purchase rates and the differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of operations.

The Company's exposure to foreign currency risk is as follows:

31 December 2021	USD	Euro	Total
Assets:			
Cash and cash equivalents	145,350,602	173,622,578	318,973,180
Financial assets	192,512,639	309,649,039	502,161,678
Total foreign currency assets	**337,863,241**	**483,271,617**	**821,134,858**
Liabilities:			
Real Operating Liabilities	(13,881,021)	(4,264,200)	(18,145,222)
Total foreign currency liabilities	**(13,881,021)**	**(4,264,200)**	**(18,145,222)**
Balance sheet position	**323,982,220**	**479,007,416**	**802,989,636**

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

31 December 2020	USD	Euro	Total
Assets:			
Cash and cash equivalents	69,830,322	85,050,967	154,881,290
Financial assets	90,855,013	99,008,958	189,863,972
Total foreign currency assets	**160,685,336**	**184,059,926**	**344,745,261**
Liabilities:			
Real Operating Liabilities	(7,278,635)	(2,449,521)	(9,728,156)
Total foreign currency liabilities	**(7,278,635)**	**(2,449,521)**	**(9,728,156)**
Balance sheet position	**153,406,700**	**181,610,405**	**335,017,105**

TRY equivalents of the related monetary amounts denominated in foreign currencies are presented in the table above.

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as of 31 December 2021 and 31 December 2020 are as follows:

	USD	EURO	GBP
31 December 2021	13.3290	15.0867	17.9667
31 December 2020	7.3405	9.0079	9.9438

Exposure to foreign currency risk

A 10 percent depreciation of the TRY against the following currencies as of 31 December 2021 and 31 December 2020 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 10 percent appreciation of the TRY against the following currencies, the effect will be in the reversed direction and equal to the corresponding sum.

	31 December 2021		31 December 2020	
	INCOME STATEMENT	Shareholders' equities (*)	INCOME STATEMENT	Shareholders' equities (*)
USD	32,398,222	32,398,222	15,340,670	15,340,670
EURO	47,900,742	47,900,742	18,161,040	18,161,040
Total, net	**80,298,964**	**80,298,964**	**33,501,710**	**33,501,710**

(*) Equity effect also includes profit or loss effect of 10% depreciation of TRY against related currencies.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

As at 31 December 2021 and 31 December 2020; the interest rate profile of the Company's interest earning financial assets and interest bearing financial liabilities are detailed as below:

	31 December 2021	31 December 2020
Financial Assets And Liabilities With Fixed Interest Rates:		
Interbank Deposits *(Note14)*	866,496,294	884,452,990
Financial Assets Held for Trading(Note 11)	5,212,847	340
Available-for-Sale Financial Assets (Note: 11)	147,753,503	259,937,528
Financial Assets To Be Held Until Maturity (Note: 11)	579,724,880	189,863,972

Interest rate sensitivity of the financial instruments

Due to the fact that the Company's financial assets consist of time deposits with fixed interest rates, changes in interest rates do not affect the final accounts.

Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying values.

Classification relevant to fair value information

"TFRS 7 – *Financial instruments: Disclosures*" requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs). Classification requires using observable market data if available.
In this context, the fair value classification of financial assets and liabilities measured at fair value in this framework is as follows.

	31 December 2021			
	1. Rank	2. Rank	3. Rank	Total
Financial assets:	-			
Financial Assets Held for Trading	-	5,212,847	-	**5,212,847**
Available-for-Sale Financial Assets	-	147,753,503	-	**147,753,503**
Financial Assets To Be Held Until Maturity	-	579,724,880	-	**579,724,880**
Total financial assets	**-**	**732,691,230**	**-**	**732,691,230**

	31 December 2020			
	1. Rank	2. Rank	3. Rank	Total
Financial assets:	-	-	-	-
Financial Assets Held for Trading	-	340	-	**340**
Available-for-Sale Financial Assets	-	259,937,528	-	**259,937,528**
Financial Assets To Be Held Until Maturity	-	189,863,972	-	**189,863,972**
Total financial assets	**-**	**449,801,840**	**-**	**449,801,840**

Capital Risk Management

The principal capital management policies of the Company are as follows:

- Complying with the capital adequacy requirements as stipulated by the Under secretariat of Treasury
- Ensuring the Company's continuity and securing sustained gains for shareholders and stakeholders
- Securing a sufficient level of return for shareholders by setting insurance policy prices proportionate to the insurance risk assumed.

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

As of 31 December 2021 and 31 December 2020, the Company's capital adequacy is as follows:

	31 December 2021	31 December 2020
1st METHOD		
Equity Capital Required for Non-Life Branches	166,729,187	155,010,407
Equity Capital Required for Life Branch	-	-
Equity Capital Required for Pension Branch	-	-
Total Required Equity Capital	**166,729,187**	**155,010,407**
2nd METHOD		
Equity Capital Required for Active Risk	90,122,854	86,143,033
Equity Capital Required for Reinsurance Risk	51,523,344	47,577,948
Equity Capital Required for Excessive Premium Increase	-	-
Equity Capital Required for Outstanding Claims Reserve	86,611,830	71,873,757
Equity Capital Required for Underwriting Risk	171,849,880	125,889,265
Equity Capital Required for Interest Rate and Exchange Risk	27,062,083	6,656,137
Total Required Equity Capital	**427,169,992**	**338,140,140**
Shareholders' equities	**483,449,483**	**391,667,872**
Reserve for Balancing	13,119,606	7,591,929
Subsidiary Deducted from the Equity Capital	(300,000)	(180,000)
Total Required Equity Capital To Be Considered For Capital Adequacy	**496,269,090**	**399,079,802**
Capital Adequacy Result	**69,099,098**	**60,939,662**

In the capital adequacy table dated 31 December 2021, the Company's Capital Adequacy was accounted as TRY 69,099,098. (31 December 2020: Capital Adequacy TRY 60,939,662)

4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

4.2 Financial Risk (Continued)

Gains and losses from financial instruments

Gains and losses from financial instruments

	31 December 2021	31 December 2020
Financial gains and losses recognized in the statement of income:		
Interest incomes	194,907,443	92,710,982
Valuation Of Financial Investments	7,911,131	9,442,832
Foreign Exchange Profits	326,747,168	157,139,084
Dividend Incomes from Associates	230,439	200,214
Other Investments	638,432	93,103,894
Investment Incomes	**530,434,613**	**352,597,005**
Foreign Exchange Loss	(16,757,045)	(67,623,595)
The Arising Losses From Liquidation of Investments	(8,635)	(7,506,742)
Investment Administration Expenses (Interest Is Included)	(415,370)	(791,031)
Impairment Charge Of Investments	(8,011,318)	-
Other Investments Expenses	(2,243,834)	-
Investment Expenses	**(27,436,202)**	**(75,921,368)**
Investment revenues originating from financial assets, net	**502,998,411**	**276,675,637**

5 SEGMENT REPORTING

5.1 Activity Segmentation

The Company operates only in the elementary branch. Technical revenues/expenses in the financial statements mainly originate from elementary branches.

5.2 Geographical segment reporting

The Company is operating in Turkey.

6 TANGIBLE FIXED ASSETS

6.1 Tangible assets' cost, accumulated depreciation and net book value:

Movement in tangible assets in the period from 1 January to 31 December 2021 is presented below:

	January 2021	Inputs	Outputs	31 December 2021
Cost Value				
Fixtures and furnitures	7,547,808	815,868	(6,454)	8,357,222
Motor Vehicles	6,974,098	10,286,939	(4,038,777)	13,222,260
Special Costs	11,356,900	149,808	-	11,506,708
Acquired Assets By Leasing	7,571,892	7,346,867	(6,104,016)	8,814,742
Total	**33,450,698**	**18,599,482**	**(10,149,247)**	**41,900,933**
Accu. Depreciation				
Fixtures and furnitures	(3,950,261)	(1,496,276)	5,561	(5,440,976)
Motor Vehicles	(1,841,964)	(1,996,356)	1,380,847	(2,457,473)
Special Costs	(6,177,118)	(2,011,929)	-	(8,189,047)
Acquired Assets By Leasing	(4,245,363)	(2,497,684)	4,218,114	(2,524,933)
Total	**(16,214,705)**	**(8,002,245)**	**5,604,522**	**(18,612,428)**
Net Book Value	**17,235,993**		**(4,544,726)**	**23,288,504**

Movement in tangible assets in the period from 1 January to 31 December 2020 is presented below:

	January 2020	Inputs	Outputs	31 December 2020
Cost Value				
Fixtures and furnitures	6,137,286	1,607,159	(196,637)	7,547,808
Motor Vehicles	4,756,598	2,707,500	(490,000)	6,974,098
Special Costs	9,878,601	1,478,299	-	11,356,900
Acquired Assets By Leasing	6,900,439	1,595,398	(923,945)	7,571,892
Total	**27,672,924**	**7,388,356**	**(1,610,582)**	**33,450,698**
Accu. Depreciation				
Fixtures and furnitures	(2,856,713)	(1,289,667)	196,120	(3,950,261)
Motor Vehicles	(1,115,869)	(1,118,095)	392,000	(1,841,964)
Special Costs	(4,051,305)	(2,125,813)	-	(6,177,118)
Acquired Assets By Leasing	(2,388,380)	(2,657,858)	800,875	(4,245,363)
Total	**(10,412,266)**	**(7,191,434)**	**1,388,995**	**(16,214,705)**
Net Book Value	**17,260,658**		**(221,587)**	**17,235,993**

6.2 All depreciation, amortization and depletion expenses of current year:

	1 January – 31 December 2021	1 January – 31 December 2020
Depreciation expenses	(8,002,245)	(7,191,434)
Amortization and depletion expenses	(2,095,593)	(1,393,373)
Total	**(10,097,838)**	**(8,584,807)**

6 TANGIBLE ASSETS (Continued)

6.3 Depreciation calculation methods, and resulting increases (+) or decreases (-) in the depreciation expenses of the current year due to changes applied to such methods.

N/A (31 December 2020: Not applicable.)

6.4 Movement in tangible assets in the current period:

	31 December 2021	31 December 2020
a) Cost of the tangible fixed assets purchased, produced, or constructed:	18,599,480	7,388,356
b) Cost of sold or scrapped tangible fixed assets:	(10,149,247)	(1,610,582)
c) Amount of Revaluation Increase in Current Period :	-	-
- In cost of assets (+):	-	-
- In accumulated depreciations (-):	-	-
d) Characteristics, total amount, start and end date and progress of ongoing investments:	-	-

6.5 Total insurance amount for tangible assets:

Type	31 December 2021	31 December 2020
Fixtures and furnitures	17,002,175	12,727,076
Total	**17,002,175**	**12,727,076**

7 INVESTMENT PROPERTY

As of 31 December 2021, the Company does not own any Investment Properties. (31 December 2020: N/A)

8 INTANGIBLE FIXED ASSETS

8.1 Cost of intangible assets, their accumulated depreciation and net book value:

Movement in intangible assets in the period from 1 January to 31 December 2021 is presented below:

8 INTANGIBLE FIXED ASSETS (Continued)

8.1 Cost of intangible assets, their accumulated depreciation and net book value: (Continued)

	1 January 2021	Inputs	Outputs	31 December 2021
Cost Value				
Software	7,463,577	2,545,575	-	10,009,152
Total	**7,463,577**	**2,545,575**	**-**	**10,009,152**
Accu. Depreciation				
Software	(3,838,616)	(2,095,593)	-	(5,934,210)
Total	**(3,838,616)**	**(2,095,593)**	**-**	**(5,934,210)**
Net Book Value	**3,624,961**	**449,982**	**-**	**4,074,943**

Movement in intangible assets in the period from 1 January to 31 December 2020 is presented below:

	1 January 2020	Inputs	Outputs	31 December 2020
Cost Value				
Software	4,930,459	2,533,118	-	7,463,577
Total	**4,930,459**	**2,533,118**	**-**	**7,463,577**
Accu. Depreciation				
Software	(2,445,243)	(1,393,373)	-	(3,838,616)
Total	**(2,445,243)**	**(1,393,373)**	**-**	**(3,838,616)**
Net Book Value	**2,485,216**	**1,139,745**	**-**	**3,624,961**

8.2 Business Combinations:

N/A (31 December 2020: Not applicable.)

9 INVESTMENTS IN AFFILIATES

	31 December 2021		31 December 2020	
	Book Value	Share Value %	Book Value	Share Value %
Tarım Sigortaları Havuz İşletmesi A.Ş.(*)	875,420	**4.71**	684,773	**4.71**
Long term securities	**875,420**	**4.71**	**684,773**	**4.71**
EDK Sigorta A.Ş.	300,000		300,000	**60**
Subsidiary Companies Net	**300,000**		**300,000**	**60**
Total Financial Asset	**1,175,420**		**984,773**	**60**

9 INVESTMENTS IN AFFILIATES (Continued)

(*) Due to the fact that the said financial assets do not have a market value determined in an active market, and that no valuation was conducted for the said company, this is carried from the cost value.

10 REINSURANCE ASSETS

Outstanding reinsurance assets and liabilities of the Company, as a ceding company in accordance with the existing reinsurance contracts are as follows:

Reinsurance Assets	31 December 2021	31 December 2020
Reinsurer share of unearned premiums reserve *(Note – 17.16)*	387,277,859	271,542,975
Reinsurer share of outstanding claims reserve, at the end of the period *(Note 17.16)*	875,638,733	825,600,855
Receivables from reinsurers related to commissions and paid-up claims (Note 12)	54,831,916	83,174,277
Reinsurer Share of Unexpired Risks Reserve (Note – 17.16).	51,913,727	29,276,491
Reinsurer Share of Equalization Reserve (*Note 17.16*)	27,773,765	16,638,145
Total	**1,397,435,999**	**1,226,232,743**

There is not any impairment losses recognized for reinsurance assets.

Reinsurance Liabilities	31 December 2021	31 December 2020
Payables to the reinsurers related to ceded premiums (Note 19)	116,524,749	69,818,722
Deferred Commission Incomes (Note 19)	89,914,094	59,669,277
Reinsurance commission provisions	78,899,850	76,759,806
Deposits From Reinsurance Companies (Note 19)	-	-
Total	**285,338,693**	**206,247,805**

10 REINSURANCE ASSETS (Continued)

Gains and losses recognized in the statement of income in accordance with existing reinsurance contracts are as follows:

	31 December 2021	31 December 2020
Ceded premiums to reinsurers during the period *(Note 17)*	(776,633,026)	(569,566,338)
Reinsurer share of unearned premiums reserve, at the beginning of the period *(Note 17)*	(271,542,975)	(246,419,844)
Reinsurer share of unearned premiums reserve, at the end of the period *(Note 17)*	387,277,859	271,542,975
Reinsurer share of earned premiums *(Note 17)*	**(660,898,143)**	**(544,443,207)**
Reinsurer share of claims paid, during the period *(Note 17)*	568,284,916	440,320,373
Reinsurer share of outstanding claims reserve, at the beginning of the period(*)	(825,600,854)	(679,546,307)
Reinsurer share of outstanding claims reserve, at the end of the period *(Note 17)*	875,638,732	825,600,854
Reinsurer share of claims paid, during the period *(Note 17)*	**618,322,794**	**586,374,921**
Commission income accrued from reinsurers during the period	110,049,859	34,210,231
Deferred Commission Incomes in the beginning of the period *(Note 17)*	59,669,277	61,389,095
Deferred Commission Incomes at the end of the period *(Note 17)*	(89,914,094)	(59,669,277)
Reinsurance commission provisions	76,759,806	71,550,663
Reinsurance commission provisions at the end of the period	(78,899,850)	(76,759,806)
Commission income earned from reinsurers (Note 32)	**77,664,999**	**30,720,906**
Reinsurer share of unexpired risks reserves	**22,637,236**	**12,863,173**
Reinsurer Share of Equalization Reserve (*Note 17.19*)	**27,773,765**	**16,638,145**
Total, net	**85,500,650**	**102,153,937**

The Company's balance of reinsurance assets are presented in Note 17.16.

11 FINANCIAL ASSETS

11.1 Classification of the Financial Assets

	31 December 2021	31 December 2020
Financial Assets Held for Trading	5,212,847	340
Available-for-Sale Financial Assets	147,753,503	259,937,528
Financial Assets To Be Held Until Maturity	579,724,880	189,863,972
	732,691,230	**449,801,840**

11 11 FINANCIAL ASSETS (Continued)

11.1 Sub-Classification of the Financial Assets (Continued)

31.12.2021	Nominal Value	Cost Accounting	Fair Value Measurement	Book Value
Borrowing Instruments				
Government Bonds – TRY	**5,237,500**	5,128,558	5,212,844	5,212,844
Rental Certificate		3	3	3
Financial assets held for trading	**5,237,500**	**5,128,561**	**5,212,847**	**5,212,847**
Receivable from Reverse Repurchase Agreements	-	147,660,516	147,753,503	147,753,503
Available for Sale Financial Assets	**-**	**147,660,516**	**147,753,503**	**147,753,503**
Government Bonds – TRY	48,550,000	43,405,063	44,232,308	44,232,308
Private sector Bonds and Securities - TRY	36,016,775	32,245,584	33,330,774	33,330,774
Government Bonds Eurobond Euro (Blocked)*	165,953,700	98,427,110	166,879,573	166,879,573
Government Bonds Eurobond - Euro	135,780,300	97,728,134	142,769,466	142,769,466
Private Sector Bonds Eurobond USD (Blocked)*	83,972,700	49,314,832	85,622,317	85,622,317
Private Sector Bonds – USD	106,632,000	65,296,192	106,890,442	106,890,442
Financial Assets To Be Held Until Maturity	**576,905,475**	**386,416,915**	**579,724,880**	**579,724,880**

*Blocked amounts. Due to the Company's insurance activities, EUR 11,000,000 and USD 6,300,000 are reserved for the Republic of Turkey Insurance and Private Pension Regulation and Supervision Agency.

31.12.2020	Nominal Value	Cost Accounting	Fair Value Measurement	Book Value
Borrowing Instruments				
Private sector Bonds and Securities	-	340	340	340
Financial assets held for trading		**340**	**340**	**340**
Private Sector Bonds Risk - TRY	161,000,000	149,900,390	157,541,124	157,541,124
Private Sector Lease Certificate – TRY	103,289,264	102,037,626	102,396,404	102,396,404
Available for Sale Financial Assets	**264,289,264**	**251,938,016**	**259,937,528**	**259,937,528**
Government Bonds – Euro*	99,086,900	98,427,110	99,008,958	99,008,958
Private Sector Bonds – USD	90,288,150	94,506,440	90,855,014	90,855,014
Financial Assets To Be Held Until Maturity	**189,375,050**	**192,933,550**	**189,863,972**	**189,863,972**

11.2 Marketable securities issued during the year other than share certificates:

N/A (31 December 2020: Not applicable.)

11.3 Securities representing redeemable debt during the year

N/A (31 December 2020: Not applicable.)

11.4 Information on the cost values of securities and financial fixed assets that are stated at fair value in the balance sheet according to the market values of the marketable securities and financial fixed assets shown on the market value basis:

See Note 11.1

11 FINANCIAL ASSETS (Continued)

11.5 Total amount of securities issued by the partners, participations and affiliated partners of the Company and included within the group of securities and engaged securities, and respective issuing companies:

N/A (31 December 2020: Not applicable.)

11.6 Value increase on financial assets in the last three years

N/A (31 December 2020: Not applicable.)

11.7 Financial Instruments

The Company does not use hedging against financial risks accounting instruments.

11.8 Effects of Exchange Rate Differences

Exchange rate differences arising from the payments of monetary items or different conversion rates used in the current period or at initial recognition are recognized in profit or loss.

12 LIABILITIES AND RECEIVABLES

12.1 Receivables:

The details of the short-term trade receivables is as follows:

Short-term	31 December 2021	31 December 2020
Receivables from insurance operations (*)	351,484,196	286,957,190
Total	**351,484,196**	**286,957,190**

12 LIABILITIES AND RECEIVABLES (Continued)

(*) The details of the Company's receivables from insurance operations as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Receivables from agencies, brokers and intermediaries	152,705,883	105,125,636
Receivables from Reinsurance Transactions	54,831,916	83,174,277
Bank Guaranteed Credit Card Receivables	117,345,939	83,503,578
Salvage and subrogation receivables	29,576,187	27,602,035
Total receivables from insurance operations, net	**354,459,925**	**299,405,526**
Doubtful Receivables Arising From Real Operations	82,396,314	51,898,806
Provisions for Doubtful Receivables Arising From Real Operations	(82,396,314)	(51,898,806)
Provisions of salvage and subrogation receivables	(2,975,728)	(12,448,335)
Receivables From Real Operating Income	**351,484,196**	**286,957,190**

12.2 Receivable-payable relationship with shareholders, affiliates and subsidiaries of the Company:

See Note 45 for the Company's receivable-payable relationship with shareholders, affiliates and subsidiaries .

12.3 Total amount of the mortgages and other securities received against receivables

Type of pledge and/or guarantee	31 December 2021	31 December 2020
Letter of guarantee	283,400,219	140,097,984
Total	**283,400,219**	**140,097,984**

The checks received from agencies and the policy holders are not recorded until the day they are collected, and these checks are recognized under the off-balance sheet accounts. The total amount of undue checks recorded in this manner is TL 18,093,548 as of 31 December 2021. (31 December 2020: 14,962,288 TRY)

12.4 The receivables and payables denominated in foreign currencies and which do not have currency guarantee, and the detailed analyses of foreign currency balances and foreign currency rates used for the translation:

For the Company's receivables and payables denominated in foreign currencies as at 31 December 2021, see Note 4.2 Exposure to foreign currency risk

13 DERIVATIVE FINANCIAL INSTRUMENTS

N/A (31 December 2020: Not applicable.)

14 CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash	739	739
Banks	933,522,777	910,567,469
Bank Guaranteed Credit Card Receivables with maturities less than 3 months	363,946,117	290,473,838
Total	**1,297,469,633**	**1,201,042,046**
Blocked Amounts	(-)	(-)
Interbank Deposits Interest Rediscounting	(7,679,688)	(2,259,505)
Cash and Cash Equivalents in the Cash Flow Table	**1,289,789,945**	**1,198,782,541**

As of 31 December 2021 and 31 December 2020, bank deposits respectively are further analyzed as follows:

	31 December 2021	31 December 2020
TRY interbank deposits		
- having a fixed term	866,496,294	884,452,990
- on demand	67,026,482	26,114,479
Total	**933,522,777**	**910,567,469**

Amounts of blocked deposits with the banks:

The Company's bank deposits are not blocked. (31 December 2020: Not applicable.)

Time deposits consist of TRY, Euro and USD bank placements; the maturity range is between 03 January 2022 and 30 March 2022. The applied interest rate is between 14.40%- 26.75% for TRY time deposits. The interest rate for Euro deposits is between 0.01% and 0.45%. Maturity is between 17 January 2022 and 16 February 2021 for Euro time deposits. Interest rate for USD deposits is between 0.30% - 1.60%. And the maturity is between 12 January 2022 and 25 March 2022.

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

15 CAPITAL

15.1 Amounts of the transactions of the shareholders of the company with the shareholders in their own discretion, separately showing the distributions made to the shareholders

As of 31 December 2021, the Company has 3 shareholders. The Company's share capital is TRY 220,000,000 divided into 220,000,000 shares each having a nominal value of TRY 1. The entire subscribed capital was paid.

	30 December 2021		31 December 2020	
Name, Last Name and Title of the Partner	**Amount of Share (TRY)**	**Share Portion (%)**	**Amount of Share (TRY)**	**Share Portion (%)**
Nihat Kırmızı	99,000,000	45.00	99,000,000	45.00
Nabi Kırmızı	74,800,000	34.00	74,800,000	34.00
Kirmizi Holding A.Ş.	46,200,000	21.00	46,200,000	21.00
Paid-up Capital	**220,000,000**	**100**	**220,000,000**	**100**

15.2 Reconciliation of carrying values of each capital account and each reserve as of the beginning and end of the period showing each change separately

	31 December 2021	31 December 2020
Capital Amount at the Beginning of the Period	220,000,000	220,000,000
Disposals during the period	-	-
Capital Increase Within the Period	-	-
Capital Payment Within the Period	-	-
Non-paid Capital	-	-
Period End Paid-up Capital	**220,000,000**	**220,000,000**

As of 31 December 2021, the Company's share capital is TRY 220,000,000 divided into 220,000,000 shares each having a nominal value of TRY 1 As of 31.12.2021 the company has no unpaid capital.

15.3 For each class of share capital;

15.3.1 The explanation about the number of capital shares

N/A (31 December 2020: Not applicable.)

15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares

The Company does not have any issued shares. (31 December 2020: Not applicable.)

15 CAPITAL (Continued)

15.3.3 Nominal value of an equity share or equity shares without having nominal value

The Company's capital is TRY 220,000,000 and it consists of 220,000,000 shares, each with a nominal value of TRY 1. The company has no unpaid capital. (31 December 2020: The Company's share capital is TRY 220,000,000 divided into 220,000,000 shares each having a nominal value of TRY 1. The company has no unpaid capital)

15.3.4 Reconciliation of the number of the equity shares at the beginning and ending of the period

	31 December 2021	31 December 2020
Number of Shares per each Period	220,000,000	220,000,000
Capital Payment Within the Period	-	-
Increase / Decrease within the Period	-	-
Number of Shares at the End of the Period	**220,000,000**	**220,000,000**

As of 31 December 2021, the Company's share capital is TRY 220,000,000 consists of 220,000,000 shares each having a nominal value of TRY 1. As of 31.12.2021 the company has no unpaid capital.

15.3.5 Disclosure of rights, privileges and restrictions (restrictions) on such capital class, including the distribution of dividends and the restrictions on repayment of capital.

N/A (31 December 2020: Not applicable.)

15.3.6 Explanations regarding the equity shares held by the Company, its affiliates or its subsidiaries

N/A (31 December 2020: Not applicable.)

15.3.7 Explanations on stocks, securities and amounts held as equity shares for future sale for forward transactions and contracts.

N/A (31 December 2020: Not applicable.)

15.3.8 Other Capital Reserves

N/A (31 December 2020: None)

15 CAPITAL (Continued)

15.4 Other profit reserves

15.4.1 Legal Reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

The movement of the legal reserves is as follows:

	31 December 2021	31 December 2020
Legal Reserves at the Beginning of the Period	8,708,515	4,253,382
Transfer from profit	6,856,587	4,455,133
Period End Legal Reserves	**15,565,102**	**8,708,515**

15.4.2 Extraordinary Reserves

The movement of extraordinary reserves is as follows:

	31 December 2021	31 December 2020
Extraordinary Reserves at the Beginning of the Period	6,780,498	6,780,498
Transfer from profit	-	-
Extraordinary Reserves at the End of the Period	**6,780,498**	**6,780,498**

15.4.3 Special funds

Within the scope of the participation insurance, as a result of the participation insurance product which was introduced to the market on a volunteer basis, a **TRY 7,384,087** was created. This fund amount was reported in the equity.

15.4.4 Re-measurement gains /losses under defined benefit plans

As at 31 December 2021, other profit reserves consist of a total net of TRY 593,930 which is the actuarial loss and gain amount found by re-measuring the net benefit liability defined according to TAS 19. (31.12.2020: TRY 288,245)

15 CAPITAL (Continued)

15.4.5 Previous Years Profits /(Losses)

	31 December 2021	31 December 2020
Previous year profits / losses	58,667,259	1,106,940
Amount Transferred from the Net Profit of the Period	90,415,758	89,102,661
Legal reserves	(6,856,587)	(4,455,133)
Distributed Dividend	(34,357,988)	(27,087,209)
Total	**107,868,442**	**58,667,259**

15.5 Share based payments:

N/A (31 December 2020: Not applicable.)

15.6 Matters pertaining to the Events after the Balance Sheet Date

N/A (31 December 2020: Not applicable.)

16 OTHER RESERVES AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION

16.1 Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

N/A (31 December 2020: Not applicable.)

16.2 Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period

N/A (31 December 2020: Not applicable.)

16.3 Hedging for forecasted transactions and net investment hedging

N/A (31 December 2020: Not applicable.)

16.4 Hedging against financial risks

N/A (31 December 2020: Not applicable.)

16.5 Income and loss related to affiliates recognized directly in equity in the current period

N/A (31 December 2020: Not applicable.)

16. OTHER RESERVES AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION (Continued)

16.6 Revaluation increase in tangible fixed assets

N/A (31 December 2020: Not applicable.)

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

17.1 Details of the Company's technical reserves as of 31 December 2021 and 31 December 2020 are below:

	31 December 2021	31 December 2020
Gross unearned premiums reserve	1,120,698,765	919,838,615
Reinsurer share of unearned premiums reserve *(Note 10)*	(387,277,859)	(271,542,975)
SSI of Unearned Premiums Reserve	(54,112,466)	(49,969,712)
Pool Unearned Premiums Reserve	(76,676,659)	(56,427,693)
Provisions for Unearned Premiums - Net	**602,631,782**	**541,898,235**
Provisions for gross suspending indemnities	1,859,306,080	1,642,222,580
Reinsurer share of outstanding claims reserve *(Note 10)*	(875,638,732)	(825,600,854)
Gross Outstanding Claims Reserve, net	**983,667,347**	**816,621,725**
Gross Unexpired Risks Reserve	132,613,829	50,757,148
Reinsurer Share of Unexpired Risks Reserve *(Note 10)*	(51,913,727)	(29,276,491)
Provision for Unexpired Risks - Net	**80,700,102**	**21,480,657**
Reserve for Balancing, net	**13,119,606**	**7,591,929**
Mathematical Life Provision, net		-
Total technical reserves, net	**1,680,118,837**	**1,387,592,546**
Short-term loans	1,666,999,231	1,380,000,617
Medium- and Long-term	13,119,606	7,591,929
Total technical reserves, net	**1,680,118,837**	**1,387,592,546**

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurees and their mathematical reserves

N/A (31 December 2020: N/A)

17.3 Insurance guarantees given to non-life insurances based on insurance branches

Branch	31 December 2021	31 December 2020
Land Vehicles Liability	5,880,732,584,000	7,049,688,631,000
Accident	61,162,020,252	59,660,543,651
Land Vehicles (Insurance)	269,997,224,790	68,796,616,696
Fire and Natural Disasters	191,615,307,552	143,114,100,638
Cargo	19,833,842,959	12,005,829,703
General Damages	85,724,823,038	51,961,726,211
General Liability	17,731,956,301	25,719,873,108
Legal Protection	1,947,805,305	2,290,974,482
Health Illness	603,577,293,065	193,255,031,690
Indemnity	693,707,346	593,285,301
Aircrafts	104,099,335	15,485
Aircrafts Responsibility	493,218	493,218
Watercrafts	10,443,772	5,164,500
Total	**7,133,131,600,934**	**7,607,092,285,683**

17.4 Pension investment funds established by the Company and their unit prices

N/A (31 December 2020: N/A)

17.5 Number and amount of participation certificates in portfolio and circulation

N/A (31 December 2020: N/A)

17.6 Number of portfolio amounts of additions, disposals, reversals, and current individual and group pension participants

N/A (31 December 2020: N/A)

17.7 Valuation methods used in profit share calculation for life insurances with profit shares

N/A (31 December 2020: N/A)

17.8 Number of the additions and their group or individual gross and net share participations in the current period

N/A (31 December 2020: N/A)

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

17.9 Number of additions from the other companies and their group or individual gross and net share participations in the current period

N/A (31 December 2020: N/A)

17.10 Number of transfers from the Company's life portfolio to individual pension portfolio and their group or individual gross and net share participations

N/A (31 December 2020: N/A)

17.11 Number of transfers from the Company's individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations

N/A (31 December 2020: N/A)

17.12 Number of additions of life insurances and their group or individual gross and net mathematical reserves of the new policyholders

N/A (31 December 2020: N/A)

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves for the life policyholders who leave the portfolio during the period

N/A (31 December 2020: N/A)

17.14 Profit share distribution rate of life insurees in the current period

N/A (31 December 2020: N/A)

17.15 Explanation of information that describes amounts arising from insurance agreements

N/A (31 December 2020: N/A)

17.16 Assets, liabilities, income, expense and cash flows from insurance contacts recognized when the insurer is a ceding company:

	31 December 2021	31 December 2020
Liabilities due to Reinsurance Companies	116,524,749	69,818,722
Deposits From Reinsurance Companies	-	-
Net Receivables/(Debt)	**116,524,749**	**69,818,722**

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

17.16 Assets, liabilities, income, expense and cash flows from insurance contacts recognized when the insurer is a ceding company: (Continued)

	1 January - 31 December 2021	1 January - 31 December 2020
Ceded Premiums to Reinsurers	(776,633,026)	(569,566,338)
Premiums Transferred to the Pool	(149,747,547)	(107,804,124)
Reinsurer Share of Unearned Premiums Reserve	387,277,859	271,542,975
Pool Share of Unearned Premiums Reserve	76,676,659	56,427,693
Reinsurer Share of Unexpired Risks Reserve	51,913,727	29,276,491
Reinsurer Share of Claims Paid	568,284,916	440,320,373
Provision for Outstanding Claims and Compensations	875,638,732	825,600,854
Reinsurer Share of Equalization Reserve	27,773,765	16,638,145
Net Income/(Expenditure)	**1,061,185,084**	**962,436,069**

17.17 Comparison of incurred claims with past estimations

Development table for incurred claims is disclosed in Note 4.

17.18 Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately

Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately are disclosed in Note 4.

17.19 Other required explanations regarding liabilities originating from insurance contracts:

As of 31 December 2021 and 31 December 2020, the movement table of insurance liabilities and reinsurance assets is as follows:

	31 December 2021				
Provisions for Unearned Premiums	**Gross**	**Reinsurer Share**	**SSI Share**	**Pool Share**	**Net**
Unearned Premiums Reserve at the	919,838,615	(271,542,975)	(49,969,712)	(56,427,693)	541,898,235
Premiums written during the period	2,143,340,348	(776,633,026)	(97,306,346)	(149,747,547)	1,119,653,429
Premiums earned during the period	(1,942,480,198)	660,898,143	93,163,592	129,498,581	(1,058,919,882)
Unearned Premiums Reserve at the beginning of the period	**1,120,698,765**	**(387,277,859)**	**(54,112,466)**	**(76,676,659)**	**602,631,782**

17 INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

17.19 Other required explanations regarding liabilities originating from insurance contracts: (Continued)

	31 December 2020				
Provisions for Unearned Premiums	**Gross**	**Reinsurer Share**	**SSI Share**	**Pool Share**	**Net**
Unearned Premiums Reserve at the	790,446,103	(246,419,844)	(46,191,609)	(74,666,234)	423,168,415
Premiums written during the period	1,781,055,358	(569,566,338)	(92,650,842)	(107,804,12	1,011,034,05
Premiums earned during the period	(1,651,662,845)	544,443,207	88,872,739	126,042,665	(892,304,23
Unearned Premiums Reserve at the beginning of the period	**919,838,615**	**(271,542,975)**	**(49,969,712)**	**(56,427,693)**	**541,898,235**

	1 January - 31 December 2021		
Outstanding Claims Reserve:	**Gross**	**Reinsurer share**	**Net**
Beginning of the Period	1,642,222,580	(825,600,854)	816,621,725
Claims Paid	(1,429,794,680)	568,284,916	(861,509,764)
- Current period outstanding claims	2,156,073,719	(937,416,137)	1,218,657,582
- Previous years' outstanding claims	(1,642,222,580)	825,600,854	(816,621,725)
Outstanding claims at the end of the period	**726,279,040**	**(369,131,221)**	**357,147,819**
Incurred but not reported claims	1,133,027,040	(506,507,512)	626,519,528
Adequacy Difference in Outstanding Claims Provisions	-	-	-
Total	**1,859,306,080**	**(875,638,733)**	**983,667,347**

	1 January - 31 December 2020		
Outstanding Claims Reserve:	**Gross**	**Reinsurer share**	**Net**
Beginning of the Period	1,271,729,390	(679,546,307)	592,183,083
Claims Paid	(965,218,270)	440,320,373	(524,897,897)
- Current period outstanding claims	1,507,240,820	(744,874,681)	762,366,139
- Previous years' outstanding claims	(1,271,729,390)	679,546,307	(592,183,083)
Outstanding claims at the end of the period	**542,022,550**	**(304,554,308)**	**237,468,242**
Incurred but not reported claims	1,100,200,029	(521,046,546)	579,153,483
Adequacy Difference in Outstanding Claims Provisions			
Total	**1,642,222,579**	**(825,600,855)**	**816,621,725**

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

17.19 Other required explanations regarding liabilities originating from insurance contracts: (Continued)

	1 January - 31 December 2021		
Provision for Unexpired Risks:	**Gross**	**Reinsurer share**	**Net**
Beginning of the Period	50,757,148	(29,276,491)	21,480,657
Change in the Provision Added within the Period	81,856,681	(22,637,236)	59,219,445
Provision for Unexpired Risks in the End of the Period	**132,613,829**	**(51,913,727)**	**80,700,102**

	1 January 2020 – 31 December 2020		
Provision for Unexpired Risks:	**Gross**	**Reinsurer share**	**Net**
Beginning of the Period	46,154,048	(16,413,318)	29,740,730
Change in the Provision Added within the Period	4,603,100	(12,863,173)	(8,260,073)
Provision for Unexpired Risks in the End of the Period	**50,757,148**	**(29,276,491)**	**21,480,657**

Reserve for Balancing:	**31 December 2021**	**31 December 2020**
Beginning of the Period	7,591,929	4,215,092
Provision Added within the Period	5,527,677	3,376,837
End of the Period Reserve for Balancing	**13,119,606**	**7,591,929**

The portions of the commissions paid to the intermediaries for the production of the policies deferred to the next periods are recognized under "Prepaid Expenses" accounts. As of 31 December 2021, the details of the prepaid expenses in the amount of TRY 161,206,857 recorded in the currents assets are as follows (31 December 2020: TRY 131,346,739) prepaid expenses pertaining to future months; are consisting of deferred production commissions amount of TRY 140,420,074 (31 December 2020; TL 113,665,997) and prepaid other expenses amount of TRY 20,786,783 (31 December 2020; TRY 17,680,742).

	31 December 2021	**31 December 2020**
Deferred Reinsurance Commissions		
Deferred production commissions at the beginning of the period	113,665,997	99,617,571
Commissions to intermediaries accrued during the period	271,439,364	224,987,254
Commissions expensed during the period (Note 32)	(244,685,287)	(210,938,828)
Year-end	**140,420,074**	**113,665,997**

	31 December 2021	**31 December 2020**
Deferred Assistance Premium Expenditures	10,625,136	13,307,540
Year-end	**10,625,136**	**13,307,540**

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

17.19 Other required explanations regarding liabilities originating from insurance contracts: (Continued)

	31 December 2021	**31 December 2020**
Prepaid expenses pertaining to future months		
Prepaid Banking Commission Expenses	312,694	148,142
Prepaid Advertising, Promotion, Organization Expenses	3,088,128	2,931,349
Prepaid Newspaper, Magazine Subscription Expenses	115,000	83,333
Advance Contribution to Expenditures Share	741,069	882,876
Printed Document Expenses Paid in Advance	-	-
Prepaid Sponsorship Expenses	5,125,000	24,583
Other Prepaid Expenses	779,757	302,919
Year-end	**10,161,647**	**4,373,202**

	31 December 2021	**31 December 2020**
Deferred Reinsurance Commissions:		
Reinsurance commissions deferred at the beginning of the period	(59,669,277)	(61,389,095)
Reinsurance commissions accrued during the period	(110,049,859)	(34,210,231)
Commissions recognized during the period (Note 32)	79,805,042	35,930,049
Reinsurance commission provision at the beginning of the period	(76,759,806)	(71,550,663)
Reinsurance commission provision within the period	(2,140,043)	(5,209,143)
Reinsurance Reserve During the Period current transfer	-	-
Year-end	**(168,813,944)**	**(136,429,083)**

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

	31 December 2021		31 December 2020	
Branch	**The amount guarantee required**	**The amount of guarantee provided**	**The amount guarantee required**	**The amount of guarantee provided**
Life	-	-	-	-
Non-Life	125,162,840	-	-	99,086,900
Total	**125,162,840**	**-**	**-**	**99,086,900**

18 INVESTMENT CONTRACT LIABILITIES

N/A (31 December 2020: Not applicable.)

19 COMMERCIAL AND OTHER PAYABLES, DEFERRED INCOMES

19.1 Sub-classifications of presented items in line with the Company's operations

Payables from Insurance Operations:

	31 December 2021	31 December 2020
Payables from Insurance Operations	40,590,986	39,179,624
Liabilities due to Reinsurance Companies	116,524,749	69,818,722
Deposits From Reinsurance Companies (Note 19)	-	-
Total	**157,115,735**	**108,998,346**

Other Payables

	31 December 2021	31 December 2020
Payables to SSI (Short term)	25,953,926	22,283,844
Payables to Suppliers	10,953,296	11,337,786
Deposits and Guarantees Received	20,581,491	11,996,377
Total	**57,488,713**	**45,618,007**

Deferred Incomes

	31 December 2021	31 December 2020
Deferred Commission Incomes	89,914,094	59,669,277
Total	**89,914,094**	**59,669,277**

INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

20 FINANCIAL LIABILITIES

The Company's total lease liability and the movement of lease liabilities recognized within the scope of transition to TFRS 16 – Leases standard as of 31 December 2021 and 31 December 2021 are presented below:

	31 December 2021	31 December 2020
Short term lease liabilities	2,538,438	3,133,182
Long term lease liabilities	6,508,419	1,158,775
Discount ratio with alternative debt ratio	(2,641,877)	(564,260)
Total lease liabilities	**6,404,980**	**3,727,697**

21 DEFERRED INCOME TAX

As of 31 December 2021 and 31 December 2020, the items resulting in deferred tax assets and liabilities are as follows:

	31 December 2021 Deferred taxes assets / (Liabilities)	**31 December 2020** Deferred taxes assets / (Liabilities)
Provisions for termination indemnities	391,973	406,375
Unused Vacation Reserves	287,627	171,156
Discounted Cost of Receivables (120)	(259,422)	(98,473)
POS KK Discounted Cost	(250,364)	(78,586)
Personnel Lawsuits Reserve	2,297,095	1,505,177
Reserve for Balancing	803,014	488,399
Provision for Unexpired Risks	18,561,024	4,296,131
Provisions for Subrogation Receivables	684,418	2,489,667
Depreciation TAS Correction Difference	(609,164)	(588,232)
Discounted Cost of Debts (320 HS)	(99,646)	28,558
Time deposit Tax Procedure Law – IFRS Rediscount Difference	13,560	7,250
Tfrs 16 Rental Agreements	23,771	78,036
Allowance for Doubtful Accounts Receivable	-	2,999,337
Securities Tax Procedure Law – IFRS Rediscount Difference	(1,097,623)	409,937
Banks TPL – IFRS Exchange Rate Difference	(1,836,406)	-
Financial assets TPL – IFRS Exchange Rate Difference	(3,076,693)	-
Deferred taxes assets, net	**15,833,164**	**12,114,732**

As of 31 December 2021, the movement table of deferred Tax Assets is as follows.

	31 December 2021	31 December 2020
As of 1 January,	12,114,732	10,227,126
Deferred tax revenues / (expenses)	3,642,010	1,850,545
Deferred tax revenues / (Expenses) recognized in equity	76,422	37,061
Deferred Tax Assets	**15,833,164**	**12,114,732**

22 RETIREMENT AND WELFARE LIABILITIES

(See Note 33)

23 PROVISIONS FOR OTHER LIABILITIES AND EXPENDITURE

	31 December 2021	31 December 2020
Taxes and Dues Payable	34,672,642	31,920,999
Social Security Withholding Payable	1,092,435	824,257
Provision for Taxes and Other Legal Liabilities For the Period	33,882,912	31,266,587
Prepaid Taxes and Other Legal Liabilities on Period Profit(-)	(33,882,912)	(31,266,587)
Provisions for Others Risks	13,197,788	10,413,540
- Provisions for termination indemnities	*1,959,865*	*2,031,874*
- Holiday Pay Reserves	*1,250,553*	*855,779*
- Reserve for Lawsuits	*9,987,370*	*7,525,887*
Total	**48,962,865**	**43,158,796**

The movement table of Reserve for Employee Termination Benefits during the period is as follows:

	31 December 2021	31 December 2020
Beginning of the Period	**2,031,874**	**1,466,367**
Cost of Services	(120,882)	563,352
Interest cost	121,560	71,886
Indemnities paid	(454,794)	(255,038)
Actuarial loss	382,107	185,307
Year-end	**1,959,865**	**2,031,874**

The movement table of holiday pay reserves during the period calculated for the holiday pays resulting from the holidays not used by the Company personnel in previous years is as follows.

	31 December 2021	31 December 2020
Beginning of the Period	**855,779**	**602,633**
Increase/Decrease within the Period (Note - 47.4)	394,774	253,146
Year-end	**1,250,553**	**855,779**

24 NET INSURANCE PREMIUM REVENUE

The amounts calculated by deducting the reinsurer shares from gross premiums in the 1 January – 31 December 2021 and 1 January – 31 December 2020 periods are presented below.

Non-Life Branches	1 January - 31 December 2021	1 January - 31 December 2020
Accident	24,212,907	30,295,471
Land Vehicles (Own Damage)	212,696,891	132,043,492
Fire and Natural Disasters	110,978,870	73,697,741
Land Vehicles Liability	659,624,028	675,429,168
General Liability	2,450,199	2,476,088
General Damages	7,218,138	4,931,963
Cargo	750,186	523,706
Legal Protection	765,064	1,194,886
Health Illness	99,087,798	88,500,069
Financial Risk	642,155	325,193
Aircrafts	2,544	1,999
Watercrafts	6,006	519
Aircrafts Responsibility	354	249
Indemnity	1,218,289	1,613,510
Breach of Trust	-	-
Total	**1,119,653,429**	**1,011,034,055**

25 FEE INCOMES

N/A (31 December 2020: Not applicable.)

26 INVESTMENT INCOMES

Presented in the “Financial Risk Management” Note above (Note 4.2).

27 NET REALIZED GAINS ON FINANCIAL ASSETS

Presented in the “Financial Risk Management” Note above (Note 4.2).

28 NET FAIR VALUE GAINS ON ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net fair value gains on assets at fair value through profit or loss:

Presented in the “Financial Risk Management” Note above (Note 4.2).

(31 December 2020: Not applicable.)

Investment Property:

N/A (31 December 2020: Not applicable.)

29 INSURANCE RIGHTS AND CLAIMS

	31 December 2021	31 December 2020
Claims paid, net of reinsurer share	(861,509,764)	(524,897,897)
Change in Outstanding Compensations Reserve, Net of Reinsurer Share	(167,045,622)	(224,438,643)
Change in Unearned Premiums, Net of Reinsurer Share	(60,733,547)	(118,729,819)
Changes in Unexpired Risks Reserve, Net of Reinsurer Share	(59,219,445)	8,260,073
Changes in equalization reserve, net of reinsurer share	(5,527,677)	(3,376,837)
Total	**(1,154,036,055)**	**(863,183,123)**

30 INVESTMENT CONTRACT RIGHTS

N/A (31 December 2020: Not applicable.)

31 MANDATORY OTHER EXPENSES

The allocation of the expenses with respect to their nature or function is presented in Note 32 below.

32 TYPES OF EXPENSE

	1 January - 31 December 2021	1 January - 31 December 2020
Commission expenses (Note 17.19)	(244,685,287)	(210,938,828)
Commission income earned from reinsurers (Note 10 and 17.19)	77,664,999	30,720,906
Staff Expenses	(48,455,617)	(36,998,854)
Assistance Expenses	(23,828,873)	(21,579,563)
Banking and Commission Expenses	(629,064)	(6,573,731)
Registration and Announcement Expenses	(725,931)	(409,010)
Information technologies expenses	(7,265,025)	(4,592,430)
Representation, entertainment expenses	(3,909,173)	(979,232)
Office Rental Expenses	(388,046)	(445,279)
Office Expenses	(581,719)	(658,452)
Advisor and Consultancy services	(2,547,233)	(4,550,327)
Car Rental Expenses	(93,476)	(4,829)
Taxes, Duties and Fees	(8,234,715)	(4,266,453)
Transport Vehicles Expenses	(1,281,211)	(854,807)
Communication Expenses	(629,680)	(560,891)
Establishment and organization expenses	(259,646)	(237,967)
Fee Expenses	(743,827)	(728,419)
Advertising and Promotion expenses	(19,097,346)	(23,203,761)
Marketing Expenses	(2,321,981)	(1,426,134)
Other	(3,296,627)	(3,063,592)
Total	**(291,309,478)**	**(291,351,655)**

33 EMPLOYEE BENEFIT EXPENSES

Details of the benefits provided to employees in the periods ending on 31 December 2021 and 31 December 2020 are presented below.

	31 December 2021	31 December 2020
Salary and wages	(39,041,045)	(28,881,070)
Employer's share in social security premiums	(5,486,185)	(4,231,335)
Pension fund benefits	(2,215,710)	(2,313,351)
Other benefits	(1,712,677)	(1,573,098)
Total	**(48,455,617)**	**(36,998,854)**

34 FINANCIAL COSTS

34.1 Financial expenses of current period

N/A (31 December 2020: Not applicable.)

There are not any finance costs classified either on production costs or tangible assets.

34.2 Current period' s financial expenses related to shareholders, affiliates and subsidiaries:

N/A (31 December 2020: Not applicable.)

35 INCOME TAX

Revenue tax expenses in the financial statements are presented below:

Reserve for Corporate Tax Expense	**31 December 2021**	**31 December 2020**
Corporate Tax Reserve	(33,882,912)	(31,266,587)
Deferred tax revenues / (expenses)		
Tax Revenue / (Expense) Originating from Deductible / Taxable Temporary Differences	3,642,010	1,850,545
Total Tax Income/ (Expense)	**(30,240,902)**	**(29,416,042)**

As of 31 December 2021, the Company's TRY 9,640,368 withholding tax amount from its time deposit has been set off against the advance tax payments for 2021 and transferred to relevant accounts. (31 December 2020: TRY 10,264,911)

36 NET FOREIGN EXCHANGE GAINS

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange profits	326,747,168	157,139,084
Foreign exchange loss (-)	(16,757,045)	(67,623,595)
Net foreign exchange change	**309,990,123**	**89,515,489**

37 PROFIT/LOSS PER SHARE

Earnings per share is calculated by dividing the portion of the net period profit or loss per shareholders by the number of shares at the end of the period.

	1 January - 31 December 2021	1 January - 31 December 2020
Net loss for the period	126,445,284	90,415,758
Number of shares	220,000,000	220,000,000
Profit/Loss per Share	**0.57**	**0.41**

38 DIVIDENDS PER SHARE

38.1 Amount of dividend accrued during the period to be distributed and dividend amount per share:

N/A (31 December 2020: Not applicable.)

38.2 Amount of dividends and the dividend per share which are suggested or announced before the financial statements are approved for publication but which will not be distributed to the shareholders during the period:

N/A (31 December 2020: Not applicable.)

39 CASH GENERATED FROM THE OPERATIONS

See Cash Flow Table

40 EQUITY SHARE CONVERTIBLE BONDS

N/A (31 December 2020: Not applicable.)

41 CASH CONVERTIBLE PRIVILEGED EQUITY SHARES

N/A (31 December 2020: Not applicable.)

42 RISKS

Reserves, Contingent Assets and Liabilities:

- Information about the Company's legal situation is presented below.

Total value of the lawsuits filed against the Company is TRY 757,457,283 and TRY 433,399,271 of this amount is the reinsurer share. (31 December 2020: Total value of the lawsuits filed against the Company is TRY 537,789,770 and TRY 328,260,801 of this amount is the reinsurer share.) The total amount of the Company's pending personnel, Agency and other lawsuits is TRY 9,987,370. (31 December 2020: The total amount of the Company's pending personnel, Agency and other lawsuits is TL 7,525,887.)

The Company's Salvage and Subrogation Income Obtained in Relation to Outstanding Claims, IBNR and Pending Lawsuits are presented below.

Contingent liabilities	31 December 2021	31 December 2020
Outstanding Claims	357,147,819	237,468,242
IBNR	626,519,528	579,153,483
Total	**983,667,347**	**816,621,725**

43 COMMITMENTS

43.1 Total amount of mortgages or restrictions on active assets:

Guarantees Given	31 December 2021	31 December 2020
Letter of Guarantee	215,564,124	102,982,329
Total	**215,564,124**	**102,982,329**

43.2. Total amount of commitments not included in liabilities:

Commitments not included in liabilities	31 December 2021	31 December 2020
Insurance Coverage Undertaken by the Company	7,133,131,600,934	7,607,092,285,683
Total	**7,133,131,600,934**	**7,607,092,285,683**

43.3 The amount of contractual commitments for the acquisition of property:

N/A (31 December 2020: Not applicable.)

43 COMMITMENTS (Continued)

43.4 Contractual commitments to acquire intangible assets:

N/A (31 December 2020: Not applicable.)

43.5 Contractual commitments from Operating leases:

N/A (31 December 2020: Not applicable.)

44 BUSINESS COMBINATIONS

N/A (31 December 2020: Not applicable.)

45 STATEMENTS FROM RELATED PARTIES

For the purpose of the accompanying financial statements, shareholders, key management and members of board of directors together with their families and companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties

As of 31 December 2021 and 31 December 2020, the related parties' balances are as follows.

	31 December 2021	31 December 2020
Other Short Term Receivables Due to Related Parties	**-**	**-**
Receivables from Subsidiaries	-	-
Other Short Term Receivables Due to Related Parties	**3,358**	**-**
Receivables from Associates	3,358	-
Other short term liabilities due to related parties	**-**	**4,427**
Payables to employees	3,141	4,427
Other Long term liabilities due to related parties	**9,927**	**9,927**
Payables to shareholders (*)	9,927	9,927

(*) The amount of TRY 9,927 consists of the amount of interest calculated in the account of Payables to shareholders in previous years.

45 STATEMENTS FROM RELATED PARTIES (Continued)

Details of the payables due to shareholder are presented below.

	1 January - 31 December 2021	1 January - 31 December 2020
Nihat Kırmızı	9,927	9,927
Total	**9,927**	**9,927**

45.1 The amount of doubtful receivables and payables from shareholders, subsidiaries and joint ventures:

N/A (31 December 2020: Not applicable.)

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:

N/A (31 December 2020: Not applicable.)

45.3 Amount of gratis share certificates acquired as a result of capital increases realized by participations and affiliated companies through utilization of their internal resources:

N/A (31 December 2020: Not applicable.)

45.4 Real rights on immovable and their values:

N/A (31 December 2020: Not applicable.)

45.5 Amount of obligations such as guarantees, commitments, collaterals, sureties, advances, endorsements, etc. given in favor of partners, participations and affiliated companies:

N/A (31 December 2020: Not applicable.)

46 MATTERS PERTAINING TO THE EVENTS AFTER THE BALANCE SHEET DATE

N/A

47 OTHERS

47.1 Description and amounts of the items which are higher than 5% of the total assets in the balance sheet or higher than 20% of the total amount of the group including the items phrased with "other" in the accompanying financial statements:

	31 December 2021	31 December 2020
Balance sheet / Other Payables	**12,867,029**	**9,982,976**
Other Miscellaneous Receivables	12,867,029	9,982,976
Balance sheet / Other Miscellaneous Payables	**10,953,296**	**11,337,786**
Payables to Suppliers	10,953,296	11,337,786
Balance Sheet / Other short term liabilities	**78,899,850**	**76,759,806**
Other Miscellaneous Short Term Liabilities	78,899,850	76,759,806
Balance Sheet/Other Long Term Liabilities	**202,237**	**132,867**
Other Long Term Liabilities	202,237	132,867
Balance Sheet/Other Long Term Liabilities	**13,119,606**	**7,591,929**
Other Technical Provisions - Net	13,119,606	7,591,929

Information in Income Statement about Other Technical Provisions

Of the TRY 46,485,029 in the other technical provisions account in the income statement (31 December 2020: TRY 33,333,373) the part TRY 23,828,873 (31 December 2020 : TRY 21,579,563) consists of assistance services, and TRY 22,656,156 (31 December 2020 : TRY 11,753,810) consists of the technical expenses related to this service.

47.2 "Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than one percent of the total assets:

N/A (31 December 2020: Not applicable.)

47.3 Subrogation recorded in the off-balance sheet accounts:

N/A (31 December 2020: Not applicable.)

47.4 Explanatory note for the amounts and nature of previous years' income and losses:

N/A

47 OTHERS (Continued)

Fees regarding the services received from the Independent Auditor*Independent Auditing Company

	31 December 2021	31 December 2020
Independent audit fee for the reporting period	75,000	68,300
Fees related to tax consultancy services	-	-
The fee for the other assurance services	10,000	-
Fee for the other services excluding the independent audit	-	-
Total	**85,000**	**68,300**

As of the years ended on 31 December 2021 and 31 December 2020, details of discount and reserve expenses are as follows:

	31 December 2021	31 December 2020
Provisions for doubtful receivables (expenditure)/revenue	(30,497,508)	(6,323,012)
Provisions for termination indemnities income-expenses - net	454,115	(380,200)
Reserve for Lawsuits filed by the Personnel	(21,901)	(209,809)
Reserve for unused vacation	(394,374)	(253,146)
Other provision expenses	(2,439,581)	(3,311,957)
Provisions Account	**(32,899,249)**	**(10,478,125)**

	31 December 2021	31 December 2020
Rediscount interest (expenses)/incomes	(912,306)	(4,594,158)
Rediscount account	**(912,306)**	**(4,594,158)**

Reliability Exists in its Nature

güven doğasında var

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