MİLLİ RE

ANNUAL REPORT 2021

Since 1929

GENERAL INFORMATION

Millî Reasürans Türk Anonim Şirketi
2021 Annual Report

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GENERAL INFORMATION

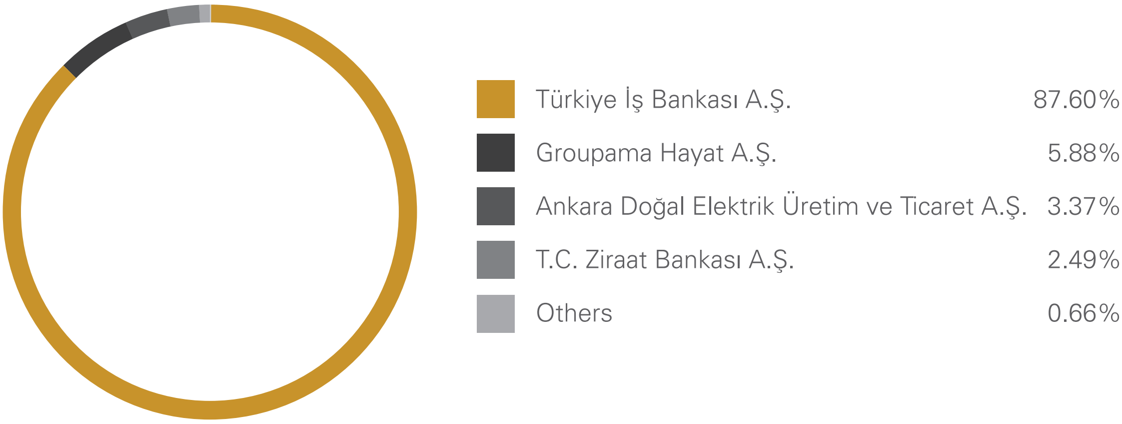
Vision

Reinforce our key role as lead reinsurer in the local market and become a preferred business partner in the international markets

Mission

- Delivering effective solutions in compliance with best practice standards,
- Further strengthening our robust capital base,
- Developing ethical and transparent business relations while focusing on value creation,
- Contributing to employee development while observing the principle of equal opportunity; helping them improve their performances through shared goals and targets set

SHAREHOLDER STRUCTURE



Shareholder	Value of Stake (TL)	Stake (%)
Türkiye İş Bankası A.Ş.	578,177,925.55	87.60
Groupama Hayat A.Ş.	38,809,894.19	5.88
Ankara Doğal Elektrik Üretim ve Ticaret A.Ş.	22,240,455.60	3.37
T.C. Ziraat Bankası A.Ş.	16,430,944.19	2.49
Others	4,340,780.47	0.66
Total	660,000,000	100.00

Note: Shareholders controlling 1% or greater stakes in the Company are shown here above.

Capital Increases
There were no capital increases during 2021.

Changes in the Shareholder Structure during 2021
There were no changes in the Shareholder Structure during 2021

Changes in the Articles of Association during 2021
There were no changes in the Articles of Association during 2021.

Disclosures on Preferred Shares
There are no preferred shares.

CORPORATE PROFILE

Milli Re was established by Türkiye İş Bankası (İşbank) on 26 February 1929 to manage the compulsory reinsurance system and commenced operations on 19 July 1929.

As the world's first and only privately owned company that managed a compulsory reinsurance system for all lines of business, Milli Re has played an important role in the formation and development of the insurance industry in Turkey. Following the termination of the compulsory reinsurance system, the Company redefined its goals and strategies in alignment with the current conditions and via its strategy of opening to international markets, today continues to serve as a global, prestigious and trusted reinsurer.

Milli Re has been making every effort to support the development of the insurance industry in Turkey and provide high quality service. The Company meets reinsurance needs of the market with best possible terms and conditions, contributing significantly to the satisfaction of insurance companies by providing prompt claim settlements.

While operating the compulsory reinsurance system, the Company also made various contributions to the country such as;

- Nationalization of the Turkish insurance industry,
- Generation of continuous revenue for the Undersecretariat of Turkish Treasury,
- Significant reduction in the outflow of foreign currency,
- Providing insurance training and education programs for the insurance industry,
- Conducting top notch international relations.

MİLLİ RE'S SINGAPORE BRANCH PROVIDES SERVICE WITH AN EXPERIENCED AND COMPETENT TEAM OF 12 PEOPLE.

Milli Re managed Turkish Reinsurance Pool from 1963 to 1985, and the Economic Cooperation Organization (ECO) Pool from 1967 to 1995, which was originally established under the name of RCD Pool.

While managing the Federation of Afro-Asian Insurers and Reinsurers (FAIR) Pool since 1974, Milli Re also undertook the management of the Turkish Catastrophe Insurance Pool (TCIP) between 2000 and 2005 where it was a co-founder.

As part of Milli Re's strategy to expand to international markets, the Company began writing business from these markets in 2006. In alignment with this strategy, Singapore Branch was opened in 2007.

By bringing its merited reputation and technical knowledge gained in the Turkish market to international arena and with the support of its financial strength, Milli Re continues to maintain its credibility in international markets through its strong performance.

On 2 July 2021, A.M. Best assigned Milli Re a global rating of "B" with a stable outlook. Milli Re's national scale rating was affirmed as "tr A+" by Standard&Poor's (S&P) on 18 February 2021.

Possessing all the structural competence and a solid capital base, Milli Re's main objective is to achieve sustainable growth by translating its strong position in the local insurance market and its profit-oriented business model, which incorporates closely monitoring of risk/return balance to international markets.

Milli Re Singapore Branch

As part of its strategy to expand to international markets, Milli Re, like many other international reinsurers, examined the benefits of establishing regional branches. Consequently, Singapore Branch was opened in view of the significance of Far East in the global insurance market, as well as its potential business volume and geographical location.

Having received the license for operation from the Monetary Authority of Singapore (MAS) in November 2007, Singapore Branch began writing business from 1 April 2008. With its well qualified and highly experienced workforce of 12 people, Singapore Branch plays an important role in international operations of Milli Re.

Anadolu Sigorta

Holding 57.31% share in its capital, Milli Re is the principal shareholder of Anadolu Anonim Türk Sigorta Şirketi, one of the largest and well-established insurance companies in the Turkish insurance industry

MILESTONES

1929

Milli Re was founded by İşbank with a capital of TL 1,000,000 to operate the compulsory reinsurance system.

1963

The management of "Turkish Reinsurance Pool", established to write international business, was handed over to Milli Re in accordance with the agreement signed with Turkish insurance companies..

1967

The management of "RCD Reinsurance Pool", established under the agreement of "Cooperation for Regional Development" between Turkey, Iran and Pakistan, was handed over to Milli Re.

1970

The management of the system known as "Decree Pool", established according to Decree no. 17 set out by the Ministry of Finance on the Protection of the Value of Turkish Currency was handed over to Milli Re.

"Türk Sigorta Enstitüsü Vakfı" (Turkish Insurance Institute Foundation) was established by Milli Re and the Association of the Insurance and Reinsurance Companies of Turkey.

1974

The management of "FAIR Reinsurance Pool" established by the Federation of Afro-Asian Insurers & Reinsurers (FAIR) was handed over to Milli Re.

1996

Milli Re Chamber Orchestra was established. The orchestra is made up of artists, most of whom also continue their solo music careers, and the orchestra performs with the participation of renowned local and international artists and conductors.

2000

Turkish Catastrophe Insurance Pool (TCIP), which was set up relevant the "Compulsory Earthquake Insurance" system established by the Undersecretariat of Turkish Treasury became operational under the management of Milli Re.

2001

Risk-based Compulsory Reinsurance System came to an end.

2005

Milli Re became the only active local reinsurance company in the Turkish market after the acquisition of Destek Reasürans T.A.Ş.

2006

Milli Re began to write business from international markets.

Decree Pool was terminated.

1982

Compulsory reinsurance cessions to Milli Re on Quota Share basis were changed to Surplus basis.

1986

Miltaş Sports Complex, which hosts the traditional "International Insurers Tennis Tournament" organization was built by Milli Re and was brought into the service of the market.

1991

Milli Re began to offer conventional reinsurance capacity through reinsurance treaties apart from "Compulsory Cessions" and "Decree Pool".

First issue of "Reasürör" magazine was published. The magazine is a reference source with full academic content on re/insurance, including compilations, translations, interviews, and statistical data on various lines.

1993

Milli Re moved from its head office in İstanbul Sirkeci to its new office building constructed in Teşvikiye.

1994

Milli Re Art Gallery, a corporate gallery where art works by prominent local and foreign artists are exhibited, was opened.

2007

Singapore Branch, which plays an important role for Milli Re in international markets, was opened.

2010

Milli Re acquired an additional 35.53% stake in Anadolu Sigorta, another group company. Accordingly, Milli Re, Turkey's one and only active local reinsurer increased its share in the capital of Anadolu Sigorta to 57.31%, one of the largest and well-established insurance companies in the industry.

2021

In its 93rd year of operation, by bringing its technical knowledge gained in the Turkish market to international arena with the support of its strong capitalization, Milli Re's paid-up capital was TL 660 million while assets reached TL 7,183 million, shareholders' equity amounted to TL 3,000 million and premium volume was TL 2,483 million.

CHAIRPERSON'S MESSAGE

Global economy started recuperating.

Being the second year the world under pandemic conditions, 2021 has seen signs of recuperation in global economy get stronger. Positive developments achieved in vaccination rates throughout the year accelerated the normalization process; however, new variants caused interruptions in recovery.

The International Monetary Fund (IMF) estimates that the world economy, after contracting in 2020, closed 2021 with a 5.9% growth rate, and the increase in the world trade volume has been around 9.3%.

Shrinkage and imbalances arose on the supply front due to pandemic induced production interruptions and investment postponements, and quickly revived global demand during normalization met with inadequate supply brought along supply issues. Raw material crisis produced record rises in commodity prices, which were accompanied by energy prices. Hence, inflationary trends entered the global economic agenda once again.

The last quarter of the year marked a new period when major central banks started tightening their supportive policies that had been ongoing since the onset of the pandemic in keeping with the aggravated concerns regarding inflation.

As the Fed started tapering its asset purchases, the Bank of England implemented a rate hike for the first time in three years in December, and has thus been the first major central bank across the world to increase the rates since the pandemic broke out.

The worldwide monetary tightening tendency is anticipated to continue in 2022.

The Turkish economy sustained its growth.

Having remained on growth track once again in 2021, the Turkish economy outperformed the forecasts with an annual growth rate of 11%.

The increased demand that was driven by global recovery and the depreciated Turkish lira in 2021 resulted in new records in exports, and with the added impact of the rises in tourism and transportation revenues, the current account balance gained an

OFFERING SERVICE AT INTERNATIONAL STANDARDS, MİLLİ RE WILL CONTINUE TO STAND BY ITS BUSINESS PARTNERS WITH EFFECTIVE REINSURANCE SOLUTIONS IN DOMESTIC AND INTERNATIONAL MARKETS KEEPING WITH ITS VISION OF BEING A REINSURANCE COMPANY OF CHOICE.

improved outlook. However, the escalation in global commodity prices will most likely intensify the upward risks on current deficit in the period ahead.

During 2021 which was characterized by an inflation outlook deteriorated by high exchange rates and high commodity and energy prices, the CPI went up -to 36.08% with the dominant effect of transportation and food expenditure groups, while the rise in PPI reached 79.89%, marking the highest increases of the past 19 years.

The course of the pandemic and inflationary pressures, coupled with the geopolitical risks heightened particularly in our geography, reinforce the signals that 2022 will also be a tough year.

Inflationary pressures and the consequences of climate change affect our industry.

In 2021, the key factors that set the tendency in insurance and reinsurance markets have been the versatile effects of the pandemic, inflationary pressures persisting at a global scale, low investment levels, and the impact the natural disasters occurring worldwide, on the financial results of reinsurers.

As the final impact of the Covid-19 pandemic that occupies the top spots of the agenda for the insurance and reinsurance markets remains uncertain, the amount of total insured losses was reported as USD 48 billion as at year-end 2021. On another hand, insured losses caused by worldwide extreme weather events triggered by climate change add up to significant amounts. The amount of total economic losses from natural catastrophes went up by 33% in 2021 to USD 280 billion. Surpassing last year's figure of USD 82 billion, global insured losses went up to USD 120 billion in the reporting period, making 2021 the second costliest year on record for the industry. While a great portion of the natural disaster losses was recorded in US, only 43% of the global losses were insured, pointing out to the fact that insurance density remains relatively low for secondary perils even in developed countries. Insured catastrophe losses surpassed the 2020 figure of USD 82 billion, making 2021 the second costliest year on record for the industry. As the majority of natural disasters occurred in the US, the fact that only 43% of global losses were insured reveals that the insurance penetration ratio for disasters is relatively low even in developed countries, apart from major risks.

While coverage and exclusions for contagious diseases and cyber risks made the headlines in 2021 renewals, more fundamental topics such as capacity, risk appetite, liabilities and pricing gained the foreground in 2022 renewals.

According to year-end 2021 data of the Insurance Association of Turkey, the Turkish insurance industry's premium production was up by 27.5% on a year-on-year basis to TL 105.3 billion. Having grown nominally, the industry contracted by 6.3% in real terms. Premiums written in non-life branches amounted to TL 87.6 billion, whereas premium production in Life insurance was worth TL 17.7 billion.

Milli Re preserves its solid performance.

In 2021 during which it pursued operations adjusting itself according to varying extraordinary circumstances, our Company displayed a successful performance enabled by its deep-rooted market experience, robust financial structure and risk management competence, and continued to offer reinsurance capacity in domestic and international markets in line with the needs of ceding companies.

In 2021, Milli Re's premium production increased by 36% compared to the previous year and reached TL 2,483 million. As of 2021 year-end, our Company's total assets were registered as TL 7,183 million, shareholders' equity as TL 3,000 million and net profit for the period as TL 549 million.

Offering service at international standards for more than 90 years, Milli Re will continue to stand by its business partners with effective reinsurance solutions in domestic and international markets, keeping with its vision of being a reinsurance company of choice.

On behalf of myself and our Board of Directors, I would like to thank our shareholders, business partners and employees who made the greatest contribution to our Company's goal of being a preferred business partner within Turkey and abroad.

Ebru ÖZŞUCA
Chairperson

GENERAL MANAGER'S MESSAGE

The recession concerns at the onset of the pandemic have been replaced by the global inflation threat.

In 2021, during which we observed the pandemic's varying effects on global economy, economies started recovering as vaccination gained momentum globally and the initial impacts of the pandemic were overcome. Notwithstanding, expansionary monetary policies that acted as the main driver of recovery and implemented by central banks to support economic activity also produced an effect that nurtured inflationary tendency over time. On another front, the record-high commodity prices stemming from the supply crisis resulting from the rapid growth in demand, accompanying economic recovery, intensified the inflationary pressures. Consequently, recession concerns at the onset of the pandemic were replaced by a global inflation threat encompassing developed countries as well. These developments at the same time accelerated the transition to tight monetary policies.

In 2021, which was a year of successful performance from the perspective of growth, in a similar vein to the rest of the world, the main issue confronting the Turkish economy has been high inflation, while the depreciated Turkish currency negatively affected the operating environment.

Our industry preserves its growth dynamics.

Having registered a total premium production of TL 105.3 billion in 2021, the Turkish insurance industry grew by 27.5% nominally but contracted by 6.3% in real terms.

THANKS TO ITS ROBUST CAPITALIZATION AND TECHNICAL INFRASTRUCTURE, MİLLİ RE COMPLETED 2021 WITH SUCCESSFUL RESULTS DESPITE THE PANDEMIC AND THE VOLATILE ECONOMIC CONJUNCTURE.

Accounting for 83.2% of the sector's total premium, the non-life insurance industry decreased by 5.6% in real terms with the added effect of the Land Vehicles Liability insurance in particular, which shrank by 16.4% in real terms and saw its share in total premium decline from 30% to 27%.

The share of Fire and Natural Catastrophe Perils in non-life premiums rose to 16% in parallel with the 32.7% nominal increase in premium income as compared with the previous year. With 36% growth, Fire insurance got 68% share out of the premium income of the overall branch, while 23.7% contraction of Compulsory Earthquake insurance despite the increase in natural disasters pulled down also the share of premiums from Natural Catastrophe Perils branch in total premiums.

Life insurance, on the other hand, saw a nominal growth of 22.8% in connection with the change in individual loans volume, although it contracted by 9.7% in real terms, and its share in total premium went down from 17.5% to 16.8%.

Owing to the strengthened positive perception of Health insurance during the pandemic and to the impact of medical inflation on premiums, premiums from Private Health and Complementary Health insurances grew by 29.5%, and specifically Complementary Health insurance registered a real growth of 27.3%.

Natural catastrophes take the top spot on the agenda.

With respect to the insurance and reinsurance industry in the world and in our country, the global climate crisis, and in turn natural catastrophes whose frequency and severity are gradually increasing in addition to the pandemic have gained prominence as one of the most important agenda items.

In 2021 when insured catastrophe losses rose to USD 120 billion, Hurricane Ida went down in the records as the costliest catastrophe of the year with USD 65 billion. Around USD 32 billion of this amount is expected to be recoverable from the insurance industry. Texas winter storm, the second costliest catastrophe of 2021 in the US, is projected to have caused insured losses amounting to USD 15 billion. On the other hand, the floods in Europe have made the costliest catastrophe of 2021 outside the US for the insurance industry. Total economic damage caused by the floods is projected to surpass USD 50 billion, with insured losses amounting to USD 13 billion.

In our country, the aggravating impacts of the climate crisis have also led to natural catastrophes that deeply saddened us particularly in the summer months. After the deadly flood disasters that hit our Western Black Sea Region, the fires that scorched our forests along our Mediterranean coastline housing an extraordinarily rich biodiversity have been destructive.

As a consequence of all these developments, increased concerns about secondary perils and the high inflation environment, as well as climate change and the increased frequency and severity of natural catastrophe damages exerted an upward force on prices in January 2022 renewals.

Market conditions caused numerous reinsurers to curb their capacities for certain regions and programs they deem unsatisfactory in terms of prices and conditions, and even to withdraw completely from certain programs.

While prices varied greatly depending on the loss history of ceding companies, prices of catastrophe excess of loss retrocession programs went up by 15% on average in parallel with the rise in retrocession costs.

As the reinsurance industry in our country was also negatively affected by reinsurers' reduced appetite as a result of declined technical margins of the programs due to the ongoing competitive conditions and increased claim costs in the insurance industry coupling with exchange rate movements and inflation, placement gaps and price pressures were observed in 2022 renewals.

GENERAL MANAGER'S MESSAGE

There has been a nominal rise by 10% in the premiums ceded to reinsurers in consideration of the total catastrophe coverage that somewhat went up across the sector as compared with the previous year.

Total reinsurance capital including alternative capital rose from USD 650 billion at year-end 2020 to USD 660 billion in June 2021 as a result of the trend formed in prices and terms in favor of reinsurers.

Our Company undersigned a successful performance in 2021.

Thanks to its robust capitalization and technical infrastructure, Milli Re completed 2021 with successful results despite the pandemic circumstances and the volatile economic conjuncture.

Our Company's total premium production reached TL 2,483 million, which corresponds to a year-on-year increase by 36%. Making up 74% of the total premium, TL 1,843 million was generated from local business while TL 639 million, corresponding to 26%, was obtained from international business. As at the end of 2021, total assets reached TL 7,183 million, up by 30%. Consolidating its solid balance sheet composition with its shareholder's equity that rose to TL 3,000 million, our Company attained TL 549 million in net profit for the period.

In 2021, claims paid grew by 31% to TL 1,374 million. Our technical profit, on the other hand, was registered as TL 221.2 million despite the negative effect of rising claim costs.

In 2021, Milli Re continued to participate in a significant number of the reinsurance programs of companies operating in the Turkish insurance market, most of which have foreign capital.

While most insurance companies operating in the industry continued to protect their risk portfolios with surplus bouquet treaties on proportional basis also in 2022, our Company participated in the programs of six of the eight companies that utilize Excess of Loss agreements for their risk protection.

Following 2022 renewals, Milli Re provides capacity to 23 companies that utilize proportional treaties, leads reinsurance treaties of 18 companies and maintains its 27% market share.

On the other hand, Milli Re's involvement across catastrophe excess of loss programs is 9% with respect to 2022 reinsurance renewals. With its skill in maintaining long-term business relationships based on solid foundations and competence in quickly responding to changing market conditions, Milli Re provided reinsurance capacity to 95 ceding companies in 37 countries in emerging markets in 2021, and continued to be a preferred business partner. Effectively carrying on with its operations in the Far East that presents a significant potential, Milli Re Singapore Branch plays an important role in our international operations and extends increasing support to our portfolio diversity and profitability with new acceptances.

Digitalization has established itself within our operational cycle as an integral part of all our processes.

Within the hybrid working format we have carried out during the pandemic; our business continuity was ensured by the advantages offered by our robust information technology infrastructure together with the measures we took in relation to ambient conditions.

In 2021, projects continued for digital management of all operational processes under the digital transformation initiative launched in 2019 for improving work processes at our Company and for increasing their efficiency.

With the aim of enhancing our Company's operational efficiency, work was started in the second half of 2021 for using Artificial Intelligence (AI) and Robotic Process Automation (RPA) in our processes.

Within the scope of our data management project that was carried on in 2021, investments were made for the installation of the Information Security Management System and for alignment with the Personal Data Protection Law.

Our business intelligence application screens were designed as part of the efforts for consolidation of the data stored on systems associated with reinsurance activities in the data warehouse and for their visualization on the AI application. These screens will be in use in 2022.

WE ARE AIMING TO CARRY OUR ACHIEVEMENTS INTO THE FUTURE WITH OUR PROFIT-ORIENTED AND SUSTAINABLE GROWTH GOAL.

Within the frame of activities for alignment with the TFRS 17 regulation that will enter into force in 2023, procurement of applications and peripheral systems that will be used for TFRS 17 calculations has been completed in 2021. On the other hand, conceptual work in relation to application development is being carried out jointly with a consultancy firm.

We are adding value to life with art.

For Milli Re, its contribution to culture and social development is of particular importance. After a compulsory break of its live concert performances due to the pandemic, Milli Re Chamber Orchestra featured four concerts in the 21st season of İş Sanat in 2021. Broadcast online, the concerts were brought to music lovers free of charge via social network accounts of İş Sanat.

On another front, Milli Re Art Gallery, which organized various exhibitions followed with interest and published numerous books and publications most of which are referenced in the art literature and used as academic reference in the twenty-seven years since its debut, could organize just two exhibitions in the reporting period due to the pandemic conditions. Due to restrictions and difficulties impacting exhibition visits during the pandemic, a 3D virtual tour feature and comprehensive documents and visuals about the exhibitions were added to our website to offer a richer experience to our viewers for the exhibitions held at our gallery maintaining the commitment to quality with its distinctive and original identity created over the years.

Looking ahead...

With its dynamic structure, growth potential, economic values it provides with coverage, and the high level of natural catastrophe risk exposure, the Turkish insurance industry needs a significant amount of reinsurance capacity. Damages that resulted from severe floods and forest fires that occurred in our country in 2021 strengthened awareness for the need to monitor accumulations with respect to natural phenomena and catastrophes associated particularly with climate change. Global reinsurers will always be needed to distribute and alleviate the burden these risks will impose on the capitals of our insurers and reinsurers and on the national economy. However, strong institutions that offer long-term, effective and local solutions to the national economy and the insurance industry formulated according to their needs and the country's dynamics will continue to support our industry, driving its improvement and carrying it into the future. In this context, we will be sustaining our contribution to our industry and economy in line with our mission, being the deep-rooted reinsurer of our country.

In the period ahead, close monitoring of technological progress, increasing our Company's efficiency in parallel with these advancements and transforming it with an innovative perspective will consolidate their places among our priorities. Past several years' experiences bared the necessity of preparedness against risks such as extraordinary weather events stemming from climate change in the medium term, digital inequality and cyber risks, as well as the pandemic that impacted all aspects of life, particularly health and economy. In this framework, we will maintain and further increase our sensitive approach to effective risk management.

We are aiming to carry our achievements into the future with our profit-oriented and sustainable growth target as we provide reinsurance capacity to our partners in the markets where we are active also in 2022, while further building on our position as the pioneering reinsurance company in the local market.

I would like to take this opportunity to thank our shareholders, our business partners, and the entire Milli Re family with special thanks to our employees, for their contribution in the attainment of these successful results and for the trust they hold in our Company.

Fikret Utku ÖZDEMİR
Director and General Manager

BOARD OF DIRECTORS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1) Ebru ÖZŞUCA
Chairperson

Ebru Özşuca graduated from the Economics Department of the Middle East Technical University, Faculty of Economics and Administrative Sciences. She holds a master's degree in Economics from Middle East Technical University and in International Banking and Finance from the University of Southampton. She attended Advanced Management Program in Harvard Business School. Ebru Özşuca began her career at İşbank as an Assistant Specialist in the Treasury Department in 1993, she was promoted to Assistant Manager and Unit Manager of the same department. Between 2007 and 2011, she served as a Division Manager in the Corporate Banking Products Department. She was appointed as a Division Manager in Treasury Department at İşbank between 2011 and 2017. She is currently the Assistant General Manager at İşbank. Ebru Özşuca has been the Chairperson of the Board of Directors at Milli Re since 25 March 2019.

2) Eser İşler
Vice Chairperson

Eser İşler graduated from the Department of Business Administration at İstanbul University. He started his career in 1993 as an Assistant Inspector on the Board of Inspectors of İşbank. Eser İşler held various managerial positions in different units of the Bank and currently functions as the Head of Retail Loans Allocation Division. Having served as a member of the Board of Directors of İşmer İş Merkezleri Yönetim ve İşletim A.Ş., Eser İşler has been the Vice Chairperson of Milli Re since 11 October 2021.

3) Murat VULKAN
Director

Murat Vulkan is a graduate of Faculty of Social and Administrative Sciences, Department of English Language and Literature at the Hacettepe University. He began his career at İşbank in 1982 and served in a number of the Bank's unit and branches. He served on Board of Directors of Işbank between 2011 and 2017, and İş Leasing between 2017 and 2020. Murat Vulkan has been a member of the Board of Directors at Milli Re since 26 March 2020.

4) Levent KORBA
Director

Levent Korba graduated from the English Language Department of Buca Faculty of Education at Dokuz Eylül University and joined İşbank in 1986. After serving in a number of the Bank's units and branches, he was appointed as Deputy General Manager in April 2011 where he served until 2017. Functioned as the Chairman of İşmer İş Merkezleri Yönetim İşletim A.Ş. and İş Gayrimenkul Yatırım Ortaklığı A.Ş., Levent Korba has been a member of the Board of Directors at Milli Re since 28 April 2017

BOARD OF DIRECTORS

5) Serdar GENÇER
Director

Serdar Gençer is a graduate of the Faculty of Industrial Engineering at the Middle East Technical University. He holds a master's degree in Finance at the University of Nottingham in the UK. Serdar Gençer began his career at İşbank as an Assistant Inspector at the Board of Inspectors in 1990, and served in various positions, including Assistant General Manager between 2008 and 2013. During this period he has been board member in Millî Reasürans T.A.Ş., Anadolu Hayat Emeklilik A.Ş., İşbank GmbH and Chairman in İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. He has joined the Şişecam Group in 2013 as Sustainability Coordinator, and continued as Corporate Development & Sustainability Officer and Chairman of the Board of Directors at Şişecam Enerji A.Ş. He served as General Manager's consultant in 2018 and retired in the beginning of 2019. Serdar Gençer has been a member of the Board of Directors at Milli Re since 25 March 2019.

6) İbrahim Murat HAZNEDAR
Director

İbrahim Murat Haznedar graduated from the Faculty of Law at İstanbul University and the Department of Banking and Insurance at Anadolu University. He completed a graduate program in International Commercial Law and the European Union in the Graduate School of Social Sciences at İstanbul Ticaret University. Having started his business life in 1998 as a Lawyer in the Legal Counsellorship Department at İşbank, İbrahim Murat Haznedar later functioned as Chamber Counselor, Assistant Legal Counselor and Regional Legal Counselor. Currently serving as Legal Counselor in İşbank's Legal Affairs and Follow-up Division, İbrahim Murat Haznedar sits as a member on the Institute Board of the Research Institute of Banking and Commercial Law at Ankara University. İbrahim Murat Haznedar has been a member of the Board of Directors at Milli Re since 27 August 2021.

7) Neşe Gülden SÖZDİNLER
Director

Neşe Gülden Sözdinler graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration, and completed her master's degree in Business Administration at Bilkent University Graduate School of Social Sciences. She started her professional life as an Assistant Loan Specialist at İşbank 1st Credits Directorate in 1999. She became Assistant Manager in the Risk Management Department in 2007, and the Unit Manager in the same Department in 2011. Currently working as Investor Relations and Sustainability Department Manager of İşbank, Neşe Gülden Sözdinler is a member of İşbank's Corporate Governance Committee and Sustainability Committee. Having served as a member of the Board of Directors and Corporate Governance Committee at İş REIC between 8 September 2020 and 1 October 2021, Neşe Gülden Sözdinler has been a member of the Board of Directors at Milli Re since 11 October 2021.

8) Kemal Emre SAYAR
Director

Kemal Emre Sayar is a graduate of the Faculty of Industrial Engineering at the Middle East Technical University. He holds a master's degree in Information Technologies in Management from Sabancı University and in Economics and Finance from Boğaziçi University. Kemal Emre Sayar began his career in 1999 as an Assistant Inspector on the Board of Inspectors at İşbank and held managerial positions in various units of the Bank. He is currently the Subsidiaries Department Unit Manager at İşbank and a member of the Board of Directors of various group companies as well. Kemal Emre Sayar has been a member of the Board of Directors at Milli Re since 30 November 2015.

9) Fikret Utku ÖZDEMİR
Director and General Manager

Fikret Utku Özdemir holds an Associate Degree in Nuclear Engineering from Hacettepe University and graduated with a bachelor's degree in Management from the Faculty of Economics and Administrative Sciences at Middle East Technical University. He holds a master's degree from EDHEC Business School (France). He joined İşbank as a member of the Board of Inspectors in 1996 and held managerial positions in various units of the Bank's departments between 2005-2017. Appointed as a member of the Board of Directors and General Manager on 27 August 2019, Fikret Utku Özdemir is also a Vice Chairman of the Board of Directors of Anadolu Anonim Türk Sigorta Şirketi and a member of the Non-life Management Committee of the Insurance Association of Turkey.

10) Fahriye ÖZGEN
Reporter of the Board of Directors

PARTICIPATION OF THE MEMBERS OF THE BOARD OF DIRECTORS IN RELEVANT MEETINGS DURING THE FISCAL PERIOD

The Company's Board of Directors convenes as and when necessitated by the Company's business affairs and upon the Chairperson's or Vice Chairperson's invitation, with the participation of the majority of the total number of directors on the Board. Meeting agendas are drawn up in line with the proposals of the General Management. During the meetings, various topics that are not covered on the agenda but raised by the members are also discussed. Meeting agenda letters and files relating to the agenda items are sent to all Board members 7 days in advance of the meeting date.

During 2021, seven Board meetings were held in total. While full participation was achieved in six of these meetings, one member was absent in one meeting due to his excuses.

INTERNAL SYSTEMS MANAGERS

Internal Audit Assistant Manager: Ekin ZARAKOL SAFİ
Term of Office: 8 years
Professional Experience: 19 years
Departments Previously Served: Turkish Reinsurance Pool, Internal Audit and Risk Management
Academic Background: Bachelor's Degree

Internal Control and Risk Management Manager:
Duygu GÖLGE
Term of Office: 8 years
Professional Experience: 26 years
Departments Previously Served: Decree Pool
Academic Background: Master's Degree

SENIOR MANAGEMENT

Fikret Utku ÖZDEMİR
Director and General Manager

Please see Board of Directors page for Mr. Özdemir's CV.

Fatma Özlem CİVAN
Assistant General Manager

Having completed her secondary and high school education at Robert College, Özlem Civan graduated with a B.A. degree in Business Administration in English from the Faculty of Business Administration at İstanbul University. Between 1990 and 1993, she worked in the Treasury and Fund Management Departments of several banks, embarking on her career in the insurance market in 1994 at the Reinsurance Department of Güneş Sigorta. Leaving her position as Group Manager in charge of Reinsurance, Casualty and Credit Insurance in September 2006, Özlem Civan joined Milli Re the same year. She has participated in a number of training programs and seminars on insurance and reinsurance, organized by leading international reinsurers and brokers. Özlem Civan has been appointed as Assistant General Manager on 1 September 2011.

Vehbi Kaan ACUN
Assistant General Manager

Vehbi Kaan Acun graduated from İstanbul University, Department of Economics in English. He started his career as an assistant inspector on İşbank's Board of Inspectors. After serving at İşbank for 8 years, he joined Milli Re in 2006. During his career at Milli Re, he also has been appointed as a Coordinator in the Company's Singapore Branch. He participated in various seminars and conferences abroad and serves as the Vice President of the Turkish Insurance Institute Foundation Board. Vehbi Kaan Acun has been appointed as Assistant General Manager on 1 February 2016.

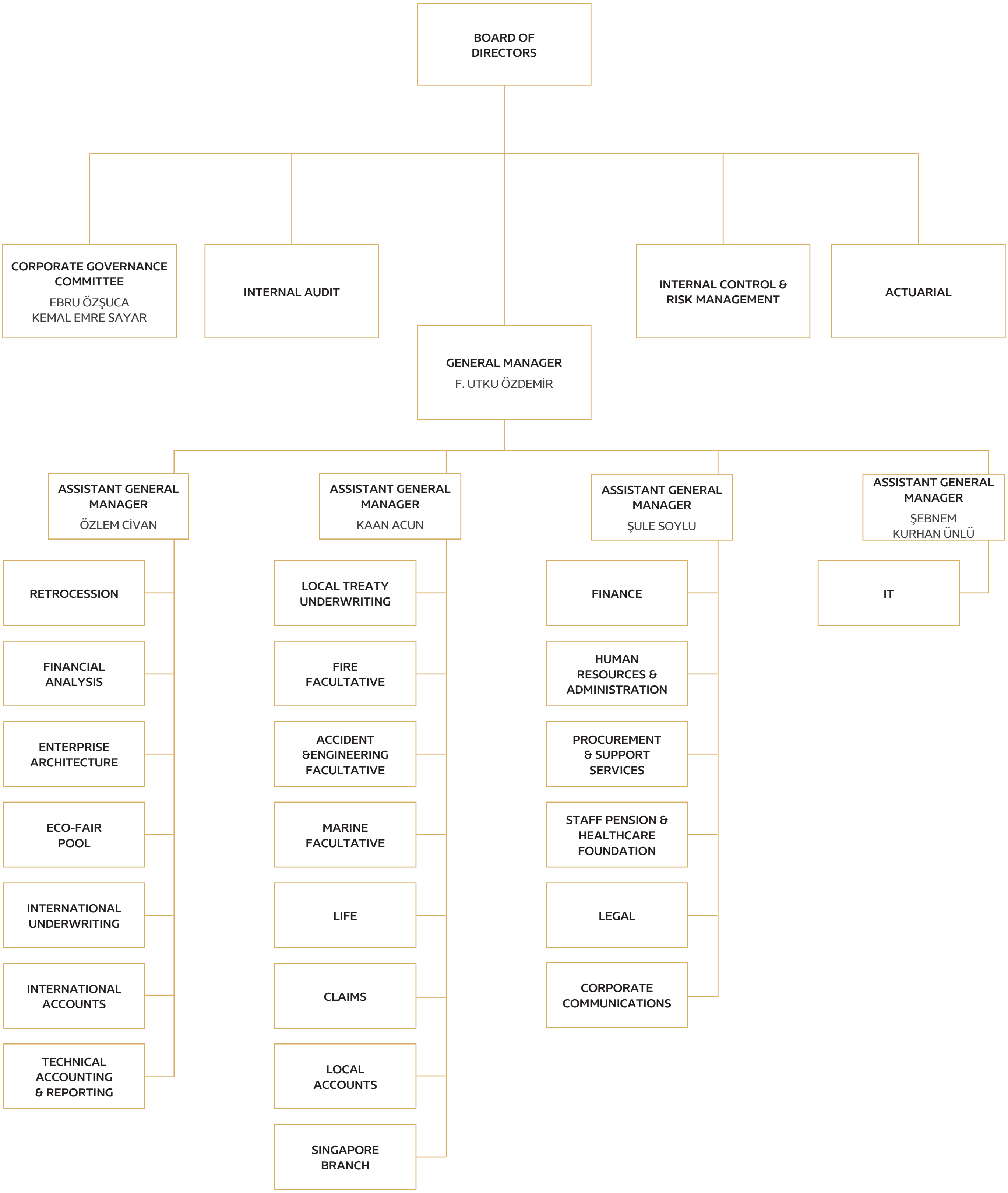
Şule SOYLU
Assistant General Manager

Şule Soylu graduated with a B.A. degree in Business Administration from the Faculty of Economic and Administrative Sciences at Anadolu University and received her master's degree in Financial Institutions from İstanbul University Institute of Business Economy. She began her professional career in Milli Re in 1990 and finished cum laude the Accounting Branch of the Turkish Insurance Institute. Currently serving as a Board Member of Turkish Insurance Institute Foundation and a member of the Financial and Accounting Committee of the Insurance Association of Turkey, Şule Soylu has been appointed as Assistant General Manager on 1 February 2017.

Şebnem Kurhan ÜNLÜ
Assistant General Manager

Şebnem Kurhan Ünlü graduated from Marmara University, Faculty of Economic and Administrative Sciences Department of Business Administration and holds a master's degree in Business Administration-International Finance at the Social Sciences Institute at Marmara University in 1996. She began her career in 1994 at İşbank in Treasury Department Currency Group. She served TL Terms and Foreign Currency Markets, Fund Transfer Pricing and International Markets Borrowings in Treasury Department as well as number of the Bank's departments and positions until September 2019. Şebnem Kurhan Ünlü has been appointed as Assistant General Manager on 11 September 2019.

ORGANIZATION CHART



HUMAN RESOURCES APPLICATIONS

In recognition of the fact that its staff is one of the main contributors in its achievements, Milli Re has highly qualified employees, devoted to their work and the Company, open to continuous learning and development.

The fundamental principles of the Company's Human Resources policy are recruiting the right candidates qualified for the vacant positions, providing the necessary business environment for working efficiently, productively and happily, protecting and observing employees' financial and moral rights, providing equal opportunities in training and development paying regard to personal skills in a fair and gender-neutral fashion, and facilitating motivational social relationships and efficient execution of all internal processes.

At year-end 2021, Milli Re has 201 employees including Singapore Branch.

Application

Job applications, which are made via our corporate website and by other communication means, are stored in the candidate pool of our Company. Applications are examined when required, and candidates who are considered suitable for the positions are contacted.

MİLLİ RE HAS DEFINED IT AS A FUNDAMENTAL PRINCIPLE TO EFFECTIVELY EXECUTE ALL PROCESSES NECESSARY FOR EMPLOYEES TO WORK PRODUCTIVELY AND HAPPILY.

Recruitment

Milli Re recruits' candidates in view of qualifications required for the relevant position and applicant's ability to adapt to the corporate culture.

Performance Management

Performance appraisals of our employees are conducted on an annual basis in accordance with the Performance Appraisal System Guidelines and career planning and training needs are determined based on the results of the appraisals.

HUMAN RESOURCES APPLICATIONS

Training

Training requirements identified according to the Performance Appraisal results are used to design a training program, and employees are given the opportunity to receive technical and personal development trainings in Turkey or abroad as required by their positions.

Career

Since its establishment, Milli Re has the policy of investing in its work force and recruiting internally for managerial positions. Promotions are made in line with the Personnel Regulation and the principles set forth in the Collective Bargaining Agreement, signed with the Workers' Trade Union, in view of Performance Appraisals.

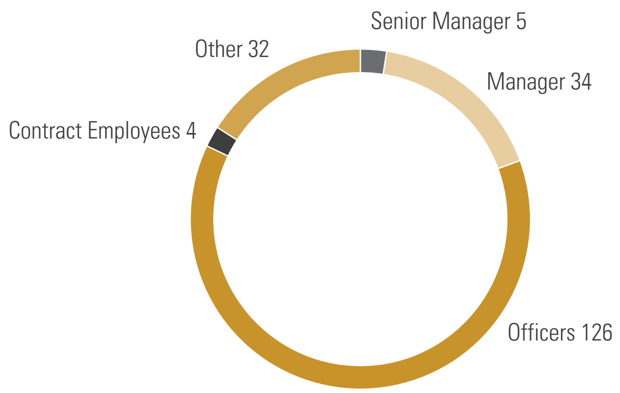
Compensation Policy

Salaries of our employees are determined in accordance with the terms of the Collective Bargaining Agreement within the context of related regulations.

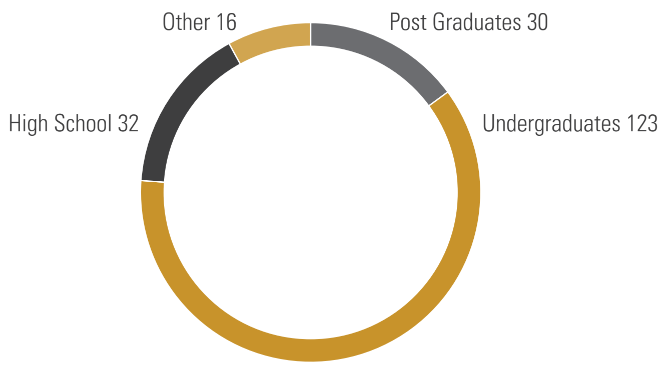
Occupational Health and Safety

Occupational Health and Safety Obligations under Law No. 6331 on Occupational Health and Safety are fulfilled by the Human Resources and Administrative Affairs Department.

EMPLOYEE PROFILE



EDUCATIONAL PROFILE



HUMAN RESOURCES PROFILE

2021 ANNUAL REPORT COMPLIANCE STATEMENT

We hereby represent that Millî Reasürans T.A.Ş. 2021 Annual Report issued for its 93rd year of operation has been drawn up in line with the principles and procedures enforced by the "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" published in the Official Gazette issue 26606 dated 7 August 2007 by the Republic of Turkey Ministry of Treasury and Finance.

22 March 2022

Şule Soylu
Assistant General Manager

Fatma Özlem Civan
Assistant General Manager

Fikret Utku Özdemir
General Manager

Ebru Özşuca
Chairperson of the Board of Directors

(Convenience translation of a report originally issued in Turkish)

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

To the General Assembly of Milli Reasürans Türk Anonim Şirketi

1) Opinion

We have audited the annual report of Milli Reasürans Türk Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of January 1 – December 31, 2021.

In our opinion, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 24, 2022 on the full set consolidated and unconsolidated financial statements of the Group for the period of January 1 – December 31, 2021.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC"), and the preparation and fair presentation of these financial statements in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Accounting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation" and designing and the Communiqué on Individual Retirement Saving and Investment System" ("Communiqué") issued on 7 August 2007 dated and 26606 numbered, the management of the Group is responsible for the following items:

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.

b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and Insurance Accounting and Financial Reporting Legislation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatih Polat, SMMM
Engagement Partner

March 22, 2022
Istanbul, Turkey

02
FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR EXECUTIVES

03
RESEARCH & DEVELOPMENT ACTIVITIES

FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR EXECUTIVES

The Company's Board of Directors is composed of Chairperson, Vice Chairperson and seven Board members. Senior Management comprises of the General Manager and four Assistant General Managers. The benefits provided to the Senior Executives in 2020 and 2021 are given in the below table:

(TL)	2021	2020
Benefits such as salary, premium, bonus, dividend etc.	8,338,855	6,412,315
Travel, accommodation, entertainment expenses, means in cash and in kind	123,724	118,898

RESEARCH & DEVELOPMENT ACTIVITIES

Under the Company's ongoing digital transformation project, migration of work processes, whose procurement and phasing were completed in 2019, to the automation application started with the aim of enabling integration of all reinsurance activities carried out at the Head Office and the Singapore branch. Moreover, major steps have been taken with regards to migrating all processes, which have been restructured end-to-end, to a digital platform in order to increase efficiency and create a more agile structure.

Analyses and application developments have been carried out for migrating the reinsurance and supporting work processes to the work automation application; analyses and developments of work processes other than the core activities have been completed and introduced for use by business units in 2020 and 2021. Analyses and development of work processes associated with the core activities are in progress.

In 2021, work was initiated for consolidation of the data stored on systems associated with reinsurance activities in the data warehouse and for their visualization on the business intelligence application. Business intelligence application screens have been designed and will be in use in 2022.

With the aim of enhancing the Company's operational efficiency through automation of operational activities, work was started in the second half of 2021 on Artificial Intelligence (AI) and Robotic Process Automation (RPA). Upon preparation of the necessary infrastructures for RPA, necessary steps have been completed and RPA went live, thereby supporting improvement of service processes. RPA initiatives will be carried on in 2022.

04
ACTIVITIES AND MAJOR DEVELOPMENTS RELATED TO ACTIVITIES

ACTIVITIES AND MAJOR DEVELOPMENTS RELATED TO ACTIVITIES

Information on Investments Made by the Company During the Accounting Period

Initiated in 2018 with the consultancy service and application purchases for regulatory compliance, the data management project continued at Milli Re in 2021. Within the scope of the project, investments were made for the installation of the Information Security Management System and for necessary alignment with the Personal Data Protection Law.

Within the frame of activities for alignment with the TFRS 17 regulation that will enter into force in 2023, procurement of applications and peripheral systems that will be used for TFRS 17 calculations has been completed in 2021. On the other hand, conceptual work in relation to application development is being carried on jointly with a consultancy firm.

The details of the projects on reinsurance applications and digitalization are provided under the section "Research & Development Activities".

Repurchased Own Shares by the Company

None

Disclosures Concerning Special Audit and Public Audit During the Reporting Period

The Company is audited by independent auditing company Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Ernst&Young). A limited independent audit is carried out on half yearly basis while full independent auditing is done on yearly basis. İşbank consolidation audit is conducted for the first and third quarters. Being a bank subsidiary, information systems auditing made in subsidiaries subject to consolidation, is carried out annually.

The Company is audited in accordance with the insurance legislation by Insurance and Private Pension Regulation and Supervision Authority.

Lawsuits Filed Against the Company and Potential Results

There are no lawsuits brought against the Company in 2021, which are of a nature that might affect the Company's financial standing and its activities.

Disclosures on Administrative or Judicial Sanctions Imposed on the Company and the Members of the Governing Body

There are no administrative or judicial sanctions imposed against the Company or the members of the governing body on account of any practice violating the provisions of legislation in 2021.

Assessments on Prior Period Targets and General Assembly Resolutions

The announcement on the meeting including the venue, date, time, agenda, and a specimen of a proxy statement is published within the legal terms in the Turkish Trade Registry Gazette and on Company's official website for notifying the public. Every year the Annual Report is prepared in alignment with the relevant legislation and presented for the information and analysis of shareholders preceding the General Assembly meeting.

Annual General Assembly meeting was held on 30 March 2021. All of the resolutions by the General Assembly of Shareholders have been fulfilled during 2021 and the targets set in the prior period have been achieved.

Expenses Incurred in the Reporting Period in Relation to Donations, Grants and Social Responsibility Projects

Company's donations under this heading amounted to TL 10,100 in 2021.

Relations with the Controlling Company or an Affiliate Thereof

Between our Company and our controlling shareholder İşbank and other Group Companies affiliated to İşbank, there is no:

- Transfer of receivables, payables or assets,
- Legal transaction creating liability such as providing suretyship, guarantee or endorsement,
- Legal transaction that might result in transfer of profit.

All commercial transactions the Company realized with its controlling shareholder and with the Group Companies affiliated thereto during 2021 were carried out on an arm's length basis, according to the terms and conditions known to us, related counter performances have been carried out, and the Company did not register any loss on account of any such transaction.

INTERNAL AUDIT

Internal audit is an independent, objective assurance and consulting activity, which seeks to improve an organization's operations and add value to them. Internal audit helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In this context, the primary functions of internal audit include constant auditing of all business and transactions of the Company in terms of their compliance with the related regulations, as well as the Company's internal guidelines, its management strategy and policies; detection and prevention of any irregularities, mistakes or fraud, and assurance of the efficiency and adequacy of internal control and risk management systems.

In conjunction with the above, another important aspect of the Department's functions is to provide opinions and suggestions for efficient and productive use of resources to improve and add value to the Company's operations.

The Internal Audit Department of Milli Re was established as of 1 January 2005 and started operating on 1 April 2005. Internal audit operations are carried out in compliance with the "Regulation on Internal Systems of Insurance and Reinsurance Companies" published in the Official Gazette No. 26913 dated 21 June 2008.

The authority and responsibility of the Internal Audit Department is defined in Milli Re's Internal Audit Charter which is approved by the Board of Directors. The internal audit charter is reviewed annually and revised if necessary. In order to allow an independent and objective assessment, the Internal Audit Department reports directly to the Board of Directors. The conclusions reached as a result of the audit activities, are submitted to the Board through the Board Member responsible for Internal Systems.

All employees of the Internal Audit Department comply with the code of ethics (integrity, objectivity, confidentiality, competence) stated in both the International Internal Audit Standards and Milli Re Internal Audit Charter. They demonstrate the necessary professional care when performing the audit activities.

Internal Audit Department carries out its activities with a risk-focused audit approach. This approach aims to increase the efficiency and effectiveness of internal audit by giving priority to the more risk bearing process and units. Every year in December, an Internal Audit Plan regarding the audit activities to be done the following year is prepared taking into account the date of the last inspection and risk assessments of the unit and presented to the Board of Directors for approval.

In accordance with the 2021 Internal Audit Plan approved by the Board, Internal Audit Department completed on-site inspection of all (22) units, and the Company's Singapore Branch in 2021. During audit activities, it was determined whether the units' operations are carried out in compliance with their operational guidelines. Effectiveness of the implemented internal controls regarding the units' risks was tested and their adequacy was evaluated. Moreover, compliance with regulations, Company policies, limits, jurisdictions, and security measures was verified. Audit activities were performed using techniques such as enquiry, verification, examination, reperformance, recalculation and analytical reviews. During audits, no findings that might have an adverse impact on the Company's financial structure were detected.

INTERNAL CONTROL

Internal control system has an important role in ensuring continuation of the Company's operations within efficiency, productivity, compatibility and reliability principles.

The purpose of the internal control system is to ensure that the Company assets are well protected, activities are carried out efficiently and effectively and in compliance with regulations, Company policies, rules, and precedents of insurance business, to enable reliability and integrity of accounting and financial reporting system, and prompt accessibility of data. In this regard, internal control activities are designed to encapsulate transactions in respect of Company's operational activities, communication channels, information systems, financial reporting system and conformity controls. Internal control activities are carried out in accordance with the relevant internal and external legislation.

"Control Center" has been structured through "Internal Control and Risk Management Department" which was established in order to perform internal control activities, and "Control Environment" has been structured through assignment of Company employees within the scope of these activities. The Control Group consists of 24 people, of whom 2 are located in the control center and 22 are located in the control environment.

Activities Conducted from Control Center

Workflows, duties and responsibilities, authorities and limits related to Company activities are documented and communicated to all employees; they are reviewed and updated in line with the changing conditions and risks. The personnel have complete, accurate and up to date information associated with their duties and responsibilities.

Control activities cover the entire business processes and operations of the Company. Business processes and the processes related to information technologies, risks related to these processes are identified in a written form, and controls for the identified risks are established. Control activities are carried out according to the frequency of business processes and in accordance with the principles set out in the annual Internal Control Plan. Findings ascertained as a result of controls, assessments in respect of these findings and recommendations regarding the actions to be taken for the elimination of findings are monthly reported to General Manager by Internal Control and Risk Management Department via Internal Control Reports. The outcomes of internal control activities are also monitored regularly by the Board of Directors.

Authority identifications of system users are conducted in accordance with "segregation of duties" principle. Besides, actions that are performed by users within these authorizations, log records of actions in respect of critical transactions are controlled through reports received from log management system instantly and on a daily basis, and conformity to segregation of duties principle is reviewed systematically. Moreover, following the approval of the relevant business unit, transactional authorities that users requested in line with the activities, are assessed and approved by Internal Control and Risk Management Department in terms of the mentioned principle.

Development and change requests of users on systems based on their business requirements or solution requests in respect of malfunctions arising in systems are monitored through Help Desk Service and critical issues that may affect the financial statements or that could lead to legal risks are given the priority.

In case of detection of any adverse situation within control activities, urgent action is taken in order to perform necessary adjustments and take preventive measures

Activities Conducted from Control Environment

Control points stated in the relevant department's flowchart and those risks and control points determined by Control Center are taken into consideration during the control activities conducted in departments, while those performed in IT Center are based on COBIT (Control Objectives for Information Related Technologies) standards. In this context, transactions in respect of reinsurance processes, accounting transactions, payments, processes in respect of fulfillment of legal obligations, transactions in respect of debt collection, accounting periods, and preparation of financial statements; marketing, processes related to reporting and information systems are controlled by considering practice frequencies of related processes. Detected issues are reported to Control Center via Risk Warning Reports. Therefore, it is ensured that preventive and supplementary measures are instantly taken, appropriate and applicable solutions that will improve processes and operations are put into practice.

AFFILIATES

Anadolu Anonim Türk Sigorta Şirketi

Anadolu Anonim Türk Sigorta Şirketi (Anadolu Sigorta) is Turkey's first national insurance company, which was established on 1 April 1925. As one of the market leaders, while its premium production reached TL 10.7 billion, it has total assets of TL 16.1 billion and shareholders' equity of TL 2.5 billion on consolidated basis in 2021. Anadolu Sigorta operates in all lines of business except Life. Fitch Ratings confirmed Anadolu Sigorta's ratings for International Financial Strength as BB, for National Financial Strength as AA+ (tur), both with stable outlook.

Anadolu Sigorta's shares are publicly traded on Borsa İstanbul (BİST) National Market under the symbol "ANSGR". 48% of the Company's shares are public, whilst 57.31% are held by Millî Reasürans T.A.Ş.

Pursuant to the Communiqué on the Preparation of Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies published in the Official Gazette issue 27097 dated 31 December 2008 and to the Turkish Accounting Standards 27, Milli Re consolidates the financial results of Anadolu Sigorta on a line-by-line basis since 30 September 2010.

www.anadolusigorta.com.tr

Miltaş Turizm İnşaat Ticaret A.Ş.

Miltaş Sports Complex has been serving the insurance market since 1986 with its facilities for various sports, particularly tennis and basketball.

Milli Re has 78% share in Miltaş Turizm İnşaat Ticaret A.Ş. Within the context of the exception stipulated in the Communiqué on the Preparation of Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies published in the Official Gazette issue 27097 dated 31 December 2008, Miltaş Turizm İnşaat Ticaret A.Ş., which is a subsidiary of the Company, is excluded from the scope of consolidation, due to the fact that the subsidiary's total assets correspond to less than 1% of the Company's total assets.

www.miltasturizm.com.tr

CORPORATE SOCIAL RESPONSIBILITY

MİLLİ RE ART GALLERY

Milli Re reserved a section of its business building in Teşvikiye for artistic and cultural activities, and designed a library, an auditorium and a gallery in this section.

During the twenty-seven years since its debut, Milli Re Art Gallery organized various exhibitions, which were widely acclaimed in art circles and followed with interest. The gallery published numerous books and publications, with texts by eminent authors and art critics, most of which are referenced in the art literature. These publications which function as a memory to build art in Turkey, also introduced various important artists to mark their arts for the first time in the recorded art history.

Some of the exhibitions held at the Milli Re Art Gallery have also been displayed in other countries, including, among others, Germany, France, Sweden, Denmark, Estonia, Slovenia, Bosnia-Herzegovina, Georgia and Finland. Besides the “Rural Architecture in the Eastern Black Sea Region” exhibition displayed at many universities and international museums both in Turkey and abroad since 2005, “Mylasa Labraunda/Milas Çomakdağ” exhibition received invitations from major museums and universities abroad and exhibited in several countries and cities.

The gallery, hosting projects varying from art to design, has attained a special place within its field. Not only in the area of basic arts such as painting and sculpture, the Gallery also hosts plenty of projects including exhibitions on photography, architecture, graphical design, as well as historical and documentary conceptual exhibitions.

Milli Re Art Gallery has gained the distinction of being a space for artists and art lovers, with the original works created over the years, and are known for its uncompromising artistic identity. Hosting many exhibitions in the contemporary arts field, Milli Re Art Gallery outstands as one of the art institutions undertaking the mission of providing contributions to the art vision in Turkey and supported the conscious collectors within the sector as well as the limited number of museums by bringing in many art works to be acquired to their permanent collections.

Our gallery, which is approved by most of the international art institutions in terms of business principles and standards, also hosts the Turkey sessions of various international projects.

Due to the restrictions and difficulties impacting exhibition visits during the 2020 pandemic, 3D virtual tour feature and comprehensive documents and visuals about the exhibitions were added to our website in order to offer a richer experience to our viewers.

All details on exhibitions and publications are available on **www.millireasuranssanatgalerisi.com**. 3D virtual tour feature and comprehensive documents and visuals about the exhibitions were added to our website in order to offer a richer experience to our viewers and our social network accounts were put into life.

MİLLİ RE, SEEING SOCIAL RESPONSIBILITY PROJECTS AS AN EFFORT FOR ADDING VALUE TO THE SECTOR AND THE SOCIETY THAT IT IS A PART OF, EFFECTIVELY DEMONSTRATES ITS UNDERSTANDING OF SOCIAL RESPONSIBILITY THROUGH THE SPONSORSHIPS, PROJECT DEVELOPMENTS AND THE TASKS IT UNDERTAKES ESPECIALLY IN THE FIELDS OF EDUCATION, CULTURE, ART AND SPORTS.

DURING THE TWENTY-SEVEN YEARS SINCE ITS DEBUT, MİLLİ RE ART GALLERY ORGANIZED VARIOUS EXHIBITIONS, WHICH WERE WIDELY ACCLAIMED IN ART CIRCLES AND FOLLOWED WITH INTEREST. THE GALLERY PUBLISHED NUMEROUS BOOKS AND PUBLICATIONS, WITH TEXTS BY EMINENT AUTHORS AND ART CRITICS, MOST OF WHICH ARE REFERENCED IN THE ART LITERATURE.

MİLLİ RE CHAMBER ORCHESTRA

Milli Re Chamber Orchestra, established in 1996, has performed numerous successful concerts with local and international well-known conductors and many soloists. Milli Re Chamber Orchestra having performed its first concert on 10 April 1996 presents universal polyphonic music, which enriches our cultural life, to music-lovers through concerts and recitals. The Orchestra performs at the concert hall in the Milli Re building from September through May every year. In addition to the regular concerts' series, the Orchestra takes part in various national and international music festivals.

The Milli Re Chamber Orchestra also released two CDs, titled "Romantic Era Strings Music" and "Şensoy Plays Tura".

Compelled to suspend its live concerts due to the pandemic that affected the whole world and our country, Milli Re Chamber Orchestra made a guest appearance on the 21st season of İş Sanat. Four concerts produced as a collaboration of Milli Re and İş Sanat were streamed online in 2021 and were brought to art lovers free of charge on the social network accounts of İş Sanat.

MİLLİ RE LIBRARY

The Milli Re Library is the most extensive specialized library in the insurance sector in terms of its collection of books, periodicals and other materials concerning the insurance industry.

By donation of books and periodicals, the Library also supports the libraries of universities.

The Library is open from 09:00 until 12:00 and from 13:00 until 17:00 on weekdays, and the catalogues of available publications can be accessed at **http://kutuphane.millire.com**

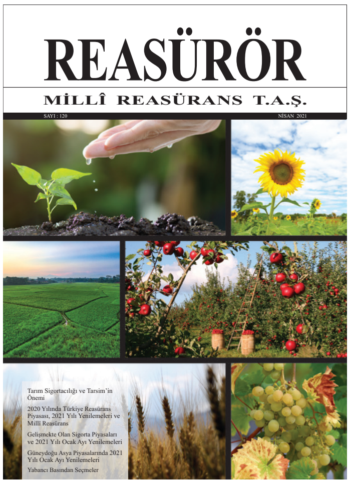
CORPORATE SOCIAL RESPONSIBILITY

MILTAŞ SPORTS COMPLEX

Miltaş Sports Complex has been serving the insurance market since 1986 with its facilities in various sports, particularly tennis and basketball. In addition to tennis and basketball courses organized every year for various age groups; private tennis lessons are available in the Complex.

The Complex has been hosting the International Insurance Tennis Tournament, which is organized every year in June since 1986, and provides a unique environment that brings together professionals of the local market with international reinsurers and brokers.

The International Insurance Tennis Tournament that had been running for 33 years in a row was not organized in 2021 due to the pandemic conditions.



Reasürör Magazine

Quarterly published since 1991, the Reasürör Magazine is a scientific resource with full academic content on re/insurance, including compilations, translations, interviews, and statistical data on various lines. The Reasürör Magazine serves as a valuable scientific resource for use by the industry technicians and students pursuing their studies at various levels in insurance education.

All issues of the Reasürör Magazine can be accessed at the addresses **www.millire.com**

THE TURKISH INSURANCE INSTITUTE FOUNDATION (TSEV)

The Turkish Insurance Institute Foundation (TSEV) was established jointly by Milli Re and the Insurance Association of Turkey in 1970 and continues its training and consulting services for the insurance industry for the last 51 years. TSEV organizes training programs on insurance techniques and law as well as administrative issues for the insurance sector and for various companies, institutions and organizations. In addition to its training activities, the Foundation also visits universities, the chambers of industry and commerce in order to increase the insurance awareness and develop the insurance sector in Turkey. For the purpose of making insurance part of lives of society, TSEV also undertakes some projects on social media.

Due to the pandemic, all business lines around the globe remodeled their processes in 2020; in the same vein, TSEV also revised its activities in view of the conditions imposed by the new era. Under these extraordinary circumstances, visits aimed at raising an awareness of insurance were put on hold, and all training programs were moved to the online platform from March onwards. "Insurance Through My Lens Photography Prize Competition" was held for the third time, but an exhibition could not be opened, again, because of the pandemic.

The "Basic Insurance Training Program", organized since the establishment of the Foundation has the distinction of being one of the most comprehensive training programs in the field of insurance. A total of 3,000 participants have graduated from the program to date. As a follow-up course to this, TSEV also offers "Advanced Insurance Training Programs" which are the only project and practice-oriented training programs in the market. Besides TSEV regularly provides short-term training programs in accordance with the current market needs, introductory courses for new employees joining the insurance industry and to insurance departments of corporates as well as actuarial training programs. In addition to those, a long-term online program addressing insurers living outside of İstanbul was designed and introduced to the market in the reporting period, which is titled "Insurance from A to Z for Sales People". Apart from insurance training, Personal Development Training Programs are also given by TSEV and the diversity in this segment increases each year. As the training programs were moved to the online platform, many people living outside of İstanbul had the opportunity to attend TSEV training programs. In 2021, 6,250 people received a total of 3,452 hours of training from TSEV through these programs. Furthermore, "Consultancy", "Closed Group Classroom Training", "Promotion", and "Company Exams" were realized based on demands from companies. Training programs in English customized for companies were developed for the first time; the programs were configured in four different levels.

In 2021, actuary exams and the training courses for these exams continued to be given by TSEV under the agreements made with the Central Bank of the Republic of Azerbaijan and Azerbaijan Insurers Association in 2020. In addition, Basic Insurance Training Program for the sales personnel was carried out, which is sponsored and organized by the related institutions in the Azerbaijani industry, whereas Advanced Level Training Programs for Underwriters and Reinsurance Department employees were initiated by the end of the year.

THE TURKISH INSURANCE INSTITUTE FOUNDATION (TSEV) WAS ESTABLISHED JOINTLY BY MİLLİ RE AND THE INSURANCE ASSOCIATION OF TURKEY IN 1970 AND CONTINUES ITS TRAINING AND CONSULTING SERVICES FOR THE INSURANCE INDUSTRY FOR THE LAST 51 YEARS.

05
FINANCIAL STATUS

ECONOMIC OUTLOOK

The global economy embarked upon a recovery process.

While global economy started recuperating in 2021 as we started to see relative normalization in pandemic restrictions, economic volatilities and inflationary tendencies grew stronger at the same time.

After significantly downsizing in 2020, global economy revived upon termination of restrictions and lockdowns, and consumer demand picked up rapidly. Conversely, goods and services supply failed to keep pace with the increased demand; logistic issues arose, while raw material, commodity and energy prices saw record rises all around the globe.

Oil prices were delayed in reproducing the rise in commodity prices due to the downside pressure the pandemic created on global oil demand in conjunction with declined production and shipment. As the Brent oil per barrel price hit the last three years' highest at USD 86 upon normalization of the economies in 2021, it ended the year at USD 77 per barrel. The price increases were triggered by the depleted stocks as a result of supply cuts by OPEC+ countries and Saudi Arabia.

Inflationary pressures threatened developed countries as well.

In the US, annual CPI was registered as 7%, marking the highest level since June 1982. Although the PPI in that country indicated at the lowest level since November 2020 with 0.2% on a monthly basis in December, it remained high with its annual value of 9.7%. Although declining somewhat in December when compared to previous months, manufacturing industry and services PMI data in the US demonstrated that the activity persisted in the sectors. Supported by a USD 6 trillion stimulus package during 2021, the US economy recorded its fastest growth since 1984 with an annual rate of 5.7%.

In the Euro Zone, inflation indicators gained momentum as a result of the rapid rise in energy and food prices in the last months of the year. Annual CPI was at the highest level in 25 years with 4.9%. In December, consumer confidence index signaled worsening demand conditions in the Euro Zone. Due to the impact of the measures implemented in many European countries for fighting the Omicron variant, services PMI was below the forecasts in December. On the other hand, manufacturing PMI maintained its strong outlook, showing that the positive course on the manufacturing front persisted.

As industrial production began increasing in China in the last quarter of the year in connection with the weakened production declines in passenger car, textile and main metal industries, pandemic measures repressed retail sales, painting a negative portrait in relation to demand. Furthermore, China's export has been losing momentum in parallel with the declined external demand due to lengthened freight durations and increased costs. Notwithstanding, the Chinese economy closed 2021 with a growth rate of 8.1% that outperformed the projections.

Tight monetary policies started to be enforced.

Having implemented expansionary monetary policies since the onset of the pandemic to help increase liquidity in the market and support economic activity, major central banks tapered their asset purchases and started accelerating the tightening of their supportive monetary policies as concerns regarding inflation remained high.

After keeping its monetary policy unchanged and maintaining its policy rate fixed at 0-0.25% in its meetings held during 2021, the US Federal Reserve System (the Fed) curbed its asset purchases in November, after which it doubled the speed of its asset purchase tapering to USD 30 billion a month in its December meeting. It is anticipated that bond purchases will be terminated in March 2022 and at least three rate hikes by 25 bps each will be carried out in 2022.

While the European Central Bank (ECB) did not make any changes to its monetary policy by keeping the policy rate at 0% in 2021, it confirmed that purchases within the scope of the EUR 1.85 trillion Pandemic Emergency Purchase Program (PEPP) would be discontinued in March 2022 in the last meeting of the year.

The first major central bank in the world to raise the rates after the onset of the pandemic, the Bank of England (BoE) increased the rates in its December meeting after a three-year break and raised its policy rate from 0.1% to 0.25%.

Taking into consideration the possible pressure of supply-side issues such as semi-conductor/chip crisis and lack of containers in ports on supply chains and trade, and the uncertainties arising from the new variant, the World Trade Organization (WTO) estimates global goods trade to grow by 10.8% in 2021 and 4.7% following year.

IN 2021, TURKEY CONTINUED TO RANK AMONG THE WORLD'S MOST SUCCESSFUL COUNTRIES WITH RESPECT TO GROWTH.

According to the International Monetary Fund (IMF), the world economy expanded by 5.9% in 2021 despite the pandemic. Based on the forecasts in the World Economic Outlook update released in January 2022, developed and emerging economies grew by 5% and 6.5% respectively. The same report projected a growth rate of 4.4% for the global economy in 2022.

The Turkish economy was differentiated with its growth performance.

In 2021, the Turkish economy continued to rank among the world's most successful countries with respect to growth. As the recovery in economic activity continued, economic growth was registered as 11% with the contribution of the low base effect.

The drivers of rapid growth were private consumption expenditures that increased with economic activity and exports that grew in line with global recuperation. All main sectors contributed positively to GDP growth in the first half of the year, while agricultural and construction industries suffered a noteworthy contraction from the third quarter of the year.

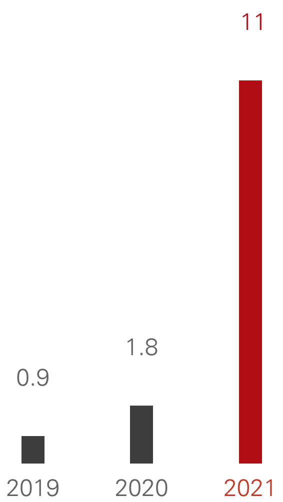
As high exchange rates and globally soaring commodity and energy prices added to inflationary pressures through the cost channel, CPI, which was high throughout the year, shot up to its peak in December and marked the last 19 year's highest level at 36.08%.

The CBRT changed its policy.

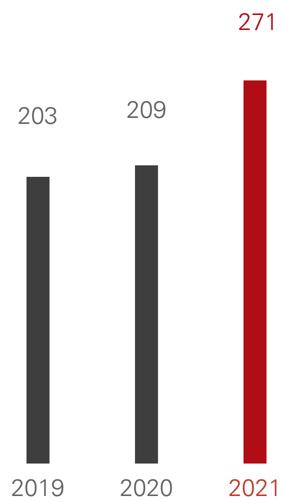
After keeping the policy rate fixed until September which it had increased to 19% in March 2021, the CBRT switched to rate cut as a result of the modification of its monetary policy. The depreciation of the Turkish currency became deeper as the anticipations strengthened that the cumulative 400 bps rate cuts implemented until the end of the year would continue, resulting in higher volatility of the value of the Turkish lira. The CBRT started directly intervening the market by selling due to unhealthy price formations in exchange rates. The depreciation of the Turkish lira gained momentum after the CBRT set its policy rate as 14% with a 100-bps cut in its December meeting. The "FX-indexed TL term deposit" instrument introduced by the end of the year to curb the depreciation of the Turkish currency and to encourage TL savings was received positively by the markets, and the exchange rates took a downturn.

Concurrently with these developments, a transition was made in the Turkish Economic Model. The Model basically focuses on stable and sustainable growth driven by exports which is the engine of the country's economy, and targets to back the economy with value-added production to be able to ultimately exit the current deficit cycle.

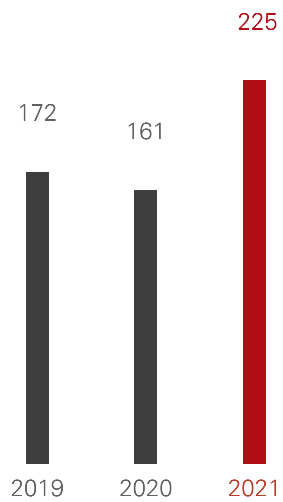
GDP GROWTH RATE – BASED ON CURRENT PRICES (%)



IMPORTS (USD BILLION)



EXPORTS (USD BILLION)



Source: TURKSTAT, CBRT, Ministry of Treasury and Finance

TURKISH INSURANCE MARKET

Series of natural catastrophe losses throughout the year, impact of competitive pressures on prices and terms, uncertainty stemming from record hikes in inflation and the exchange rate volatilities particularly in the last months of the year, which culminated on top of the ongoing effects of the pandemic in various areas, put heavy pressure on the local insurance industry with respect to growth and technical profitability.

According to 2021 year-end figures published by the Insurance Association of Turkey, insurance industry in Turkey generated TL 105.3 billion premium with an increase of 27.5% over the previous year. This nominal growth corresponds to a contraction of 6.3% in real terms in view of the inflation factor. Corresponding to 83.2% of the sector's premium, Non-Life premium amounted to TL 87.6 billion with an annual nominal growth by 28.5%. Nevertheless, the Non-Life insurance sector showed a reduction of 5.6% in real terms, particularly because of the relative contraction in the Land Vehicles Liability that has 27% share in total premium. In Life, nominal growth was 22.8% in connection with the movement in the volume of individual loans, and the share of the branch in total premium went down from 17.5% to 16.8%.

Premium income from Land Vehicles Liability which still is the largest segment in the industry remained limited due to intense competition and price cap application against the significant increase in bodily injury and physical claims reflecting the hikes in the inflation and exchange rates as well as regulations that pulled loss amounts up. Consequently, the line showed a nominal growth of 13.8% and a contraction of 16.4% against the inflation, and its share in Non-Life total premium dropped from 30.1% to 26.6% also constraining overall industry growth.

IN 2021, THE INSURANCE INDUSTRY IN TURKEY PRODUCED TL 105.3 BILLION PREMIUM WITH AN INCREASE OF 27.5%.

The share of Land Vehicles in Non-Life was 16.3% share. Despite some positive adjustments in policy rates reflecting significant increases in vehicle values and spare parts, decline in the penetration in this line dropping to 20% due to weakened purchasing power of consumers and competitive pressure on prices resulted in an annual nominal growth of 33.1%, which translated into a contraction by 2.2% in real terms.

Owing to the strengthened positive perception of Health insurance during the pandemic and the reflection of medical inflation on premiums, income from Private Health and Complementary Health Insurances grew by 29.5%, while Complementary Health Insurance specifically registered a real growth of 27.3%. Although the annual real change in total premium from Health shrank by 4.8% in real terms, the line was able to preserve its 15% share in Non-Life.

The share of Fire and Natural Catastrophe Perils in Non-Life premium rose to 16% in line with the 32.7% nominal increase in premium income. Although it corresponds to 2.5% contraction in real terms, Fire and Natural Catastrophe Perils was among the main drivers of growth in the Turkish market. Fire has 68% share in total premium income of the branch and was able to grow by 36% on annual basis. While economic conditions and drop in purchasing power put pressure on premium from residential risks, premiums related commercial and industrial risks outgrew the sector's average despite the economic volatilities, price-focused competition, and the relative stagnation in investments, given the fact that most policies for such risks are consistently renewed and most of the policies and respective premiums are either in hard currency or indexed to inflation. Natural Catastrophe Perils component of this line declined from 34% to 32% in 2021 with a 26.2% nominal increase annually; 3.88% growth in Compulsory Earthquake insurance translating into 23.7% shrinkage in real terms was the main factor pulling down the real increase in other natural disaster premiums and reducing its share within total premium.

General Damages comprises of Engineering, Agriculture, Theft and Plate Glass Insurances and approximately 95% of the premium income in this line originates from Engineering and State Subsidized Agricultural Insurances. Engineering premium had increased by 52% in the previous year reflecting several large investments and energy projects fronted by the sector. In 2021 although this factor specific to 2020 on the construction side ceased to exist, Engineering was able to show 31.3% growth, particularly with the momentum contributed by above-inflation increase in Machinery Breakdown and Electronic Equipment premiums, where policies and respective premiums are mostly in hard currency and reflected exchange rate effect. This growth corresponds to some contraction in real terms. On the other hand, increase in the awareness and prevalence of agricultural insurances due to losses caused by climate change and the incentives for policyholders led to 46.4% growth in the premium production and brought the share of Agriculture in General Damages from 50.6% to 53.5%.

The share of Marine, consisting of Hull (Sea Vehicles and Sea Vehicles Liability) and Cargo, in Non-Life increased from 2.8% to 3.4% as the result of 58.8% robust growth over 2021. Cargo premiums went up by 53.2% due to increased trade volume and currency movements, whereas Sea Vehicle Liability premium grew by 53.1%. As most of the policies and respective premiums in Hull insurance are in hard currency and because of the increased activity in Hull Construction industry, there was 70.3% growth in this segment which elevated the volume of Hull premium in Marine to 35%.

Despite the pandemic and economic conditions, General Liability achieved 46.7% growth in premium income as compared to 2020 and increased its share in Non Life premium from 3% to 4%. General Liability comprises of 14 sub-branches and 93% of the total premium emanate from General Third Party Liability, Employers' Liability, Professional Indemnity and Product Liability. Defying the competitive conditions, General Liability outgrew the inflation and was among the top growing lines in the sector. Liability insurance is expected to continue to evolve in the upcoming period in conjunction with the growing tendency to resort to litigation by individuals and institutions and the increase in claims

Deriving more than 90% of its total premium income on Personal Accident, Accident grew 9.2% nominally in line with the individual loan volume and interest rates; remaining below the inflation, the premium level pulled down the share of the branch in Non-Life premium to 2.8%.

Although the market share is currently very small, it is expected that the positive trend in financial insurances such as Surety and Credit, which grew over 40% in 2021, will continue to develop in line with the economic conjuncture

IN THE PERIOD AHEAD, EXCHANGE RATE MOVEMENTS, AND THE GROWTH IN EXPORTS AND THE ECONOMY WILL LIKELY HAVE AN IMPORTANT EFFECT ON THE PERFORMANCE OF THE INSURANCE INDUSTRY.

TURKISH INSURANCE MARKET

and state support.

Efforts to prevent and/or mitigate losses arising from cyber threats and data breaches increase the demand for individual or corporate cyber insurance products. In addition to advances in technology and increased use of digital platforms, with the growing prevalence of the remote working model, it is anticipated that the demand for cyber insurance, as well as product diversity and the number of insurance companies providing coverage, is expected to increase.

Positive developments in takaful insurance in recent years have been enhanced by relevant regulatory framework as well as the emphasis given by the government to alternative financial markets. Total premium produced in this segment corresponded to 5% of the industry's total premium income at the end of 2021.

In the period ahead, currency movements, the volume of exports and the economy will presumably have a significant effect on the development of the insurance industry. It is expected that the initiatives to provide coverage to major Public-Private Partnership (PPP) infrastructure projects, growth in the scope and prevalence of the agricultural insurance pool Tarsim, increase in the insurance penetration in industrial risks and SMEs will help raise the share of insurance in the economy.

In order for the industry to sustain its growth and profitability to this backdrop, it will be important to position itself by offering the products and coverages that suit the policyholders' needs through suitable and innovative channels and with the right pricing.

Market Premium (TL)

Branches	2021	SHARE (%)	2020	SHARE (%)	CHANGE (%)
Accident	2,443,378,083	2.79	2,237,228,258	3.28	9.21
Health	13,078,386,991	14.93	10,095,658,299	14.81	29.54
Land Vehicles	14,291,889,908	16.32	10,737,408,691	15.76	33.10
Railway Vehicles	30,962	-	15,272	-	102.74
Air Vehicles	469,039,408	0.54	369,664,551	0.54	26.88
Sea Vehicles	1,058,942,244	1.21	621,688,667	0.91	70.33
Marine	1,844,392,319	2.11	1,204,301,235	1.77	53.15
Fire & Natural Disasters	14,046,572,235	16.04	10,585,802,519	15.53	32.69
General Damages	11,038,240,939	12.60	7,962,465,095	11.68	38.63
Land Vehicles Liability	23,308,761,216	26.61	20,487,190,290	30.06	13.77
Air Vehicles Liability	488,973,998	0.56	298,548,469	0.44	63.78
Sea Vehicles Liability	88,526,945	0.10	57,810,503	0.08	53.13
General Liability	3,213,054,072	3.67	2,189,994,820	3.21	46.72
Credit	528,327,801	0.60	399,061,225	0.59	32.39
Fidelity Guarantee	221,493,082	0.25	123,951,705	0.18	78.69
Financial Losses	1,154,007,399	1.32	547,980,509	0.80	110.59
Legal Protection	300,224,816	0.34	224,970,171	0.33	33.45
Destek	6,028,376	0.01	1,928	-	312.513.51
Total Non-life	**87,580,270,796**	**83.17**	**68,143,744,181**	**82.52**	**28.52**
Life	**17,726,737,287**	**16.83**	**14,431,913,855**	**17.48**	**22.83**
Total	**105,307,008,083**	**100.00**	**82,575,658,036**	**100.00**	**27.53**

Source: Insurance Association of Turkey

TURKISH REINSURANCE MARKET AND MİLLİ RE

While coverage and exceptions regarding communicable diseases and cyber risks were on top of the global agenda in 2021 renewals, more fundamental topics such as capacity, risk appetite, liabilities and pricing gained the foreground in 2022 renewals.

Climate change and consequent increase in the frequency and severity of natural catastrophe losses particularly from secondary perils, hikes in core inflation and social inflation and reinsurers' demands for continuation of ongoing price increases in various regions and lines were among the key factors in renewals. Reinsurers' client, program and line specific approaches as regards to capacity and pricing continued even more strongly in 2022 renewals. Quotation processes were lengthy and there was a smaller number of reinsurers willing to quote, all combined leading to delays in renewals. Written lines usually remained at the levels of signed shares in the previous renewal as opposed to expiring written line capacity.

Inflationary pressures on a global level, low investment returns, and the impact of natural catastrophes worldwide on reinsurers' results caused many reinsurers to reduce their capacity allocated to certain regions and programs they deem unsatisfactory in terms of pricing and conditions and in some cases to complete withdrawal from some programs. With declined technical margins due to ongoing competitive pressures and increased claim costs reflecting currency fluctuations and inflation, Turkish reinsurance market was adversely affected by these developments. Significant capacity reductions or withdrawals by some key reinsurers in the placement of some programs which were considered underperforming led to lengthening of the renewal process and placement difficulties in spite of certain revisions in terms and conditions in favor of reinsurers. Renewals could be completed by filling the placement gaps with the existing reinsurers.

Although the losses resulting from severe floods and forest fires in Turkey throughout 2021 did not have a significant impact on reinsurance treaties, they served to increase the focus on natural catastrophe exposures, especially for perils linked to climate change. This development, coupled with the decreased appetite of global reinsurers, the impact of risk losses which continue to increase in frequency and severity and uncertainties relating to the economy and exchange rates, put significant pressure on placements, prices and conditions in 2022 renewals.

Premium ceded to proportional reinsurance treaties in 2022 is anticipated to grow by more than 30% across the market in TL terms, in line with economy and industry dynamics; however, this growth translates to contraction in Euro terms, given the depreciated local currency. Treaty capacities and event limits across the market were determined in accordance with individual portfolio structures, movement in exposures and growth prospects.

Total event limits under proportional reinsurance treaties for the whole market declined slightly - despite the inclusion of a number of newly established insurers - mainly reflecting the impact of the currency movement on exposures. Commissions and other treaty conditions were reviewed and/or revised depending on the performance and requirements of individual treaties, bouquets and lines vis-à-vis market conditions. While commissions in some underperforming treaties were revised in favor of reinsurers, additional deductibles aiming to reduce the loss burden on treaties were implemented across the market in Machinery Breakdown treaties, which have been producing deteriorating results for some time. Deductibles for hydroelectric and wind power plants that saw marked increases in loss frequency and severity in recent years were also adjusted in order to alleviate losses ceded to treaties. The pressure of exchange rate fluctuations and inflation, increases in the frequency of losses and the relative decline in treaty premiums in hard currency against Euro denominated treaty limits caused some deterioration in the treaty results, leading to a further decrease in the appetite of the global reinsurers for proportional agreements and the continuation of "customer-oriented" and differential approaches.

Milli Re provides capacity to 23 companies that utilized proportional treaties following 2022 renewals, leading 18 bouquets and having a 27% market share.

Majority of the companies operating in the industry continued to protect their risk portfolios by proportional treaties in 2022. Milli Re participates in the programs of six of the eight companies that utilize excess of loss agreements to cover their risk portfolios.

Premium income ceded to proportional agreements in which Milli Re participates is expected to grow by 34% in 2022. While part of this increase emanates from new clients and business written from new treaties, it is also anticipated that economic developments, market dynamics and the possible effect of exchange rate and inflation movements will reflect on proportional treaty premiums especially in Fire and Engineering. The dominance of Property in the premium distribution of proportional reinsurance treaties increased slightly. The split of proportional treaty premium across the market is as follows: Property 59%, Engineering 21%, Marine 10.5% and Non-Motor Accident 9.5%.

Coverage provided by catastrophe excess of loss programs for 2022 was determined to reflect the changes in each company's exposures and model results, currency movements and anticipated growth in portfolios. Several programs were restructured and optimized in consideration of the deductible levels and vertical coverage against exchange rate movements, as well as cost. Significant depreciation of the Turkish lira in the last quarter against the predominant currency Euro in excess of loss programs, led to a sharp drop premium income in Euro terms, also causing major variations across the market in exchange rate forecasts used for exposure assessment, modeling, structuring and pricing.

TL 248.2 million

In 2021, our domestic portfolio generated TL 248.2 million technical profit.

Total premium paid to reinsurers increased by about 10% nominally as a result of slightly higher catastrophe coverage purchased compared to the previous year. Wide discrepancy in selected exchange rates across the market complicated the determination of a reliable risk-adjusted movement. Nonetheless, barring variations among specific programs and layers, it can be suggested that the risk-adjusted rate increase was up to 5% on a general basis. Although the placement of excess of loss programs was more difficult than previous renewals, it was still faster and smoother compared to proportional treaties. Milli Re's involvement in catastrophe excess of loss programs in 2022 renewals is 9%.

The split of Milli Re's domestic premium income differs significantly from that of market Non-Life premiums. Largest contributors to revenue in the Turkish insurance market are Agriculture and Health insurances, as well as Land Vehicles Compulsory Liability and Land Vehicles (Casco). Whilst the share of these lines in the Non-Life premium of the sector stands at 50%, they account only for 7% in Milli Re's local portfolio, reflecting the conservative approach under the current conditions and the limited appetite of Milli Re. For this reason, the developments in Land Vehicles Compulsory Liability and Land Vehicles Insurances, which generate 27% and 16% of the market Non-Life premium respectively, and substantial premium and loss increases in Agriculture have limited impact on our local portfolio. On the other hand, market developments in Fire and Natural Catastrophe Perils, Engineering, General Liability and Marine where most companies utilize proportional reinsurance for protecting their risk portfolios, are evidently translated to Milli Re's local portfolio.

OUR GROSS PREMIUM INCOME GREW BY 38% OVER THE PREVIOUS YEAR.

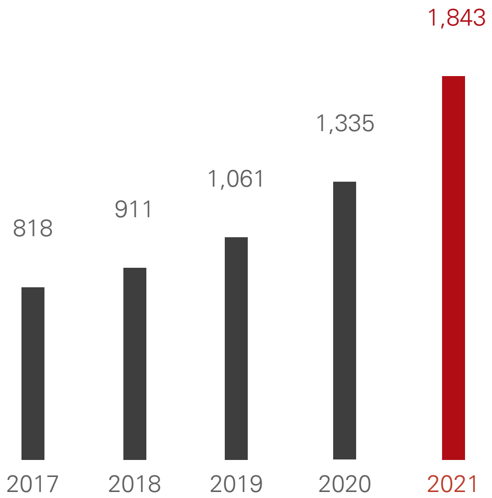
Gross premium income from local operations grew by 38% annually, mainly driven by Property, Engineering and Marine. Because of high exchange and inflation rates, increased retrocession costs reflecting escalated exchange rates and premium adjustments for 2020 programs, and the upturn in the frequency and severity of various losses in Property, Engineering, and Marine, the technical division generated loss. With the contribution of net transfers from non-technical income, a technical profit of TL 248.2 million was derived on our local portfolio.

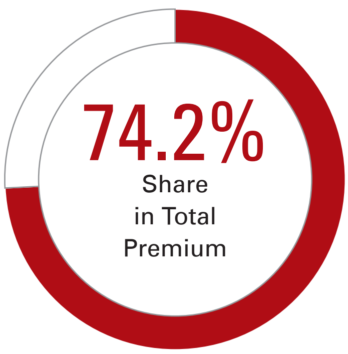
Local Premium by Lines of Business	Share (%)
Fire	56
Engineering	20
Marine	9
General Liability	5
Agriculture	5
Land Vehicles Liability	2
Other*	2
Personal Accident	1
Total	**100**

*Credit, Legal Protection, Air Vehicles, Plate Glass, Air Vehicles Liability, Fidelity Guarantee

Local Portfolio	2021	2020	2019	2018	2017
Premium (TL)	1,843,120,056	1,335,217,811	1,060,777,933	911,044,062	818,143,937
Share in Total Premium (%)	74.2	73.4	63.9	69.0	75.4

PREMIUM (LOCAL PORTFOLIO)
(TL MILLION)





GLOBAL REINSURANCE MARKET AND MİLLİ RE

Showing an increase of 33% on annual basis, total economic losses from natural catastrophes reached USD 280 billion in 2021. Surpassing last year's figure of USD 82 billion, global insured losses went up to USD 120 billion, making it the second costliest year on record for the industry after 2017. As climate change has led to extreme weather events across the world, majority of the losses were caused by secondary perils such as flood, wildfire, winter weather and severe weather conditions. While a great portion of the natural disaster losses was recorded in US; only 43% of the global losses were insured; pointing out to the fact that insurance density remains to be relatively low for secondary perils even in developed countries.

Following 2020, 2021 witnessed another extremely active Atlantic Hurricane season with record breaking number of events. With 21 named storms, of which 8 made landfall in the continental US and 7 developed into hurricanes, 2021 Atlantic Hurricane season was the third most active year in record after 2020 and 2005.

Originating as a tropical wave in the Caribbean Sea on August 23rd, and making its landfall near Port Fourchon, Louisiana on August 29th as a Category 4 storm with sustained windspeed of 240 km/h, Hurricane Ida was the strongest and the costliest of 2021 Atlantic Hurricane season. Being the second most intense hurricane impacting Louisiana after Hurricane Katrina in 2005, Ida caused extensive damage across the Gulf Coast with strong winds, storm surges, and inland floods. After devastating Southeast US, Ida weakened into a tropical storm and moved across northeast. Bringing along torrential rainfalls, it triggered exceptional flash floods in the Northeastern states of New York, New Jersey, Connecticut, and Pennsylvania. While Hurricane Ida was recorded as the costliest natural catastrophe of 2021, the total economic cost of the disaster is estimated to exceed USD 65 billion. Including the losses covered by the US National Flood Insurance Program (NFIP), around USD 32 billion of this amount is expected to be recoverable from the insurance industry.

On the other hand, the winter storm which stroke North America and recorded as the second costliest natural disaster affecting the country in 2021, generated extreme cold temperatures and gave rise to unprecedented winter weather conditions during February 12th to 20th. Mainly impacting Texas and southern states; the snow, ice and severe storms caused extensive property damage, power outages and transportation disruption across the country. The disaster is projected to have caused a total of USD 30 billion economic loss, with insured losses amounting to USD 15 billion.

33%

Showing an increase of 33% on annual basis, total economic losses from natural catastrophes reached USD 280 billion in 2021.

2021 was quite challenging for Europe as well in terms of natural catastrophe activity. Severe and deadly floods induced by torrential rainfalls that came along with the low-pressure system Bernd devastated mainly Germany, Belgium, the Netherlands, Luxembourg, and France during July 12th - 18th. The European floods stood out as the costliest disaster affecting the region since 1970 as well as being the most expensive event of 2021 for the insurance industry that occurred outside of the US. While the total economic cost of the floods is expected to exceed USD 50 billion, insured losses are estimated to be around USD 13 billion.

Apart from the deadly floods, severe weather conditions which prevailed in Western and Central Europe during the second half of June was another major event driving high amount of industry losses. While Czech Republic, Germany, Switzerland, Austria, and Belgium were the most affected countries; heavy rain, hail and tornadoes led to widespread property damage in the region. The disaster is anticipated to lead to a bill of over USD 4.5 billion for the insurance market.

Severely impacted by a series of devastating catastrophe events in 2020, Asia witnessed unprecedented natural disasters in 2021 as well. The magnitude 7.1 earthquake which stroke the coast of Japan's Fukushima Prefecture on February 13th stood out among the most significant natural disasters impacting the region. The catastrophe caused destruction of or damage in around 5,000 residential buildings that is estimated to bring along economic losses exceeding USD 8 billion and insured loss amount of over USD 2.5 billion.

SURPASSING LAST YEAR'S FIGURE OF USD 82 BILLION, GLOBAL INSURED LOSSES WENT UP TO USD 120 BILLION, MAKING IT THE SECOND COSTLIEST YEAR ON RECORD FOR THE INDUSTRY AFTER 2017.

Reaching Category 3 in a short period of time with wind speeds of 160 km/h and striking Indian state of Gujarat between the dates May 17th and 19th, Cyclone Tauktae was the first major event of 2021 North Indian Ocean cyclone season. While many cities in the region including Mumbai were affected by the storm, more than 140,000 homes were destroyed and widespread damage to agricultural fields, transportation and power lines was recorded. The total bill of the disaster is expected to be around USD 1.5 billion.

Cyclone Yaas, which devastated India soon after Cyclone Tauktae between the dates May 25th- 29th, was another storm affecting the country in 2021. The Category 1 cyclone caused heavy damage to northern parts of the country, mainly impacting the states of Odisha and West Bengal. The disaster is anticipated to lead over USD 3 billion total economic loss, however as a consequence of the low insurance density in the region, the insured losses are expected to be limited.

China was another country which was severely impacted by floods in 2021. During July 17th to 21st, as a result of record-breaking rainfall which is described to occur "once in a thousand years", central province of Henan was devastated by catastrophic floods. Affecting more than 13 million people and causing extensive damage to property, agriculture and infrastructure; the total economic cost of the disaster is estimated to be around USD 25 billion. Leading to over USD 1.7 billion total insured loss amount, Henan floods are believed to be the costliest natural disaster on record for China insurance industry.

On the other hand, it is still difficult to predict the ultimate impact of the Covid-19 pandemic, which undoubtedly continued to be one of the hot topics for the insurance and reinsurance industry, with total reported insured losses reaching USD 48 billion by the end of 2021. Around 40% of this amount is estimated to stand for incurred but not reported (IBNR) losses, primarily owing to loss of profit claims arising from property business. As the global economy is in the recovery phase after the shock caused by the pandemic, the profitability of the insurance industry is expected to boost in 2022 and onwards, the main contributors being the increased demand for insurance given that the pandemic has been a positive stimulant increasing the consumers' risk awareness, as well as the prevailing rate hardening which is expected to continue moderately in the upcoming years.

Despite the losses caused by major natural disasters as well as the increase in the frequency of catastrophe losses driven by secondary perils and the uncertainty around the development of Covid-19 losses, with the help of improved terms and conditions in favor of the reinsurers, total of traditional and alternative reinsurance capital rose to USD 660 billion from 2020 year-end figure of USD 650 billion by the end of June 2021. Mainly driven by retained earnings, traditional capital increased by USD 7 billion during first half of the year and reached USD 563 billion. On the other hand, growing by 3%, alternative capital was registered as USD 97 billion.

Global merger and acquisition activity, which was observed to slow down in 2020 primarily as a consequence of the pandemic, started to gain momentum in 2021. Although the mega merger deal between Aon and Willis Towers Watson, which was first announced in March 2020, has been terminated in July 2021, Willis proceeded with its strategic decision to sell its reinsurance unit, Willis Re, to global insurance broker Arthur J. Gallagher for about USD 3.25 billion. Following the completion of the deal on December 1st, Gallagher Re positioned itself as the third largest reinsurance broker globally. Another notable M&A announcement came in early November 2021 and Covea reagreed with Exor for the acquisition of Partner Re for USD 9 billion, after their first attempt which could not materialize back in May 2020, given the uncertainty in market conditions fueled by the pandemic. Moreover, Bermuda-based Third Point Reinsurance completed the acquisition of Sirius International Insurance Group on February 26th. Following the merger, the new entity continued its operation under the name SiriusPoint Ltd. Going into 2022, M&A activity is expected to remain strong with increased interest of private equity and asset management firms in the insurance industry and willingness on companies' side to sell off some of their assets with the aim of focusing on key business areas in order to increase profitability.

GLOBAL REINSURANCE MARKET AND MİLLİ RE

While climate change, increase in the frequency and severity of the natural catastrophe losses as well as the rising concerns about secondary perils coupled with high inflation environment were the prevailing themes heading into January 2022 renewals, reinsurers were persistent on substantial price improvements. As this led to lengthy and in some cases challenging negotiations between reinsurers and buyers, January 2022 renewals were completed later than usual. Differentiation being the key driver, reinsurers assessed programs and clients individually based on factors such as track record, underlying portfolio, geographical scope as well as appropriateness of retention level, which resulted in great variation in final terms and capacity commitment. While loss-hit programs saw significant price increases, price adjustments remained at relatively moderate levels for loss-free programs. Although reinsurers had limited appetite for low level cat layers, aggregate covers and per risk programs, nonetheless many buyers managed to obtain required protection as overall reinsurance capacity remained at sufficient levels.

Nevertheless, looking at January 2022 retrocession renewals, reinsurers were more prudent in deploying capacity and there was significant reduction in alternative capital allocated to retrocession. 2021 being another year with high level of losses from secondary perils, supply was restricted especially for aggregate covers and many buyers had to increase retention levels in order to secure required protection or scale down their portfolio with the aim of limiting outwards spend in consideration of profitability targets. While prices showed great variation depending on the loss history of cedants, as it has been the case previously, increases in the cost of retrocession outpaced the upward movements in reinsurance pricing and retrocession catastrophe excess of loss rates escalated by 15% on average.

EUROPE

2021 was a very active year in Europe in terms of natural catastrophe activity with record level of losses driven by the devastating floods and severe weather conditions. Although negotiations were mainly shaped around contractual wording issues last year, pricing was the main focus of 2022 property renewals. As reinsurers adopted client and country specific approach in their assessment, buyers in countries, such as Germany, Belgium, Austria, Switzerland that were heavily impacted by 2021 natcat events; experienced tough renewals owing to challenging market conditions. On the other hand, in unaffected territories such as UK and Nordic Countries, renewals were orderly with sufficient capacity and less pressure on pricing. While Europe-wide loss free cat programs experienced up to 5% price increases, price adjustments for loss impacted cat programs exceeded 50% in some cases, not being less than 15% on risk-adjusted basis. As far as the property risk programs are concerned, loss-free programs renewed stable to 7.5% up, whereas loss impacted programs experienced price increases fluctuating between 5% to 25%.

NORTH AMERICA

Despite the fact that there were no new market entrants and alternative capital was under pressure given the amount of trapped collateral and diminishing profits after 2017, total capacity remained strong due to increased appetite of some reinsurers for catastrophe business. In consideration of the increased loss activity especially from secondary perils,

Covid-19

It is still difficult to predict the ultimate impact of the pandemic, which undoubtedly continued to be one of the hot topics for the insurance and reinsurance industry, with total reported insured losses reaching USD 48 billion by the end of 2021.

reinsurers meticulously assessed program attachment levels and opted for deploying their capacity on layers above a certain threshold in respect of modelled loss return periods. Moreover, strategic partnerships gained importance and many reinsurers provided property catastrophe capacity asking for lines in non-cat programs in return. With respect to quota share programs, some reinsurers that increased their participations in the previous year in order to make most of the improved rate environment in the insurance market, experienced high amount of losses in 2021 and insisted on improved terms during 2022 renewals. While risk-adjusted prices of loss affected cat programs increased between 10% to 25%, for loss free cat programs, upward adjustments remained in the range of 2.5% to 10%. Following a similar trend to cat program prices, loss-impacted risk programs saw upward price movements between 10% to 25%. On the other hand, loss-free risk programs renewed with price uplifts fluctuating between 2.5% to 10%.

Given the increased severity and frequency of the climate-related catastrophes affecting Canada in 2021, the overall insured losses exceeded USD 1.5 billion. While risk-adjusted price rises were capped at a maximum of 10% for loss free cat programs, upward price movements varied between 10% to 20% for loss impacted programs. In respect of risk programs, loss affected programs saw 10% to 20% upward price adjustments. On the other hand, for loss free programs, price increases remained between 5% to 10%.

ASIA

2021 started with all the uncertainty from 2020 which had its repercussions on the insurance markets. However silver linings were observed as the year wore on. Vaccinations gathered pace in some countries, vaccinated travel lanes were established, and commercial activity gained momentum once again.

Players were generally cautious and disciplinary approach kept prevailing. Reinsurance capacity continued to tighten particularly in less technically priced proportional treaties.

The year saw fewer number of severe natural catastrophes than in the recent past but there were record setting events such Fukushima Earthquake and China Floods to add to the challenges of navigating in the Covid-plagued market place.

Record flood losses between June and September triggered by the seasonal monsoonal rains in China reminded the complexity of these seasonal or regular catastrophes that bring record losses in a fast-growing economy coupled with high urbanization rate.

Super Typhoon Rai made landfall in the Philippines in December with maximum sustained winds at 260 km/hr. This is the third Category 5 typhoon to make landfall in the Philippines in two years and it is the third-costliest typhoon for the country. Economic loss is estimated to be in excess of USD 1 billion while insured losses are to be ascertained.

Continuous torrential rain over 3 days caused massive flooding in eight states in Malaysia including capital city Kuala Lumpur in December. Severe flooding has been observed at greater frequency in recent years and the Malaysian government declared this as a 1 in 100 event. The floods resulted in an economic loss of USD 1.55 billion while the estimated market insured loss is expected to reach up to USD 0.5 billion.

CLIMATE CHANGE, INCREASE IN THE FREQUENCY AND SEVERITY OF THE NATURAL CATASTROPHE LOSSES AS WELL AS THE RISING CONCERNS ABOUT SECONDARY PERILS COUPLED WITH HIGH INFLATION ENVIRONMENT WERE THE PREVAILING THEMES HEADING INTO JANUARY 2022 RENEWALS, REINSURERS WERE PERSISTENT ON SUBSTANTIAL PRICE IMPROVEMENTS.

MIDDLE EAST

The Middle East Region experienced a strong economic recovery in the second half of 2021, bringing output back to its pre-pandemic level in some economies. Economic performance has been uneven across the Region because of differences in the severity and effects of the pandemic. Region's economies which contracted by 3.8% in 2020, is expected to grow by 2.8% in 2021 and 4.4% in 2022. However, further impact of Covid-19 pandemic, social unrest, high debt in some economies, and geopolitical conflicts could undermine economic activity in the Region. Furthermore, the increasing frequency of natural disasters linked to climate change threatens the Middle East, as well.

Middle East insurance markets have seen robust growth over the last decade. However, the rate of growth has slowed down in the last 18 months primarily due to the impact of Covid-19 and substantial fall in energy prices, attributable largely to the global economic slowdown from lockdown measures and lower demand for oil. The top three markets of the Region in 2021 in terms of gross written premium are Saudi Arabia, UAE and Qatar. 2021 has been a very challenging year for many insurance companies in Saudi Arabia, which is the largest insurance market in the Region. The net profits generated by 28 insurance companies stood at USD 241 million in the first nine months of 2021, a 49% plunge from the corresponding period of 2020. Profits plummeted even though the overall gross written premiums of the 28 companies increased by 7.7% to USD 8.5 billion in the first nine months of this year, compared with the corresponding period of last year. In UAE, the second largest insurance market in the Region, managed to post a 5.3% increase in gross premiums to USD 4.02 billion in the first half year of 2021. The profits of insurance companies in UAE jumped by 16% to USD 300 million in the first half-year of 2021 compared to the corresponding half of 2020, despite a deteriorating loss ratio that rose to 61% in the first half-year of 2021 from 56% in the same period of 2020. The third quarter 2021 results depict a growing pressure on the underwriting performance of the GCC insurance market. The average net combined ratio has increased to 98.1%, nearing the pre-pandemic levels (98.4%). The efforts to strengthen capital continue in the Region and in parallel the merger pipeline in the Region remains very active with some mergers close to completion in addition to a number of successful M&A deals materialized during 2021.

THE INSURANCE MARKETS IN THE MIDDLE EAST DEVELOP CONTINUOUSLY BUT REMAIN HEAVILY RELIANT ON COMPULSORY LINES OF BUSINESS DUE TO LOW PENETRATION IN RESPECT OF OTHER LINES.

The insurance markets in the Middle East develop continuously but remain heavily reliant on compulsory lines of business due to low penetration in respect of other lines. While motor and health account for the majority of premiums, majority of non-motor property and casualty premiums are ceded to local or international reinsurers. Cession rates are even higher in more volatile lines such as energy, engineering, fire and marine. The Middle East markets continue to face significant challenges, including stock and real estate market volatility; developments in the regulatory landscape; geopolitical tensions; inflationary pressures, supply chain disruptions and currency depreciation for many of the non- GCC economies. These strains have had repercussions for the insurance industry of the Region and will continue to create uncertainty and volatility in the operating environment over the short to medium term.

Middle East reinsurance market has long suffered from weak pricing, driven by ample supply, creating challenging operating conditions for the reinsurers of the Region. The available reinsurance capacity in the Region comes from many sources, namely global reinsurers, regionally domiciled players, as well as reinsurance groups from Africa and Asia. Being low cat exposed, the Region has been attracting reinsurance capacity mainly as a result of the diversification benefit it offers. Nevertheless, unable to generate sufficient returns, some regional and international players have withdrawn from the market in the recent years. Despite these developments capacity remains plentiful, mainly provided by international reinsurers.

Covid-19 claims in the Region are manageable due to robust capital of most insurers. The Cyclone Shaheen which occurred at the Gulf of Oman between 2-4 October 2021 was the only major event of the year in the Region. Cyclone Shaheen made a historic landfall along the northern coast of Oman and was the first tropical cyclone in the modern record to made landfall in this Region. Heavy rains from Shaheen caused substantial damage in Oman and generated an economic toll which minimally reached into the hundreds of millions (USD). Although the insured loss figure is not yet known clearly, it is expected to range between USD 150 million and USD 200 million. During January 2022 renewals, there was sufficient proportional and excess of loss capacity in the Middle East Region. Commissions of the most profitable proportional treaties remained the same, while there was some reduction for those treaties with poor performance. Rate adjustments for loss free non proportional treaties ranged from risk-adjusted flat to 10% up, while increases on loss affected ones saw roughly 20% upward movements.

INDIA

The Indian economy contracted by 7.7% in 2020-21 fiscal year, as opposed to a growth of 4.1% in 2019-20 year, because of the adverse impact of the Covid-19 pandemic on the economic activity. However, the widespread deployment of vaccine along with favorable government policies is expected to limit the downside risk.

India is the 4th largest insurance market in Asia and the 14th largest globally in respect of premium production. However, India is a significantly under-penetrated market with only 1% penetration rate, with per capita non-life premium corresponding to meagre USD 19.

The industry attained a compound annual growth rate of 17% over the last two decades and is expected to continue its commendable growth trajectory in the future years. The market share of private sector companies in the non-life insurance market rose from 15.0% in 2004 to 49.3% in 2021. The gross direct premium underwritten by general insurance industry displayed a growth of 5.2% on year-on-year basis, with health, fire and crop insurance being the main drivers.

THE INDUSTRY ATTAINED A COMPOUND ANNUAL GROWTH RATE OF 17% OVER THE LAST TWO DECADES AND IS EXPECTED TO CONTINUE ITS COMMENDABLE GROWTH TRAJECTORY IN THE FUTURE YEARS.

The onset of the Covid-19 pandemic changed the landscape of the Indian non-life insurance industry. Besides increasing the insurance penetration rate, the ongoing changes due to the pandemic have brought about a conscious shift in the insurance product mix. It has triggered awareness on insurance and demand for protection products, especially health insurance.

In 2021, the Insurance Regulatory and Development Authority of India (IRDAI) has lowered the obligatory cession rate on the sum insured on each general insurance policy that is to be reinsured with GIC of India to 4% for policies with effective dates of 1 April 2022 and onwards. Insurance policies covering terrorism and nuclear risks will be excluded as these risks are covered by special pools.

As far as April 2021 renewals are concerned, prices of loss hit non-proportional cat programs increased by 5% to 7.5% while rate decreases up to 5% were witnessed in respect of loss-free programs. There was an increase in the cat purchase of some cedants particularly for their earthquake layers. On the risk side, the reduction in loss free layers was limited by 2.5% while there was increase in the pricing of loss hit programs up to 7.5%. There was an increase in the appetite of reinsurers for the proportional bouquets, which boosted the premium income on the back of the endorsements issued by GIC Re on minimum rates and minimum PML to be applied in Fire branch and increased the appetite Whilst treaty structures of the state companies remained unchanged, some private companies secured increased capacity. Additionally, the commission levels for the state companies were flat but some changes were observed in favor of the private companies.

GLOBAL REINSURANCE MARKET AND MİLLİ RE

PAKISTAN

Pakistan's economy grew by 5.37% during 2021, which represented a recovery following the Covid-19 pandemic induced contraction in the previous year. Growth in industries, such as construction and small-scale manufacturing, agriculture as well as services are expected to improve and support the GDP growth in 2022.

Following the decision of the federal government to sell some stake in Pak Re, the national reinsurer of Pakistan, the Cabinet Committee on Privatization (CCOP) approved the sale of a 20% stake in the reinsurer.

The Insurance Industry produced Pak Rs. 250 billion (approximately USD 1.5 billion) of premium income, showing a year-on-year growth by 20% by the end of September 2021. Strong demand for Health, Motor and Property are the main contributors for this strong growth.

2022 Renewals were completed smoothly in respect of scope and capacity across all classes except slight rate increases in Property and Engineering. In the absence of any cat losses, there was one major fire loss which affected the underwriting result of the companies involved. Most of the reinsurance markets remain committed with no signs of withdrawn capacities.

RUSSIA

Cooling domestic demand in Russia drove a slowdown in GDP growth in 2021. However, the economy regained it pace as a result of rebounding exports in the second half-year with increasing global demand in energy, despite the reintroduction of some Covid-19 pandemic measures triggered by record numbers of new cases and virus-related deaths. Meanwhile, geopolitical tensions, stemming from concerns that Russia is gearing up for a possible invasion of Ukraine continued to run high in 2021.

The Central Bank of Russia (CBR) has implemented a new prudential framework starting from 1 July 2021 for Russian insurance companies. The new regulation brings along a notable tightening from the previous Solvency I-like regime. The initial stage of this reform makes the regulatory capital buffer significantly thinner and lower the solvency ratios for most insurers. However, the implementation of the new scheme is likely to strengthen insurers' capital framework.

20%

The Insurance Industry produced Pak Rs. 250 billion (approximately USD 1.5 billion) of premium income, showing a year-on-year growth by 20% by the end of September 2021.

Russian insurance market grew by 8% in 2021, and total GWP approached RUB 2 trillion (~EUR 23 billion). It is noted that development of the insurance market was in line with the Bank of Russia growth targets which put pressure on all segments of the insurance market. Accordingly, there has been no reduction in any segment but only some correction of dynamics after rapid recovery in 2021.

2021 has been a calm year in Russia in terms of losses. There have not been any large claims affecting the market. However, the effect of global hardening in reinsurance markets has been clearly felt by market players. Reinsurance spending of Russian insurers continued to increase owing to stricter terms and conditions prevailing in the market. Similar to the previous renewal, loss affected programs have seen rate increases of 20% to 30%, while rates for loss free programs either remained stable or increased slightly in January 2022 renewals.

CENTRAL AND EASTERN EUROPE

2021 GDP growth in CEE has surpassed the forecasted as a result of stronger global economic outlook and the brisk reopening of economies of the Region as a result of the improved pandemic situation. The recovery has been mostly driven by industrial output, exports of goods and government consumption, while household consumption was depressed by restrictive measures and uncertainty. The economic recovery seems to be underway, but accompanied by higher inflation, naturally calling for a normalization of interest rates.

IN 2021, MOST OF THE CEE INSURANCE MARKETS SAW A POSITIVE MOMENTUM.

A strong growth and rather high inflation are expected, justifying the start of the monetary tightening in CEE.

In 2021, most of the CEE insurance markets saw a positive momentum resulting with some markets recording even double-digit growth rates. The main drivers in the markets that achieved the most notable GWP growth were property insurance, which suffered from the impact of some extreme natural hazard previous year and motor insurance due to the increasing number of car registrations. However, the largest contribution to GWP growth was provided by life insurance segment.

2021 has been another active year in terms of catastrophic losses particularly in Europe including some of the CEE countries such as Czechia, Hungary and Romania. Devastating secondary peril activity included severe convective storms in June, with thunderstorms, hail and tornadoes causing widespread damage to property. The resulting insured losses are estimated at USD 4.5 billion.

Accordingly, in respect of the catastrophic excess of loss programs in 2022 renewals, market showed real distinction between loss free and loss affected renewals. For loss free programs, risk adjusted flat and modest increases were possible to achieve. On the other hand, reinsurers expected significant pay-back which resulted in double digit price increases on both risk adjusted and on monetary basis.

Reinsurers have been more flexible in respect of risk excess of loss programs, trying to maintain existing relationships. Thus, loss affected programs achieved risk adjusted increases but mostly 2021 capacities were offered to the market.

In addition, commissions remained mostly flat in pro-rata treaties. Over-placement has reduced significantly on both proportional and non-proportional agreements.

NORTH AFRICA

In 2021, North Africa's GDP growth has been approximately 4% displaying a similar trend to pre-pandemic economic conditions. Owing to quick actions taken by North African governments to offset the impact of global economic problems, Region's economy recovered in 2021 after suffering from major setbacks in 2020 caused by the lockdowns as well as collapse in oil prices and reduced tourism income. However, as Covid-19 pandemic is still a threat and accordingly restrictions are still in force in many places, North African countries could face liquidity problems. Accordingly, in the near term, inflation is likely to rise across the Region due to increasing costs for food and energy.

In parallel with their economic recovery, North African insurance markets have seen 8%-10% growth rates, except Algeria that grew by 4.3%, predominantly as a result of life insurance premiums, showing a double-digit rise. Following the swift recovery in the economy, despite the imbalance in the supply and demand, non-life insurance market is expected to see higher growth rates in the upcoming year.

Despite, 2021 being a quiet year in respect of the loss severity and frequency, Region's markets could not elude from the impact of the global hard market conditions. Indeed, due to lack of reinsurance capacity, larger programs have seen big rate increases.

GLOBAL REINSURANCE MARKET AND MİLLİ RE

International Portfolio 2021 Results

In order to diversify the portfolio in line with its profit-oriented and sustainable growth approach, Milli Re started to play a more active role in international reinsurance markets in 2006. International portfolio of the Company consists of business written from emerging markets, Singapore Branch Office business, Pools (FAIR/ECO/TRP), Turkish Republic of Northern Cyprus business, as well as business accepted from developed markets.

A significant portion of the international portfolio is made up of emerging markets business from countries that fall under the scope of FAIR Reinsurance Pool, which has been managed by Milli Re since its establishment in 1974. Additionally, having started accepting business in 2008, Milli Re Singapore Branch continues to work efficiently in the Far East, a region which represents significant potential. In 2021, Milli Re maintained its position as a preferred business partner by providing reinsurance capacity to 95 companies in 37 countries in the emerging markets. Milli Re continue to support its existing business partners within the scope of its overseas activities by prioritizing long term business relationships based on solid foundations and rapidly responding to the changing market conditions, as well as taking the necessary steps to increase profitability with portfolio diversity by acquiring new businesses in line with its risk appetite. Within the framework of the strategy to develop international activities, Milli Re have been underwriting business from developed markets by participating in conventional reinsurance contracts of leading global reinsurers as well as providing capacity to several leading global reinsurers and Lloyd's syndicates since 2007.

Due to the competition stemming from excess reinsurance capacity, minimum rating requirement that is applied in an increasing number of markets as per regulatory frameworks, compulsory reinsurance practices becoming widespread as a result of the protectionist policies and Solvency II implementations, in 2021 there were cancellations and reductions in our participations regarding some business accepted from Middle East but particularly in Saudi Arabia where the minimum rating requirement is strictly applied. However, premium income generated by the Emerging Markets Portfolio in 2021 amounted to TL 432 million owing to long-standing solid relationship with clients, the high-quality service rendered and currency movements.

On the other hand, premium production on developed markets portfolio surpassed TL 207 million registering 32% growth in connection with some treaties renewing with higher shares in 2021, and the new business relationship established with a Lloyd's syndicate, in addition to the increased treaty premium volumes that resulted from the upward price movements arising from more disciplined underwriting approach adapted by the international markets.

Despite the growth in premium income, the decline in foreign currency denominated incurred losses, as well as the positive effect of currency differences and evaluation income, the underwriting result for the international portfolio was TL 27 million loss in 2021 due to the severe negative impact of depreciated Turkish Lira on outstanding claims provisions and retrocession costs.

TL 639 million

The total premium production of the international portfolio reached TL 639 million in 2021.

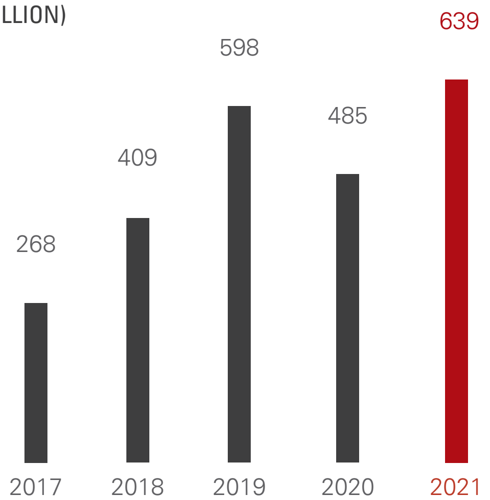
International Premium by Lines of Business	Share (%)
Fire	66
Engineering	10
Marine	7
Agriculture	6
Land Vehicles	3
Personal Accident	3
Other*	2
Land Vehicles Liability	2
General Liability	1
Total	**100**

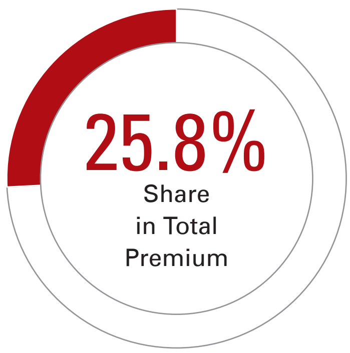
* Credit, Legal Protection, Air Vehicles, Plate Glass, Air Vehicles Liability, Fidelity Guarantee

THE PREMIUMS FROM INTERNATIONAL PORTFOLIO ACCOUNTED FOR A 25.8% SHARE IN TOTAL.

International Portfolio	2021	2020	2019	2018	2017
Premium (TL)	639,485,009	485,057,495	598,041,992	409,133,471	267,568,952
Share in Total Premium (%)	25.8	26.6	36.1	31.0	24.6

PREMIUM (INTERNATIONAL PORTFOLIO) (TL MILLION)





FINANCIAL STRENGTH, PROFITABILITY AND SOLVENCY

Milli Re's premium production reached TL 2,483 million increasing by 36%, while paid losses amounted to approximately TL 1,374 million. The Company booked a net profit of TL 549 million in 2021.

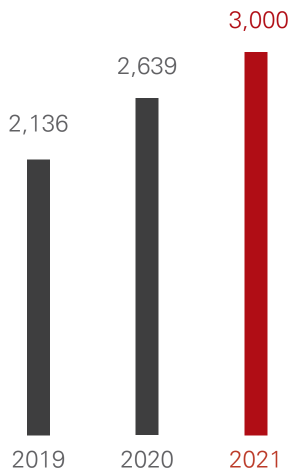
The Company's Liquid Assets correspond to 54% of Total Assets. Owing to its strong and balanced maturity distribution of invested assets, Milli Re fulfilled all of its legal and commercial obligations.

Details on technical results are presented in the "2021 Technical Results" section.

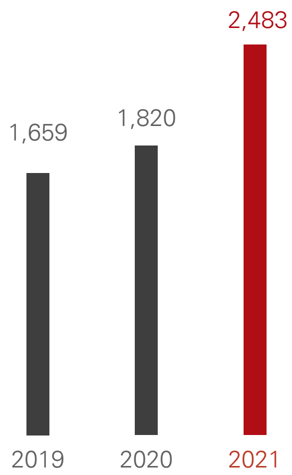
Financial Results (TL million)	2021	2020	Change (%)
Total Assets	7,183	5,506	30.45
Shareholders' Equity	3,000	2,639	13.71
Technical Income	3,011	1,974	52.47
Technical Profit/Loss	221	62	253.98
Financial Income	1,354	685	97.57
Financial Profit/Loss	328	286	14.57
Net Period Profit/Loss	549	349	57.48

MİLLİ RE'S PREMIUM PRODUCTION REACHED TL 2,483 MILLION INCREASING BY 36%, WHILE PAID LOSSES AMOUNTED TO APPROXIMATELY TL 1,374 MILLION. THE COMPANY BOOKED A NET PROFIT OF TL 549 MILLION IN 2021.

SHAREHOLDERS' EQUITY (TL MILLION)

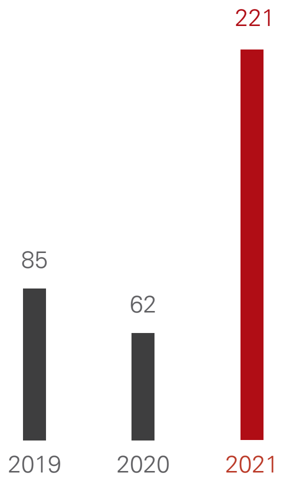


PREMIUM INCOME (TL MILLION)

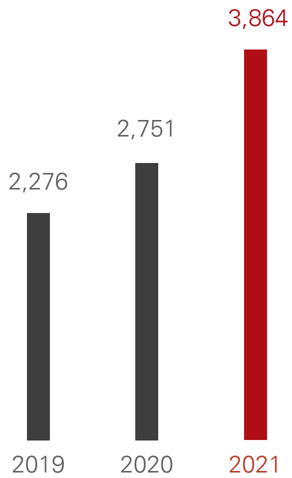


PAID-UP CAPITAL (TL MILLION)

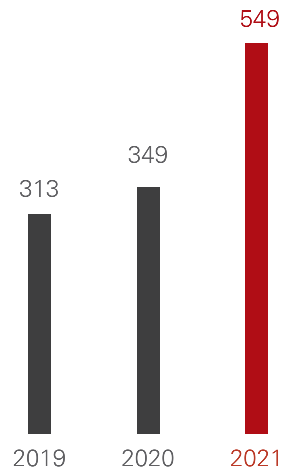
TECHNICAL PROFIT (TL MILLION)



LIQUID ASSETS (TL MILLION)



PROFIT FOR THE PERIOD (TL MILLION)



KEY FINANCIAL INDICATORS

Assets (TL)	2021	2020	2019
Cash and Cash Equivalents	1,940,023,286	1,592,117,064	1,754,800,717
Securities	1,924,014,791	1,158,954,397	520,755,751
Affiliates	1,483,357,768	1,387,229,861	1,064,041,303
Fixed Assets	829,787,832	673,646,023	639,470,512
Total Assets	7,183,128,434	5,506,298,142	4,531,965,239
Liabilities			
Technical Provisions	3,834,193,983	2,684,224,103	2,235,100,571
Shareholders' Equity	3,000,422,620	2,638,633,525	2,135,840,889
Income and Expense Items			
Technical Income	3,010,504,337	1,974,445,716	1,753,841,699
Technical Expenses	(2,789,350,223)	(1,911,969,994)	(1,668,777,912)
Technical Profit/Loss	221,154,114	62,475,722	85,063,787
Financial Income	1,353,558,990	685,087,147	661,184,678
Financial Expenses	(865,902,058)	(368,475,610)	(403,360,732)
General Expenses	(159,845,398)	(30,488,351)	(30,377,119)
Financial Profit/Loss	327,811,534	286,123,186	227,446,827
Profit/Loss for the Period	548,965,648	348,598,908	312,510,614

Key Ratios (%)	2021	2020	2019
1.Capital Adequacy Ratios			
Gross Premiums/ Average Shareholders' Equity	88	76	86
Average Shareholders' Equity/Total Assets	39	43	43
Average Shareholders' Equity/Net Technical Provisions	74	89	87
2.Asset Quality and Liquidity Ratios			
Liquid Assets/Total Assets	54	50	50
Liquidity Ratio	157	161	159
Current Ratio	119	124	121
Premium and Reinsurance Receivables/Total Assets	9	8	8
3.Operational Ratios			
Retention Ratio	87	87	88
Paid Claims/Paid Claims+Outstanding Claims	37	38	40
4.Profitability Ratios			
Gross			
Loss Ratio	95	76	82
Expense Ratio	25	27	26
Combined Ratio	120	103	108
Net			
Loss Ratio	108	86	87
Expense Ratio	28	31	30
Combined Ratio	136	117	117
Profit Before Tax/Gross Written Premiums	27	21	21
Gross Financial Profit/ Gross Written Premiums	18	17	16
Technical Profit/Gross Written Premiums	9	4	5
Profit Before Tax/Total Assets	9	7	8
Profit Before Tax/Average Shareholders' Equity (Excluding Profit)	29	18	21

Key Figures	2021	2020	2019	2018	2017
Gross Premiums	2,842,605,065	1,820,275,306	1,658,819,927	1,320,177,533	1,085,712,889
Technical Division Balance	221,154,114	62,475,722	85,063,787	100,660,204	63,180,784
Investment Income	1,353,558,990	685,087,147	661,184,678	644,537,098	378,157,716
Investment Expenses	(865,902,058)	(368,475,610)	(403,360,732)	(425,812,893)	(192,041,506)
Other Income and Expenses	(30,947,807)	(1,457,582)	6,850,022	(13,488,014)	(2,143,249)
Gross Profit/Loss for the Period	677,863,239	377,629,677	349,737,755	305,896,395	247,153,745
Taxation	(128,897,591)	(29,030,769)	(37,227,141)	(27,682,983)	(44,131,400)
Profit/Loss for the Period	548,965,648	348,598,908	312,510,614	278,213,412	203,022,345
Shareholders' Equity	3,000,422,620	2,638,633,525	2,135,840,889	1,736,300,262	1,587,067,868
Total Assets	7,183,128,434	5,506,298,142	4,531,965,239	3,378,241,986	3,179,504,466

COMPANY CAPITAL

The Company's capital adequacy is calculated in accordance with the principles set out in the "Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies" published in the Official Gazette issue 29454 dated 23 August 2015. According to the calculation based on the principles specified by the Regulation, Milli Re had a surplus of TL 1,975 million as at end of 2021.

The Company has sufficient shareholders' equity to cover liabilities that might result from its existing and potential risks.

Capital Adequacy (TL million)	2021	2020*	2019
Required Capital	980	719	581
Available Capital	2,955	2,532	1,985
Capital Adequacy Result	1,975	1,813	1,403

*2020 was restated according to the "Circular (2021/2) on Reinsurance Companies Satisfying Fiscal and Technical Criteria". Hence, it differs from Note 4.2 Financial Risk Management under Footnotes to the Consolidated and Unconsolidated Financial Statements as at year end 31 December 2020.

2021 TECHNICAL RESULTS

Milli Re's premium income increased by 36.39% on a year-on-year basis and reached TL 2,482,605,065 in 2021. Paid claims increased by 30.51% and were recorded as TL 1,373,848,905 as at the end of 2021.

Premium Production (TL)

Line of Business	2021	2020	2019
Accident	46,776,240	30,010,309	27,302,812
Health	1,198,030	7,369,444	8,029,501
Land Vehicles	22,322,647	27,526,323	38,102,445
Railway Vehicles	-	-	-
Air Vehicles	3,307,551	1,108,216	735,239
Sea Vehicles	94,523,683	66,963,918	45,936,915
Marine	110,160,704	71,603,752	52,994,825
Fire & Natural Disasters	1,439,290,622	1,005,205,113	977,897,738
General Damages	590,314,680	461,653,743	367,787,905
Land Vehicles Liability	55,566,973	46,154,678	46,795,194
Air Vehicles Liability	-	-	-
Sea Vehicles Liability	-	-	28,056
General Liability	101,210,901	62,590,682	70,219,885
Credit	1,785,171	836,401	490
Fidelity Guarantee	2,424,829	1,546,349	1,195,108
Financial Losses	13,130,835	4,364,980	4,087,588
Legal Protection	433,977	426,945	382,386
Total Non-life	**2,482,446,843**	**1,787,360,853**	**1,641,496,087**
Life	**158,222**	**32,914,453**	**17,323,840**
Genel Toplam	**2,482,605,065**	**1,820,275,306**	**1,658,819,927**

2021 Premium Production

Geographical Breakdown	TL	%
Turkey	**1,843,120,056**	**74**
Asia	**345,861,392**	**14**
Asia	247,016,457	10
Middle East	98,844,935	4
Others (incl. America)	**94,494,607**	**4**
Europe	**88,544,182**	**3**
Central & Eastern Europe	55,757,997	2
Western Europe	32,786,185	1
Africa	**10,345,723**	**1**
Worldwide	**100,239,105**	**4**

2021 TECHNICAL RESULTS

In 2021, Milli Re generated TL 221.2 million profit on its technical operations despite the negative impact of increased claim costs due to depreciation of the Turkish lira against foreign currencies, with the contribution of the augmented premium income, currency difference and evaluation income that grew because of currency movements, and transfers from the non-technical division.

Technical Profitability (TL)

Line of Business	2021	2020	2019
Accident	26,184,601	16,685,999	19,270,398
Health	3,435,187	18,907,237	(23,654,163)
Land Vehicles	680,947	1,675,359	(2,082,930)
Railway Vehicles	-	-	-
Air Vehicles	5,719,487	937,843	822,139
Sea Vehicles	18,439,783	(9,088,680)	(13,176,073)
Marine	58,355,638	23,772,585	21,999,869
Fire & Natural Disasters	476,855,109	229,434,666	110,252,677
General Damages	(258,848,290)	(88,032,362)	(4,986,851)
Land Vehicles Liability	(59,808,604)	(31,938,298)	(8,741,515)
Air Vehicles Liability	-	-	-
Sea Vehicles Liability	(34,808)	(85,492)	729,938
General Liability	(25,506,958)	(59,302,976)	5,898,370
Credit	2,282,662	(426,313)	(29,278)
Fidelity Guarantee	(3,890,694)	(740,583)	(205,730)
Financial Losses	(19,838,432)	(42,944,706)	(25,064,359)
Legal Protection	530,878	479,235	418,611
Total Non-life	**224,556,506**	**59,333,514**	**81,451,103**
Life	**(3,402,392)**	**3,142,208**	**3,612,684**
Total	**221,154,114**	**62,475,722**	**85,063,787**

2021 FINANCIAL RESULTS

The Company's financial investments are made in accordance with the Asset Investment Guidelines formulated under the provisions of the "Regulation Amending the Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" published in the Official Gazette issue 27877 dated 17 March 2011.

The Company prefers to invest in liquid instruments with high yield and minimum risk, while part of the portfolio is managed by İş Portföy Yönetimi A.Ş. (İş Asset Management). The Company's financial results are presented in detail below.

Investment Income

In relation to the investment portfolio predominantly consisting of time deposits, a high amount of returns was derived on TL time deposit accounts, owing mainly to the deposit rates that were higher in the current period than in the previous year. In addition, the portfolio was used for buying marketable securities that generated coupon and redemption income on these TL and FC assets; as a result, there was an increase in the "income from financial assets" item on a year-on-year basis.

In the current period, there was a decline in the "income from disposal of financial assets" with the effect of the lesser amount of mutual funds disposed of.

"Valuation of financial assets" increased in connection with the valuation of mutual funds, despite the significant decline in the valuation of TL and FC corporate bonds and bills.

Income derived on FC-denominated corporate bonds and Treasury Eurobonds and FC time deposit accounts contributed to the total investment portfolio income, which mainly resulted from the appreciation of USD and Euro against the Turkish lira. In the current period, TL 423,659,936 was recorded in foreign exchange gains due to the fluctuations in exchange rates.

There was an increase in the "income from associates" and "income from subsidiaries and joint ventures" items in the reporting period due to the rise in the income derived from the Company's associate Anadolu Hayat Emeklilik A.Ş. and its subsidiaries Anadolu Anonim Türk Sigorta Şirketi and Miltaş Turizm İnşaat Ticaret A.Ş. due to equity accounting of these companies.

There was growth in the "income from land and building" item in connection with TL 91,075,000 rise in the values of the Company's properties held for investment based on the results of the surveys carried out.

(TL)	2021	2020	Change (%)
Investment Income	**1,353,558,990**	**685,087,147**	**97.57**
Income from Financial Assets	395,751,183	155,278,239	154.87
Income from Disposal of Financial Assets	38,571,294	48,320,501	(20.18)
Valuation of Financial Assets	34,046,169	27,971,300	21.72
Foreign Exchange Gains	423,659,936	94,862,946	346.60
Income from Subsidiaries	87,218,513	65,656,632	32.84
Income from Subsidiaries and Joint Ventures	257,964,520	231,971,961	11.21
Income from Property Plant and Equipment	116,346,333	60,771,090	91.45
Income from Derivative Transactions	1,042	254,478	(99.59)

2021 FINANCIAL RESULTS

Investment Expenses

There was a decline in the "loss from disposal of financial assets" item due to the lesser amount of mutual funds disposed of in the current period.

Depreciation costs increased since the amortization costs were incurred for 10 months in the previous period and for 12 months in the current period due to the fact that the reinsurance software was activated in March 2020.

"Other investment expenses" increased in conjunction with the increased expenses subject to expenditure tax.

Due to the fluctuations in foreign exchange rates, currency loss in the amount of TL 23,195,899 was registered in the current period.

(TL)	2021	2020	Change (%)
Investment Expenses	**(865,902,058)**	**(368,475,610)**	**135.00**
Investment Management Expenses – (Incl. Interest)	(53,257)	(78,988)	(32.58)
Loss from Disposal of Financial Assets	(498,511)	(1,586,173)	(68.57)
Investment Income Transferred to Non-life Technical Account	(795,304,266)	(316,455,994)	151.32
Foreign Exchange Losses	(23,195,899)	(20,493,502)	13.19
Depreciation and Amortization Expenses	(19,469,027)	(16,136,886)	20.65
Other Investment Expenses	(27,381,098)	(13,724,067)	99.51

Income and Expenses from Other and Extraordinary Operations

Although there was an increase in the "deferred tax assets account" due to the higher amount of deferred tax income generated mainly because of the rise in equalization reserve, unexpired risk reserves and provision for pension fund deficits, the reserves account was negatively affected by the increased evaluation amount of doubtful receivables arising from the Company's main operations as a result of increased exchange rates and the rise in the provision for pension fund deficits. As a result, there was a decline in the "income and expenses from other and extraordinary operations" item.

(TL)	2021	2020	Change (%)
Income and Expenses From Other and Extraordinary Operations	**(30,947,807)**	**(1,457,582)**	**2,023.23**
Provisions	(62,599,328)	(21,990,214)	184.67
Rediscounts	(1,091,600)	495,757	-
Deferred Taxation (Deferred Tax Assets)	23,899,257	7,274,347	228.54
Other Income	8,945,526	12,788,554	(30.05)
Other Expenses and Losses	(101,662)	(26,026)	290.62

Corporate Tax Liability Provision on Period Profit

The rise in the corporate tax liability provision basically stems from financial profit (profit according to Tax Procedure Law), which was higher in the current period as compared to the previous year, and the increased corporate tax rate.

As a result, the Company posted a net profit of TL 548,965,648 in 2021.

GENERAL ASSEMBLY AGENDA

MİLLÎ REASÜRANS TÜRK ANONİM ŞİRKETİ

AGENDA FOR THE GENERAL ASSEMBLY HELD on 28 MARCH 2022

1. Opening and formation of the Presiding Board,
2. Reading and discussion of the 2021 Activity Report drawn up by the Board of Directors,
3. Reading of the Statutory Auditors' report,
4. Reading, discussion and approval of the Company's Financial Statements for 2021,
5. Approval of the election made pursuant to Article 363 of the Turkish Commercial Code and Article 12 of the Articles of Association for the member's seat on the Board of Directors vacated during the reporting period,
6. Declaration of the Board of Directors,
7. Determination of the manner and date of distribution of profit for 2021,
8. Election for the seats on the Board of Directors,
9. Determination of Statutory Auditor,
10. Determination of the remuneration to be paid to the members of the Board of Directors,
11. Authorizing the Board of Directors to perform the transactions set out in Articles 395 and 396 of the Turkish Commercial Code.

REPORT BY THE BOARD OF DIRECTORS

Distinguished Shareholders,

We respectfully present the balance sheet, income statement, profit distribution statement, statement of changes in equity, and the cash flow statement showing the results achieved in 2021, marking the Company's 93rd year of operation, for the assessment and approval of the Esteemed Assembly. These documents are prepared in line with the provisions of applicable legislation and the principles and guidelines set out by the Republic of Turkey Ministry of Treasury and Finance.

While Covid-19 persisted with its new variants in 2021 despite increasing rates of vaccination, relative normalization brought along a fast recovery in economic activity. The recovery was driven mainly by the expansionary monetary and fiscal policies implemented globally by the central banks of major developed countries against the pandemic, and the demand that kicked in in 2021, which was deferred due to lockdowns in the previous period.

Supply shortage that emerged in view of the quickly rising demand led to issues in accessibility of raw materials, which aggravated cost-side inflationary pressures. In connection with this development, commodity prices took an upturn, on top of which came the supply issues in the chip industry, leading to a crisis that escalated to production halts in automotive and high-tech products. In addition, rapid increase in consumption and investment demand also carried inflation concerns to the top of the economy agenda in 2021.

In its World Economic Outlook update released in January 2022, the International Monetary Fund (IMF) estimated a growth rate of 5.9% for the global economy in 2021, projecting the same as 4.4% for 2022. While the estimated growth rate for 2021 for developed economies is 5%, it is 6.5% for emerging countries. In the same report, the IMF estimates 5.2% growth for the Euro Zone, 5.6% for the US, and 8.1% for China.

Having completed 2020 with 1.8% growth with a fast recovery which was enabled by the measures supporting economic activity, the Turkish economy maintained its growth momentum also in 2021 and expanded by 7.3%, 21.9%, 7.5% and 9.1% respectively for each quarter according to chain volume measures, whereas annual growth was 11%. Main factors supporting growth were private consumption, which played an important part with the contribution of the base effect, and exports which saw record levels.

In the global reinsurance market, total economic losses resulting from natural catastrophes went up by 33% to reach USD 280 billion in 2021. Insured cat losses, on the other hand, exceeded the 2020 figure of USD 82 billion reaching USD 120 billion and making 2021 the second costliest year on record for the industry. Majority of losses were caused by secondary perils such as flood, wildfire, winter weather and severe weather conditions. Only 43% of the global natural catastrophe losses were insured, pointing out to the fact that insurance penetration remains relatively low for secondary perils even in developed countries.

It is still difficult to predict the ultimate impact of the Covid-19 pandemic, which undoubtedly continued to be one of the hot topics for the insurance and reinsurance industry, with total reported insured losses reaching USD 48 billion by the end of 2021. Around 40% of this figure relates to incurred but not reported (IBNR) losses, primarily owing to loss of profit claims from property lines. As the global economy is in the recovery phase after the shock caused by the pandemic, the profitability of the insurance industry is expected to boost in 2022 and onwards.

Despite the losses caused by major natural disasters as well as the increase in the frequency of medium-scale events and catastrophe losses driven by secondary perils and the uncertainty around the development of Covid-19 losses, with the help of improved terms and conditions in favor of the reinsurers, total of traditional and alternative reinsurance capital rose from 2020 year-end figure of USD 650 billion to USD 660 billion by the end of June 2021.

According to year-end 2021 data of the Insurance Association of Turkey, the Turkish insurance industry's premium production was up by 27.5% on a year-on-year basis to TL 105.3 billion. This nominal growth corresponds to a contraction of 6.3% in real terms in view of the inflation factor. Generating 83.2% of the sector's premium, Non-Life premium reached TL 87.6 billion with an annual nominal growth by 28.5%. Nevertheless, the Non-Life insurance income shrank by 5.6% in real terms, particularly due to the relative contraction in the Land Vehicles Liability that has 27% share in total premium. In Life, nominal growth was 22.8% in connection with the change in the volume of individual loans, and the share of the branch in total premium went down from 17.5% to 16.8%.

Premium income from Land Vehicles Liability that has the highest share in the sector remained limited. Having showed a nominal growth of 13.8% and a contraction of 16.4% against inflation, the share of the branch in Non-Life total premium dropped from 30.1% to 26.6%, creating a negative impact on the overall sector's growth. Having 16.3% share in Non-Life, Land Vehicles' annual nominal growth was 33.1%, which translated into a contraction by 2.2% in real terms.

Owing to the strengthened positive perception of Health insurance during the pandemic and to the reflection of medical inflation on premiums, premiums from Private Health and Complementary Health Insurances grew by 29.5%, and specifically Complementary Health insurance registered a real growth of 27.3%. Although the annual real change in total premium from Health shrank by 4.8% in real terms, the branch was able to preserve its 15% share in Non-Life. The share of Fire and Natural Catastrophe Perils in non-life premiums rose to 16% in line with the 32.7% nominal increase in premium income as compared with the previous year. Although it corresponds to 2.5% contraction in real terms, Fire and Natural Catastrophe Perils was among the lines generating the highest premium growth.

In the period ahead, currency movements, the growth in exports and the economy will be main factors that would have a significant effect on the progress of the insurance industry. It is expected that the initiatives to provide insurance coverage to major Public-Private Partnership (PPP) infrastructure projects, growth in the scope and penetration of the agricultural insurance pool Tarsim, increase in the insurance penetration in industrial risks and SMEs will help raise the share of insurance in the economy.

Most insurance companies operating in the industry continued to protect their risk portfolios with surplus bouquet treaties on proportional basis also in 2022. On the other hand, Milli Re participated in the programs of six of the eight companies that utilize Excess of Loss agreements for their risk protection. Following January 2022 renewals, Milli Re provides capacity to 23 companies that utilize proportional treaties in the overall market, leads reinsurance treaties of 18 companies and has 27% market share.

Pursuing a consistent and prudent strategy in its operations, Milli Re's premium increased by 36% compared to the previous year and reached TL 2,483 million. The Company generated 74.2% of its total premiums from local business and the remaining 25.8% from international portfolio. With paid claims increasing by 30.51% to TL 1,374 million, the Company booked a net profit of TL 549 million in 2021.

Having provided reinsurance capacity to the Turkish insurance market since 1929; within the strategy of penetrating foreign markets, our Company started focusing on international business since 2006 and our Singapore branch, which started operations in 2008 in line with this strategy, completed its 15th year. Despite the challenges posed by the intensely competitive environment and rapidly changing circumstances both in international and local markets, Milli Re demonstrates stable performance thanks to its experience, robust financial structure and know-how that goes back many years. With the ability to thoroughly examine and efficiently respond to market dynamics, our Company provides reinsurance capacity to 95 ceding companies from 37 countries through a wide range of products offered within the framework of its meticulously pursued underwriting policy and it successfully continues its operations in line with the aim of being a sought after business partner in the international arena as well as in Turkey.

Committed to the Turkish insurance industry and the national economy by delivering services at best practice standards along with effective solutions for over 90 years established on the deep-rooted corporate culture and experience, our Company has maintained and further improved its position as the leading reinsurer in the local market in 2021 despite the pandemic and the volatile economic conjuncture thanks to its solid capitalization and technical infrastructure. Keeping up with its vision of being a preferred reinsurer also in other markets where it is active, Milli Re aims to carry its achievements into the future in alignment with its profit-oriented and sustainable growth objectives.

We sincerely thank all our stakeholders who played a big part in the 2021 performance of our Company as it confidently continues to flourish with the contribution of its solid capitalization and the synergy created with its business partners.

Sincerely,

BOARD OF DIRECTORS

DIVIDEND DISTRIBUTION POLICY

Maintaining a balance between the Company's interests, shareholders' expectations and the Company's profitability are the main factors taken into consideration in relation to dividend distribution.

Dividend distribution principles that are determined within the framework of the applicable legislation and the Company's Articles of Association are presented below:

Profit distribution of the Company is decided by the General Assembly of Shareholders based on the proposal set forth by the Board of Directors in view of the provisions of the Turkish Commercial Code and other applicable legislation governing the Company.

The Company's net profit consists of the revenues generated up until the end of an accounting period less general expenses, depreciation, all reserves deemed necessary, taxes and similar legal and financial obligations, along with previous years' losses, if any.

Net profit, which is calculated as mentioned above, is allocated and distributed in the order written below:

a) An amount equal to 5% of the net annual profit is set aside as general legal reserves every year until such reserves reach 20% of the paid-up capital.

b) Once the legal limit is reached, the amounts stipulated by Article 519/2 (a) and (b) of the Turkish Commercial Code are added to the general legal reserves.

c) A first dividend equal to 10% of the remaining net profit is distributed to shareholders.

d) In the event that the Company has repurchased its own shares, reserves equal to the amount that would cover the acquisition costs will be set aside pursuant to Article 520 of the Turkish Commercial Code.

e) A natural disaster and catastrophe fund may be set aside from the remaining amount, if deemed necessary, of amounts to be determined upon the proposal set forth by the Board of Directors and based on the resolution passed by the General Assembly.

f) From the balance that remains after setting aside the legal reserves, first dividends, other reserves and funds mentioned above from the net profit, a proportion up to 3% is paid out to employees, provided that the amount does not exceed three times' the recipients' salaries.

g) From the amount remaining after the above-mentioned allocations and distributions, without prejudice to the provisions of the applicable legislation, a second dividend is paid to shareholders upon the proposal set forth by the Board of Directors and based on the resolution passed by the General Assembly.

h) In pursuance with the provision of Article 519/2 (c) of the Turkish Commercial Code, 10% of the total amount to be distributed to those who will receive a share of the profit will be added to legal reserves.

i) The balance will be utilized in a form and manner to be determined by the General Assembly.

Provisions of Article 519/3 of the Turkish Commercial Code are reserved.

Unless and until the reserves that are legally required to be set aside and the first dividends determined for shareholders in the Articles of Association are set aside, no decision may be taken to set aside further reserves, to carry forward profit to the following year or to distribute any share of the profit to the employees.

The distribution of the cash dividend must be realized no later than by the end of the second month following the date of the Annual General Assembly in which the profit distribution decision was passed. The distribution of a dividend in the form of dematerialized shares is carried out upon receipt of legal permissions.

DIVIDEND DISTRIBUTION PROPOSAL

Out of TL 682,320,051	that constitutes the 2021 pretax profit,
TL 128,897,591	will be set aside as provision for taxes provided that the balance, if any, after accrual of taxes will be added to legal reserves;
Yielding TL 553,422,460	which is the net profit reported in 2021 balance sheet,
Less TL 27,671,123	which is 5% of pretax profit, to be set aside for legal reserves as per section 27/a of the Articles of Association;
Yielding TL 525,751,337	
Less TL 58,196,850	which is statutory reserves that must be retained at and saved by the Company as per Circular (2021/30) Amending the Circular no. 2016/22
Yielding TL 467,554,487	
Less TL 46,755,449	which will be set aside as first dividend, which is 10% of net profit to be distributed to personnel as per section 27/c of the Articles of Association
Yielding TL 420,799,038	
Less TL 4,456,812	for distribution to the personnel, as per section 27/f of the Articles of Association
Yielding TL 416,342,226	
Less TL 1,244,551	to be set aside as second dividend for distribution to shareholders as per section 27/g of the Articles of Association
Yielding TL 415,097,675	
Less TL 1,945,681	to be set aside as statutory reserves as per Article 519/2 (c) of the Turkish Commercial Code
Yielding TL 413,151,994	
Less TL 33,809,969	to be set aside for acquiring venture capital mutual fund participation shares under Article 325/A of the Tax Procedure Law and Article 10 of the Corporate Tax Law
The remaining amount of TL 379,342,025	be transferred entirely to legal reserves.

Provided that the proposal presented above is approved by your Esteemed Assembly, profit share distribution will take place on 31 March 2022. We extend our thanks to our business partners and our employees who contributed to the positive results achieved in 2021.

BOARD OF DIRECTORS

06
RISKS AND ASSESSMENT OF THE GOVERNING BODY

RISK MANAGEMENT PRACTICES

Given the risk-focused nature of insurance business, insurance and reinsurance companies establish risk management systems and processes, and systematically monitor risk exposure, as part of their primary activities. Therefore, our Company has been implementing risk management techniques for many years; development of these techniques has gained even greater importance due to the adverse developments in the Turkish and global financial markets during the recent years, as well as the disasters that have occurred.

The aim of the risk management system is to define the risks arising from Company's activities, to determine related limits, to measure, monitor, control the risks effectively, to take necessary measures and to do the necessary reporting to related authorities, as well as to protect Milli Re's reputation and to ensure that liabilities to insurance companies are fulfilled completely and in a timely manner.

The function of the Risk Committee, established to determine risk management strategies and policies that the Company will follow and submit them to the Board of Directors for approval, is to evaluate the risk management activities of the Internal Control and Risk Management Department in accordance with the related procedures and to monitor the implementations in respect of risk management function throughout the Company.

The "Risk Catalogue", which aims to form a common terminology within the Company and in which possible risks are classified and defined by examples, is updated in accordance with changing conditions and approved by the Board of Directors. Moreover, the measurement methods of the risks that the Company is/may be exposed to, risk tolerance, duties and responsibilities related to risk measurement, risk limits, determination methods of these limits, action plans in case of limit violations, authorizations and responsibilities related to limits, and situations that necessitate approval and confirmation are detailed in the "Application Principles in Respect of Risk Limits", which is approved by the Board of Directors and updated in accordance with changing conditions.

The risk management duties and responsibilities of the Internal Control and Risk Management Department are as follows:

- To determine, define, measure, monitor and control risks,
- To determine the risk management policies predicated on risk management strategies and to submit them to the Risk Committee,
- To declare risk management principles, procedures and policies throughout the Company,
- To provide the implementation of risk management policies and compliance with them,
- To develop risk management techniques and methods, to ensure that risks are within determined limits and to monitor limit violations, if any,
- To carry out reporting and announcement activities in respect of risk management,
- To control capital adequacy calculations performed according to the related legislation,
- To carry out the processes in respect of disaster management.

Basic Risks and Measurement Methods

Risks that the Company is and/or may be exposed to are classified under two headings: financial and non-financial risks. Definitions of basic risks and their assessment methods are stated below.

Financial Risks

Underwriting Risk

This risk arises from the inaccurate and inefficient application of reinsurance techniques in the process of making profit by underwriting and retrocession activities.

When measuring underwriting risk, assessment of compliance with predetermined underwriting limits and principles and compliance of Company's retention and reinsurance protection limits with the criteria set out in the "Application Principles in Respect of Risk Limits" is conducted.

Company's capital structure, market conditions, underwriting limits in respect of the lines of business which will be subject to retrocession contracts, risk profiles, loss experience, accumulation that may occur in the event of a catastrophe risk, regional event limits, and modelled loss amounts, if applicable, are taken into consideration during arrangement of retrocession contracts which are prepared in order to cover the liabilities arising from underwritten business.

Credit Risk

This risk expresses the probability of loss arising from the full or partial default of the counterparties (security issuers, insurance/reinsurance companies, other debtors) with which the Company has a business relationship.

Credit risk is measured by both quantitative and qualitative methods. The key criteria in the selection of reinsurers, participating in the retrocession contracts arranged for covering Company's liabilities arising from business acceptances in various lines of business, is the credit ratings of reinsurers. On the other hand, the payment performances and financial conditions of counterparties are also taken into account.

In order to assess the concentration risk arising from the transfer of the risk to one or several specific reinsurers, premiums ceded to reinsurers are taken as a base and reinsurers' conditions such as being licensed in Turkey, being in the group and meeting the criteria set by the relevant authority regarding credit risk rating are taken into consideration. Premium transfers that exceed the limits stated by the Ministry of Treasury and Finance are considered as concentration and are included in the capital adequacy calculation by being multiplied by risk factors defined by the said authority.

Moreover, doubtful receivables, distribution of the Company's investment portfolio in terms of counterparties, and the ratings of bond issuers of private bonds that are in the portfolio, are monitored quarterly in accordance with the principles defined in Company's Investment Policy.

Asset-Liability Management Risk

This risk expresses the potential loss that may arise from the inefficient and inaccurate management of Company assets without considering the characteristics of the Company's liabilities and optimizing the risk-return balance.

This risk, which is measured by quantitative methods, includes all other financial risks of the Company with the exception of underwriting and credit risk. The components of the risk are described below:

a) Market Risk

This risk expresses the probability of loss because of the interest rate risk, rate of exchange risk and equity position risk occurring in the financial position of the Company due to the interest, rate of exchange, equity, commodity and option price changes arising from the volatilities in financial markets.

When determining market risk exposure of the Company, Value at Risk (VaR) method, which measures the maximum loss that may occur at a definite confidence level in value of investment portfolio held for a definite time period, due to volatilities in risk factors is used. VaR is calculated by using the "Historical Simulation Method" where different scenarios are created by taking into consideration the historical data. Calculations are based on 250 working days, 99% confidence level and 1 day holding period.

In addition to the daily calculated VaR, following tests are applied:

- Backtesting
- Stress Tests
- Scenario Analysis

These tests are used to support the VaR method in calculating the loss in portfolio value due to unexpected and extraordinary circumstances and intend to test the accuracy of the measurement results and monitor the sensitivity of the portfolio to changes in the basic risk factors by creating different scenarios.

Market risk limits are set out in "Application Principles in Respect of Risk Limits", while limits and application principles in respect of investment portfolio are set out in "Derivatives Policy", "Macro Asset Investment Policy", "Investment Policy" and "Alternative Investment Plan" of the relevant year. Mentioned limits are checked regularly.

RISK MANAGEMENT PRACTICES

b) Structural Interest Rate Risk

This risk expresses the negative impact on balance sheet assets and liabilities which are not subject to trading, due to possible changes in interest rates.

Receivables from reinsurance operations and payables arising from reinsurance operations are discounted by using LIBOR rates in respect of related currencies and maturities and these figures go into the financial statements, accordingly they are subject to structural interest rate risk. Upward and downward shocks are applied to LIBOR rates that are used in discounting process every three months and possible changes in values of receivables and payables are calculated.

c) Liquidity Risk

This risk denotes the imbalance between the Company's cash outflows and inflows in terms of maturity and volume.

This risk is measured using quantitative methods, and any liquidity deficit is observed via maturity analysis of assets and liabilities in the balance sheet. Moreover, level of liquid assets covering liabilities is monitored by using the liquidity ratio and assessed within the defined limit.

d) Capital Investment Risk

This risk expresses the loss that may arise in the value of capital investments or dividend income due to general market conditions, legislative amendments and/or to the problems in managerial or financial structure of the invested companies.

Market values of the equities followed-up under financial assets held for trading account are evaluated on the basis of Borsa İstanbul (BİST) data, whereas available-for-sale financial assets are evaluated according to their fair values. Subsidiaries and affiliates are evaluated according to equity method.

e) Real Estate Investment Risk

This risk expresses the negative impact on assets which are sensitive to real estate prices, due to adverse movements or excessive volatilities in real estate prices or the sale of the real estates under actual value.

Real Estate Investment Risk is monitored in accordance with valuation reports which are to be prepared in accordance with the related provisions of the legislation and taking into consideration the Company's requirements and investment policies. Besides, by applying a defined downward stress on the expertise values, loss amount that may arise in the value of real estates and shareholders' equity is monitored.

Non-Financial Risks

Operational Environment Risk

This risk is defined as the risk of negative impact of external factors (political, economic, pandemic-related, demographic etc.) of the Company's operating environment, on the operational ability of the Company.

Qualitative methods are used to measure this risk. The underwriting portfolio is monitored on country basis to see if there are any business acceptances from countries that are defined as "unapproved" due to political or economic conditions and also credit ratings of countries, generating the highest share of estimated premium income in respect of developing market acceptances are analyzed.

Strategy Risk

This risk arises due to the inefficient managerial and organizational structure of the Company, inability of the management to determine and/or develop effective strategies or non-disclosure and/or lack of implementation of these strategies, erroneous business decisions, and improper application of decisions or noncompliance with the changing market dynamics.

Qualitative methods are used to measure the level of this risk. On the basis of "Self-Assessment Methodology", "Questionnaire" and/or "Interview" methods are used to determine the impact and probability level of the risk as "High", "Acceptable" or "Low".

Model Risk

This risk expresses the probability of loss that may occur if the models that the Company uses within risk measurement processes are inappropriately designed or not properly implemented.

In measurement and assessment process of Model Risk, "Questionnaire" and/or "Interview" methods are used on the basis of "Self-Assessment Methodology", to determine the impact and probability level of the risk as "High", "Acceptable" or "Low".

Operational Risk

This risk expresses the probable losses arising from inappropriate or inoperative business processes, human errors, technological or infrastructural interruptions, changes in management or processes, inaccurate internal/external reporting or external factors occurring while Company conducts its vital functions necessary for the continuation of business, and inability to secure low cost and high efficiency as a result of business interruption due to disasters.

Qualitative and quantitative methods are used together in measuring the operational risk. Factor Based Standard Approach is applied as a quantitative method. In this method, the required capital for operational risks is calculated by multiplying gross technical provisions and gross earned premiums by the factors in respect of the relevant lines of business.

"Self-Assessment Methodology", which allows determination of the risks related to activities conducted with the involvement of staff performing such activities, is applied as a qualitative method for operational risk. The level of the operational risk that the Company is exposed to is subsequently classified as "High", "Acceptable" or "Low" depending on the result of the assessments.

Reputation Risk

This risk can be defined as the probable loss due to loss of confidence of the Company or damage to the "Company Reputation" resulting from failures in operations or noncompliance with current regulations.

Qualitative methods are used to measure the level of the risk. On the basis of "Self-Assessment Methodology", "Questionnaire" and/or "Interview" methods are used to determine the impact and probability levels of the risk as "High", "Acceptable" or "Low".

Information Technologies Risk

This risk expresses the probable losses arising in Information Technology (IT) processes, assets and resources that constitute the entire hardware, applications and communication channels used in operations, due to internal and external problems occurring in operations and processes such as strategy management, cost management, human resources management, risk management, incident and problem management, information security, back up process, procurement process, supplier selection and assessment, user identification and access management, critical resources management, data security, integrity and availability, acquisition and modification of software and hardware, test and version management, service quality and continuity, business continuity, disaster and configuration management, environmental and physical factors management.

Risks related to Company's information technologies are measured and assessed in accordance with the provisions stated in Information Technology Risk Management Application Principles, based on internationally accepted practices.

On the other hand, Disaster Management process, defined with the purpose of governing and monitoring sub-risks in relation to Business Continuity and IT Continuity, is carried out in accordance with the provisions of related legislation. An internal training is organized and a test study is performed annually within the context of Disaster Management. In this regard, for Company's business processes and information systems, this year's exercise was carried out by providing remote access to applications and systems in Disaster Server Centre located outside of İstanbul via a secure network connection. According to the results of this study, which was performed by displaying and entering the data, it was confirmed that IT resources related to critical processes and data stored in these resources were accessible in conformity with recovery point objectives.

All findings obtained as a result of measurement of the above mentioned risks, analyses and assessments in respect of these findings are regularly reported by Internal Control and Risk Management Department to General Manager, Risk Committee and Board of Directors, as well as to Subsidiaries Division of İşbank.

If the impact and probability levels of the risks are found "High", the Board of Directors determines an action plan regarding the necessary actions.

ASSESSMENT OF CAPITAL ADEQUACY

The Company's capital adequacy is measured according to the provisions of "Regulation in Respect of Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies", which was published by the Ministry of Treasury and Finance and assessments regarding the results are submitted to General Manager, Risk Committee, Board of Directors and Subsidiaries Division of İşbank via the "Risk Assessment Report".

The factor-based method, used according to the aforementioned regulation, determines the amount of capital required for each type of risk, and thus allows the calculation of the total required capital.

TRANSACTIONS CARRIED OUT WITH MİLLİ RE'S RISK GROUP

Being a member of İşbank group, Milli Re carries out its relations with its risk group on an arm's length basis.

Relations with group companies are concentrated mostly in reinsurance, banking, portfolio management, information technologies services and risk management.

Risk management activities are carried out in compliance with Consolidated Risk Policies of the risk group. Possible risks and findings obtained as a result of measurement are regularly monitored through reporting systems set up within the group.

Detailed information on the Company's transactions with its risk group is presented in the notes to the Financial Statements.

THE ANNUAL REPORTS OF THE PARENT COMPANY IN THE GROUP OF COMPANIES

a- The Parent Company Milli Re holds shares representing 57.31% of the capital of Anadolu Anonim Türk Sigorta Şirketi directly, and 1% and 12.46% of the capital of Anadolu Hayat ve Emeklilik A.Ş. directly and indirectly, respectively.

b- Group companies do not have any shares of Parent Company Millî Reasürans T.A.Ş.

c- The Company's Consolidated and Unconsolidated Internal Audit and Risk Management Policies are formulated within the frame of the relevant consolidated policies of the group of companies to which the Company is affiliated and covers the Company's subsidiaries subject to consolidation on a line-by-line basis. These are based on the operating principles of Türkiye İş Bankası A.Ş.

07

UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021 TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

(Convenience translation of independent auditors' report and unconsolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Millî Reasürans Türk Anonim Şirketi

A) Report on the Audit of the Unconsolidated Financial Statements

1) Opinion

We have audited the unconsolidated financial statements of Millî Reasürans Türk Anonim Şirketi (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2021, and the unconsolidated statement of income, unconsolidated statement of changes in equity, unconsolidated statement of cash flows and statement of profit distribution for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2021, and its unconsolidated financial performance, its unconsolidated cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

Key audit matter	*How our audit addressed the key audit matter*
Incurred But Not Reported Outstanding Claims Reserve	
As of December 31, 2021, the Company has insurance liabilities of TL 3.834.193.983 representing 53% of the Company's total liabilities. The Company has reflected a net provision of TL 2.268.809.305 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions (net negative amount of TL 246.958.854) which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17. The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's unconsolidated financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.	We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team. These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Company are appropriate. In this context, we have performed the audit procedures related to the recording the Company's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.

INDEPENDENT AUDITOR'S REPORT

Valuation of investment properties and properties for own use and significant information disclosed	
As explained in note 2, 6 and 7, the Company recognizes investment properties and properties for own use at their fair values, after initial recognition. As of December 31, 2021, fair value amount of the investment properties and properties for own use disclosed in the unconsolidated financial statements amounts to TL 549.896.000 and TL 234.955.000 respectively, as determined by independent appraisal firms and details of the valuation have been disclosed in note 2, 6 and 7. Due to the fact that investment properties and properties for own use are a significant part of the Company's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of properties as a key audit matter.	We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management. In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying property. We reconciled the appraised value for independent sections in the valuation report with disclosed amount in note 6 and 7. In addition, we reconciled standing data included in the valuation report such as rental income, duration of lease contracts, occupancy rates and administration expenses to source documents. Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations (including the discount rate, the market rent and the expected occupancy rates) against external data. For this assessment we involved internal valuation experts in our audit procedures. Due to the high level of judgment in the valuation of investment property and properties for own use and the existence of alternative assumptions and valuation methods, we assessed if the result of the external valuation is within an acceptable range. We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.

4) Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with Insurance Accounting and Financial Reporting Legislation and designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

5) Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatih Polat, SMMM
Partner

February 24, 2022
Istanbul, Turkey

Millî Reasürans Türk Anonim Şirketi

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE UNCONSOLIDATED FINANCIAL STATEMENT PREPARED AS OF DECEMBER 31, 2021

We confirm that the unconsolidated financial statements and related disclosures and footnotes as of December 31, 2021 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the "Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies" and the financial records of our Company.

Istanbul,

February 24, 2022

Şule SOYLU Assistant General Manager	Özlem CİVAN Assistant General Manager	Fikret Utku ÖZDEMİR General Manager	Ertan TAN Actuary Registration No: 21

CONTENTS

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

ASSETS			
		Audited Current Period	Audited Prior Period
I- Current Assets	Note	December 31, 2021	December 31, 2020
A- Cash and Cash Equivalents	4.2,14	1.940.023.286	1.592.117.064
1- Cash	4.2,14	21.528	21.439
2- Cheques Received	4.2,14	-	400.138
3- Banks	4.2,14	1.940.001.758	1.591.695.487
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months		-	-
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	11	1.924.014.791	1.158.954.397
1- Financial Assets Available for Sale	11	1.686.966.206	975.166.126
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11	244.003.125	190.742.811
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders		-	-
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)	11	(6.954.540)	(6.954.540)
C- Receivables From Main Operations	4.2,12	514.613.495	265.641.807
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations	4.2,12	316.410.641	174.596.149
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited For Insurance & Reinsurance Companies	4.2,12	198.202.854	91.045.658
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables From Main Operations		-	-
10- Provisions for Doubtful Receivables From Main Operations (-)		-	-
D- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables	4.2,12	1.908.875	1.604.433
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	4.2,12	885.596	510.403
4- Other Receivables	4.2,12	1.023.279	1.094.030
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables	4.2,12	1.061.329	832.788
7- Provisions for Other Doubtful Receivables (-)	4.2,12	(1.061.329)	(832.788)
F- Prepaid Expenses and Income Accruals		343.164.854	250.765.325
1- Deferred Commission Expenses	17	281.625.876	200.379.888
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4.2	20.728.018	20.892.868
4- Other Prepaid Expenses	4.2	40.810.960	29.492.569
G- Other Current Assets		5.324.804	12.161.384
1- Inventories		107.777	105.755
2- Prepaid Taxes and Funds	12, 19	-	11.092.252
3- Deferred Tax Assets		-	-
4- Job Advances	4.2,12	3.037.253	106.950
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		2.179.774	856.427
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		4.729.050.105	3.281.244.410

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

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

ASSETS			
II- Non-Current Assets	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A- Receivables From Main Operations		125.776.087	163.933.921
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations	4.2,12	42.780.881	50.447.197
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies	4.2,12	82.995.206	113.486.724
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations	4.2,12	63.257.777	35.056.517
10- Provision for Doubtful Receivables from Main Operations	4.2,12	(63.257.777)	(35.056.517)
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables		-	-
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets	4.2,9	1.483.357.768	1.387.229.861
1- Investments In Associates		-	-
2- Affiliates	4.2,9	234.810.535	199.595.913
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries	4.2,9	1.248.547.233	1.187.633.948
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
E- Tangible Fixed Assets	6	799.046.167	642.476.255
1- Investment Properties	6,7	549.896.000	458.821.000
2- Diminution in Value for Investment Properties (-)		-	-
3- Building for own use	6	234.955.000	180.163.740
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	12.573.415	9.712.433
6- Vehicles	6	3.234.751	2.439.414
7- Other Tangible Assets (Including Leasehold Improvements)		-	-
8- Leased Tangible Fixed Assets	6	6.637.769	3.631.739
9- Accumulated Depreciation (-)	6	(14.174.798)	(12.292.071)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)	6	5.924.030	-
F- Intangible Fixed Assets	8	30.741.665	31.169.768
1- Rights	8	49.916.464	47.785.666
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(31.644.076)	(16.615.898)
8- Advances Regarding Intangible Assets	5,6,7	12.469.277	-
G- Prepaid Expenses and Income Accruals		20.493	243.927
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses		20.493	243.927
H- Other Non-current Assets		15.136.149	-
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	15.136.149	-
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		2.454.078.329	2.225.053.732
TOTAL ASSETS		7.183.128.434	5.506.298.142

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

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

LIABILITIES

III- Short-Term Liabilities	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A- Borrowings	20	3.234.894	-
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Current Portion of Long-Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	20	3.234.894	-
B- Payables From Main Operations	4.2,19	96.743.152	61.827.219
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations	4.2,19	95.699.106	60.370.427
3- Cash Deposited by Insurance & Reinsurance Companies	4.2,19	1.044.046	1.456.792
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties	4.2,19	156.141	136.214
1- Due to Shareholders	45	140.984	127.553
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties	45	15.157	8.661
D- Other Payables	19	3.616.330	1.321.982
1- Deposits and Guarantees Received	19	-	400.138
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables	19,4.2	3.616.330	921.844
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves	17	3.588.338.932	2.499.551.753
1- Unearned Premiums Reserve - Net	17	1.163.683.910	819.936.604
2- Unexpired Risk Reserves - Net	17	155.845.717	48.148.394
3- Mathematical Reserves - Net	17	-	13.014
4- Outstanding Claims Reserve - Net	4.2,17	2.268.809.305	1.631.453.741
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions	4.2,19	81.489.082	2.358.902
1- Taxes and Dues Payable	19	3.838.323	2.181.669
2- Social Security Premiums Payable	19	221.967	177.233
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Liability Provision on Period Profit	19	128.897.591	29.030.769
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	19	(51.468.799)	(29.030.769)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		-	-
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs		-	-
H- Deferred Income and Expense Accruals	19	14.791.526	10.087.217
1- Deferred Commission Income	10,19	4.098.066	2.760.960
2- Expense Accruals	19	10.493.032	6.988.383
3- Other Deferred Income	19	200.428	337.874
I- Other Short-Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short-Term Liabilities		-	-
III - Total Short-Term Liabilities		3.788.370.057	2.575.283.287

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

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

LIABILITIES

IV- Long-Term Liabilities	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A- Borrowings		-	-
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables From Main Operations		30.490.157	13.293.592 -
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations	4.2,19	30.490.157	13.293.592
3- Cash Deposited by Insurance & Reinsurance Companies		-	
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves	17	245.855.051	184.672.350
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	17	245.855.051	184.672.350
F- Other Liabilities and Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	4.2,23	117.990.549	81.684.219
1- Provision for Employment Termination Benefits	4.2,23	14.992.038	12.123.164
2- Provisions for Employee Pension Fund Deficits	4.2,22,23	102.998.511	69.561.055
H- Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities	21	-	12.731.169
1- Deferred Tax Liability	21	-	12.731.169
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		394.335.757	292.381.330

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

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

EQUITY

V- Equity	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A- Paid in Capital		660.000.000	660.000.000
1- (Nominal) Capital	2.13,15	660.000.000	660.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves	15	287.282.906	170.939.417
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	24.729.869	24.431.260
4- Translation Reserves	15	41.999.609	(21.166.656)
5- Other Capital Reserves	15	220.553.428	167.674.813
C- Profit Reserves		1.234.068.677	1.266.340.895
1- Legal Reserves	15	226.709.388	194.945.022
2- Statutory Reserves	15	83.112.202	58.171.807
3- Extraordinary Reserves	15	823.206.149	692.870.924
4- Special Funds (Reserves)	15	57.074.903	16.900.903
5- Revaluation of Financial Assets	11,15	28.018.182	284.072.561
6- Other Profit Reserves	15	15.947.853	19.379.678
D- Previous Years' Profits		270.105.389	192.754.305
1- Previous Years' Profits		270.105.389	192.754.305
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period	15	548.965.648	348.598.908
1- Net Profit of the Period		548.965.648	347.853.694
2- Net Loss of the Period (-)		-	-
3- Net Income not subject to distribution		-	745.214
Total Shareholders' Equity		3.000.422.620	2.638.633.525
Total Liabilities and Shareholders' Equity		7.183.128.434	5.506.298.142

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

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

	I- TECHNICAL SECTION	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A-	Non-Life Technical Income		2.995.336.407	1.951.352.868
1-	Earned Premiums (Net of Reinsurer Share)		1.688.972.013	1.423.174.468
	1.1- Written Premiums (Net of Reinsurer Share)	17	2.150.468.672	1.554.043.224
	1.1.1 - Gross Written Premiums (+)	17	2.482.446.843	1.787.360.853
	1.1.2 - Ceded Premiums to Reinsurers (-)	10,17	(331.978.171)	(233.317.629)
	1.1.3 - Ceded Premiums to SSI (-)		-	-
	1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17,29	(354.747.859)	(106.244.654)
	1.2.1 - Unearned Premiums Reserve (-)	17	(362.241.930)	(79.066.920)
	1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	10,17	7.494.071	(27.177.734)
	1.2.3 - SSI of Unearned Premiums Reserve (+)		-	-
	1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(106.748.800)	(24.624.102)
	1.3.1 - Unexpired Risks Reserve (-)	29	(108.606.301)	(24.649.803)
	1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	29	1.857.501	25.701
2-	Investment Income Transferred from Non-Technical Part		795.304.266	316.455.994
3-	Other Technical Income (Net of Reinsurer Share)		511.060.128	211.722.406
	3.1- Gross Other Technical Income (+)		511.060.094	211.722.719
	3.2- Reinsurance Share of Other Technical Income (-)		34	(313)
4-	Accrued Subrogation and Salvage Income (+)		-	-
B-	Non-Life Technical Expense (-)		(2.770.779.902)	(1.892.019.354)
1-	Total Claims (Net of Reinsurer Share)		(1.938.012.839)	(1.261.381.866)
	1.1- Claims Paid (Net of Reinsurer Share)	17,29	(1.305.915.455)	(993.878.791)
	1.1.1 - Gross Claims Paid (-)	17	(1.361.902.748)	(1.041.213.361)
	1.1.2 - Reinsurance Share of Claims Paid (+)	10,17	55.987.293	47.334.570
	1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17,29	(632.097.384)	(267.503.075)
	1.2.1 - Outstanding Claims Reserve (-)	17	(661.685.464)	(257.506.169)
	1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	10,17	29.588.080	(9.996.906)
2-	Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
	2.1 - Bonus and Discount Reserve (-)		-	-
	2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3-	Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(61.176.976)	(44.573.541)
4-	Operating Expenses (-)	32	(771.590.087)	(586.063.947)
5-	Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
	5.1- Mathematical Reserves (-)		-	-
	5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6.	Other Technical Expenses (-)		-	-
	6.1- Gross Other Technical Expenses (-)		-	-
	6.2- Reinsurance Share of Other Technical Expenses (+)		-	-
C-	Non-Life Technical Net Profit (A-B)		224.556.505	59.333.514
D-	Life Technical Income		15.167.930	23.092.848
1-	Earned Premiums (Net of Reinsurer Share)		11.229.108	20.295.729
	1.1- Written Premiums (Net of Reinsurer Share)	17	1.177.078	27.267.192
	1.1.1- Gross Written Premiums (+)	17	158.222	32.914.453
	1.1.2- Ceded Premiums to Reinsurers (-)	10,17	1.018.856	(5.647.261)
	1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17,29	11.000.553	(6.971.463)
	1.2.1- Unearned Premium Reserves (-)	17	14.976.201	(9.586.883)
	1.2.2- Unearned Premium Reserves Reinsurer Share (+)	10,17	(3.975.648)	2.615.420
	1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(948.523)	-
	1.3.1- Unexpired Risks Reserves (-)		(948.523)	-
	1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2-	Life Branch Investment Income		3.475.599	2.734.967
3-	Unrealized Income from Investments		-	-
4-	Other Technical Income (Net of Reinsurer Share) (+/-)		463.223	62.152
	4.1- Gross Other Technical Income (+/-)		463.223	62.152
	4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5-	Accrued Subrogation and Salvage Income (+)		-	-

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

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

I- TECHNICAL SECTION	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
E- Life Technical Expense		(18.570.321)	(19.950.640)
1- Total Claims (Net of Reinsurer Share)		(15.373.920)	(7.053.481)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(10.115.740)	(8.167.036)
1.1.1- Gross Claims Paid (-)	17	(11.946.157)	(11.471.676)
1.1.2- Claims Paid Reinsurer Share (+)	10,17	1.830.417	3.304.640
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17,29	(5.258.180)	1.113.555
1.2.1- Outstanding Claims Reserve (-)	17	(3.585.990)	2.790.109
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	10,17	(1.672.190)	(1.676.554)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 -Bonus and Discount Reserve (-)		-	-
2.2 -Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	13.014	25.677
3.1- Mathematical Reserves (-)	29	13.014	25.677
3.1.1- Actuarial Mathematical Reserve (-)	29	13.014	25.677
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
3.2- Reinsurer Share of Mathematical Reserves (+)		-	-
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		-	-
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(5.725)	(345.929)
5- Operating Expenses (-)	32	(3.203.690)	(12.576.907)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non-Technical Part (-)		-	-
F- Life Technical Profit (D-E)		(3.402.391)	3.142.208
G- Individual Retirement Technical Income		-	-
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee In Case Of Temporary Suspension		-	-
5- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7- Other Technical Income		-	-
H- Individual Retirement Technical Expense		-	-
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)		-	-

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

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

		Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
II-	NON-TECHNICAL SECTION			
C-	Non-Life Technical Profit (A-B)		224.556.505	59.333.514
F-	Life Technical Profit (D-E)		(3.402.391)	3.142.208
I -	Individual Retirement Technical Profit (G-H)		-	-
J-	Total Technical Profit (C+F+I)		221.154.114	62.475.722
K-	Investment Income		1.353.558.990	685.087.147
1-	Income From Financial Investment	4.2	395.751.183	155.278.239
2-	Income from Sales of Financial Investments	4.2	38.571.294	48.320.501
3-	Revaluation of Financial Investments	4.2	34.046.169	27.971.300
4-	Foreign Exchange Gains	4.2	423.659.936	94.862.946
5-	Income from Affiliates	4.2	87.218.513	65.656.632
6-	Income from Subsidiaries and Joint Ventures	4.2	257.964.520	231.971.961
7-	Income Received from Land and Building	7	116.346.333	60.771.090
8-	Income from Derivatives	4.2	-	-
9-	Other Investments		1.042	254.478
10-	Investment Income transferred from Life Technical Part		-	-
L-	Investment Expenses (-)		(865.902.058)	(368.475.610)
1-	Investment Management Expenses (including interest) (-)	4.2	(53.257)	(78.988)
2-	Valuation Allowance of Investments (-)		-	-
3-	Losses On Sales of Investments (-)	4.2	(498.511)	(1.586.173)
4-	Investment Income Transferred to Non-Life Technical Part (-)		(795.304.266)	(316.455.994)
5-	Losses from Derivatives (-)		-	-
6-	Foreign Exchange Losses (-)	4.2	(23.195.899)	(20.493.502)
7-	Depreciation Expenses (-)	6,8	(19.469.027)	(16.136.886)
8-	Other Investment Expenses (-)		(27.381.098)	(13.724.067)
M-	Other Income and Expenses (+/-)		(30.947.807)	(1.457.582)
1-	Provisions Account (+/-)	47	(62.599.328)	(21.990.214)
2-	Discount account (+/-)	47	(1.091.600)	495.757
3-	Mandatory Earthquake Insurance Account (+/-)		-	-
4-	Inflation Adjustment Account (+/-)		-	-
5-	Deferred Tax Asset Accounts (+/-)	21,35	23.899.257	7.274.347
6-	Deferred Tax Expense Accounts (-)		-	-
7-	Other Income and Revenues		8.945.526	12.788.554
8-	Other Expense and Losses (-)		(101.662)	(26.026)
9-	Prior Period Income		-	-
10-	Prior Period Losses (-)		-	-
N-	Net Profit/(Loss)		548.965.648	348.598.908
1-	Profit/(Loss) Before Tax		677.863.239	377.629.677
2-	Corporate Tax Liability Provision (-)	35	(128.897.591)	(29.030.769)
3-	Net Profit (Loss)		548.965.648	348.598.908
4-	Inflation Adjustment Account		-	-

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

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

Audited - Changes in Equity - December 31, 2020

	Note	Paid in Capital	Equity Share Owned by Company (-)	Revaluations of Financial Assets	Inflation Adjustment on Capital	Translation Reserves
I - Balance at the end of the previous year - December 31, 2020		660.000.000	-	99.474.796	-	(34.192.451)
II - Change in Accounting Standards (*)		-	-	-	-	-
III - Restated balances (I+II) - January 1, 2020		660.000.000	-	99.474.796	-	(34.192.451)
A- Capital increase		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-
D- Change in the value of financial assets	15	-	-	184.597.765	-	-
E- Currency translation adjustments		-	-	-	-	13.025.795
F- Other gains or losses		-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-
H- Net profit for the year		-	-	-	-	-
I - Other reserves and transfers from retained earnings	38	-	-	-	-	-
J- Dividends paid	38	-	-	-	-	-
IV - Balance at the end of the period - December 31, 2020	15	660.000.000	-	284.072.561	-	(21.166.656)

Audited Changes in Equity - December 31, 2021

	Note	Paid in Capital	Equity Share Owned by Company (-)	Revaluations of Financial Assets	Inflation Adjustment on Capital	Translation Reserves
I - Balance at the end of the previous year - December 31, 2020		660.000.000	-	284.072.561	-	(21.166.656)
II - Change in Accounting Standards (*)		-	-	-	-	-
III - Restated balances (I+II) - January 1, 2020		660.000.000	-	284.072.561	-	(21.166.656)
A- Capital increase		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-
D- Change in the value of financial assets	15	-	-	(256.054.379)	-	-
E- Currency translation adjustments		-	-	-	-	63.166.265
F- Other gains or losses		-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-
H- Net profit for the year		-	-	-	-	-
I - Other reserves and transfers from retained earnings	38	-	-	-	-	-
J- Dividends paid	38	-	-	-	-	-
IV - Balance at the end of the period - December 31, 2020	15	660.000.000	-	28.018.182	-	41.999.609

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

Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
155.933.971	37.967.890	800.332.082	312.510.614	103.813.987	2.135.840.889
-	-	-	-	-	-
155.933.971	37.967.890	800.332.082	312.510.614	103.813.987	2.135.840.889
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21.950.991	20.203.917	120.925.496	-	(163.510.236)	(429.832)
-	-	-	-	-	184.597.765
-	-	-	-	-	13.025.795
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	348.598.908	-	348.598.908
17.060.060	-	-	(269.510.614)	252.450.554	-
-	-	-	(43.000.000)	-	(43.000.000)
194.945.022	58.171.807	921.257.578	348.598.908	192.754.305	2.638.633.525

Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
194.945.022	58.171.807	921.257.578	348.598.908	192.754.305	2.638.633.525
-	-	-	-	-	-
194.945.022	58.171.807	921.257.578	348.598.908	192.754.305	2.638.633.525
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12.737.001	24.940.395	203.254.624	-	(192.220.459)	48.711.561
-	-	-	-	-	(256.054.379)
-	-	-	-	-	63.166.265
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	548.965.648	-	548.965.648
19.027.365	-	17.000.000	(305.598.908)	269.571.543	-
-	-	-	(43.000.000)	-	(43.000.000)
226.709.388	83.112.202	1.141.512.202	548.965.648	270.105.389	3.000.422.620

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

	Note	Audited Current Period 1 January- December 31, 2021	Audited Prior Period 1 January- December 31, 2020
A - Cash flows from operating activities			
1- Cash provided from insurance activities		-	-
2- Cash provided from reinsurance activities		3.143.349.688	2.114.800.101
3- Cash provided from individual pension business		-	-
4- Cash used in insurance activities		-	-
5- Cash used in reinsurance activities		(2.811.251.277)	(2.016.674.033)
6- Cash used in individual pension business		-	-
7- Cash provided by operating activities		332.098.411	98.126.068
8- Interest paid		-	-
9- Income taxes paid		(51.468.799)	(40.123.021)
10- Other cash inflows		125.557.276	51.578.645
11- Other cash outflows		(103.180.281)	(70.753.096)
12- Net cash provided by operating activities		303.006.607	38.828.596
B - Cash flows from investing activities		-	-
1- Proceeds from disposal of tangible assets		1.115	441.347
2- Acquisition of tangible assets	6, 8	(22.601.574)	(7.280.291)
3- Acquisition of financial assets	11	(1.654.642.870)	(2.707.677.529)
4- Proceeds from disposal of financial assets	11	1.400.667.377	2.382.035.721
5- Interests received		417.115.634	233.485.806
6- Dividends received		96.694.326	80.183.212
7- Other cash inflows		543.242.206	373.333.895
8- Other cash outflows		(1.038.865.468)	(465.594.809)
9- Net cash provided by investing activities		(258.389.254)	(111.072.648)
C- Cash flows from financing activities		-	-
1- Equity shares issued		-	-
2- Cash provided from loans and borrowings		-	-
3- Finance lease payments		-	-
4- Dividends paid	2.23	(42.986.569)	(42.986.879)
5- Other cash inflows		-	-
6- Other cash outflows		-	-
7- Net cash used in financing activities		(42.986.569)	(42.986.879)
D- Effect of exchange rate fluctuations on cash and cash equivalents		330.118.121	48.578
E- Net increase in cash and cash equivalents		331.748.905	(115.182.353)
F- Cash and cash equivalents at the beginning of the year	14	1.436.644.494	1.551.826.847
G- Cash and cash equivalents at the end of the year	14	1.768.393.399	1.436.644.494

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

Millî Reasürans Türk Anonim Şirketi

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

		Note	Audited Current Period December 31, 2021(*)	Audited Prior Period December 31, 2020
I.	PROFIT DISTRIBUTION			
	1.1. CURRENT YEAR PROFIT (*)		682.320.051	381.115.664
	1.2. TAX AND FUNDS PAYABLE	35	(128.897.591)	(29.030.769)
	1.2.1. Corporate Income Tax (Income Tax)	35	(128.897.591)	(29.030.769)
	1.2.2. Income tax deduction		-	-
	1.2.3. Other taxes and Duties		-	-
A.	NET PROFIT (1.1 - 1.2)		553.422.460	352.084.895
	1.3. PREVIOUS PERIOD LOSSES (-)		-	-
	1.4. FIRST LEGAL RESERVE		(27.671.123)	(17.604.245)
	1.5. STATUTORY FUND (-)		(58.196.850)	-
B.	NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5)]		467.554.487	334.480.650
	1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	(33.448.065)
	1.6.1. Holders of shares		-	(33.448.065)
	1.6.2. Holders of Preferred shares		-	-
	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 PERSONNEL (-)		-	(4.231.201)
	1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
	1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
	1.9.1. Holders of shares		-	(9.551.935)
	1.9.2. Holders of Preferred shares		-	(9.551.935)
	1.9.3. Holders of Redeemed shares		-	-
	1.9.4. Holders of Participation Bond		-	-
	1.9.5. Holders of Profit and Loss sharing certificate		-	-
	1.10. SECOND LEGAL RESERVE (-)		-	-
	1.11. STATUTORY RESERVES (-)		-	(1.423.120)
	1.12. EXTRAORDINARY RESERVES		-	-
	1.13. OTHER RESERVES		-	-
	1.14. SPECIAL FUNDS		-	(17.000.000)
II.	DISTRIBUTION OF RESERVES		-	-
	2.1. DISTRIBUTION OF RESERVES		-	-
	2.2. SECOND LEGAL RESERVES (-)		-	-
	2.3. COMMON SHARES (-)		-	-
	2.3.1. Holders of shares		-	-
	2.3.2. Holders of Preferred shares		-	-
	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. HOLDERS OF SHARES		-	352.084.895
	3.2. HOLDERS OF SHARES (%)	3.1	-	53,3462
	3.3. HOLDERS OF PREFERRED SHARES	3.2	-	
	3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
IV.	DIVIDEND PER SHARE		-	-
	4.1. HOLDERS OF SHARES		-	43.000.000
	4.2. HOLDERS OF SHARES (%)		-	6,5152
	4.3. HOLDERS OF PREFERRED SHARES		-	
	4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

(*) Since the profit distribution proposal for the year 2021 has not prepared by the Board of Directors, profit distribution table has not been filled yet The detail of the undistributed profit is disclosed in the 2.23 Profit Distribution footnote.

(**) As of December 31, 2021, the dividend to be paid to personnel amounting to TL 4.456.812 (December 31, 2020: TL 4.231.201), which is allocated in accordance with TAS 19, has also been added to the profit

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

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

1 General information

1.1 Name of the Company and the ultimate owner of the group

The shareholder having direct or indirect control over the shares of Millî Reasürans Türk Anonim Şirketi ("the Company") is Türkiye İş Bankası AŞ Group ("İş Bankası") having 87.60% of the outstanding shares.

The Company was established in February 26, 1929 and has been operating since in July 19, 1929.

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company was registered in Turkey in July 16, 1929 and has the status of 'Incorporated Company'. The address of the Company's registered office is Maçka Cad. No: 35 34367 Şişli İstanbul.

1.3 Main operations of the Company

The Company is primarily engaged in reinsurance and retrocession businesses in domestic and international markets. In 2007, the Company opened a branch in Singapore upon the completion of the necessary local formalities according to the local legislation. Singapore branch has been operating since 2008.

1.4 Details of the Company's operations and nature of field of activities

The Company conducts its operations in accordance with the Insurance Law No. 5684 ("the Insurance Law") issued in June 14, 2007 dated and 26552 numbered Official Gazette and the communiqués and other regulations in force issued by Republic of Turkey Ministry of Treasury and Finance based on the Insurance Law.

The purpose and activities of the Company as stated at the Articles of Association of the Company are as follows:

- Providing life and non-life reinsurance and other related products and services in all insurance branches and sub-branches to Turkish and foreign insurance companies;
- Managing and participating in reinsurance operations of Pools,
- Purchasing, selling, constructing and renting real estates,
- Purchasing debt instruments and shares issued by all sorts of commercial, industrial and financial institutions and government agencies as well as providing capital or participating in the establishment of such institutions to provide a consistent, secure and adequate financial income,
- In addition to these, carrying out other operations upon recommendation by the Board of Directors and resolution of the General Meeting which are deemed to be beneficial and material for the Company and are not prohibited by the law.

1.5 Average number of the Company's personnel based on their categories

The average number of the personnel during the year in consideration of their categories is as follows:

	December 31, 2021	December 31, 2020
Top executive	5	5
Managers	34	34
Officers	126	128
Contracted personnel	4	5
Other personnel	32	33
Total	201	205

1.6 Remuneration and similar benefits provided to top management

For the year ended December 31, 2021, wages and similar benefits provided to the top management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers is amounting to TL 8.462.579 (December 31, 2020: TL 6.531.213).

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1.7 Keys used in the distribution of investment income and operating expenses (personnel, administrative, research and development, marketing and selling, services rendered from third parties and other operating expenses) in the financial statements

Procedures and principles related to keys used in the financial statements of the companies are determined in accordance with the January 4, 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by Republic of Turkey Ministry of Treasury and Finance.

In accordance with the above-mentioned Communiqué, insurance and reinsurance companies are allowed to transfer technical section operating expense to insurance section through methods determined by Republic of Turkey Ministry of Treasury and Finance or by the Company itself. In accordance with the approval of the Undersecretariat of Republic of Turkey Ministry of Treasury and Finance, dated March 6, 2008 and numbered 10222, known and exactly distinguishable operating expenses are distributed to related branches directly and services rendered from third parties and other operating expenses in accordance with the gross premiums written for the last three years.

Income from the assets invested against non-life technical provisions is transferred to technical section from non-technical section; remaining income is transferred to the non-technical section. Income is distributed to the sub-branches in accordance with the percentage calculated by dividing "net cash flow" to the "total net cash flow", net cash flow being net of reinsurer share and calculated by deducting net losses paid from net written premiums.

Income from the assets invested against mathematical provisions is recorded under technical section; remaining income is transferred to the non-technical section.

1.8 Information on the financial statements as to whether they comprise an individual company or a group of companies

The accompanying financial statements comprise only the unconsolidated financial information of the Company. As further discussed in note 2.2 - Consolidation, the Company has prepared consolidated financial statements As of December 31, 2021 separately.

1.9 Name or other identity information about the reporting entity and the changes in this information after previous reporting date

Trade name of the Company	:	Millî Reasürans Türk Anonim Şirketi
Registered address of the head office	:	Maçka Cad. No:35 34367 Şişli/İstanbul
The web page of the Company	:	www.millire.com

There has been no change in the aforementioned information subsequent to the previous reporting date.

1.10 Subsequent events

Subsequent events after the reporting period are presented in note 46 - subsequent events. The financial statements for the period January 1 - December 31, 2021 have been approved by the Board of Directors on February 24, 2022.

2 Summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Information about the principles and the specific accounting policies used in the preparation of the financial statements

The Company complies with the accounting principles and standards set out in the regulations in force in accordance with the Insurance Law numbered 5684 published in the Official Gazette dated June 14, 2007 and numbered 26522, and the Insurance and Private Pension Regulation and Supervision Agency (IPPRSA") established by the Presidential Decree of 18 October 2020. ") other regulations issued by the statements and guidance and Turkey Accounting Standards except arranged matters with them ("TAS") with Turkey Financial Reporting Standards ("IFRS") contains the terms" Insurance Accounting and Financial Reporting regulations "are prepared in accordance with n. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was T.C. Published by the Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

According to numbered 4th related law Accounting for subsidiaries, associates, joint ventures, consolidated financial statements, financial statements which disclosed public regulated by Republic of Turkey Ministry of Treasury and Finance.

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
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The Company prepares its financial statements are regulated in form and content in order to compare the financial statements of prior period and with other companies according to "Communiqué on Presentation of Financial Statements "which is published in the Official Gazette dated April 18, 2008 and numbered 26851.

Additional paragraph for convenience translation to English

The differences between the accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries other than Turkey and IFRS.

Accounting in hyperinflationary countries

Financial statements of the Turkish entities 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 at December 31, 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.

With respect to the declaration of Republic of Turkey Ministry of Treasury and Finance with the article dated April 4, 2005 and numbered 19387, financial statements as of December 31, 2004 are adjusted for the opening balances of 2005 in accordance with the section with respect to inflation accounting of the Capital Markets Board ("CMB") Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in Capital Market" published in the Official Gazette dated January 15, 2003 and numbered 25290. Inflation accounting is no longer applied starting from January 1, 2005, in accordance with the same declaration of Republic of Turkey Ministry of Treasury and Finance. Accordingly, as at December 31, 2020, non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded before January 1, 2005 are measured as restated to December 31, 2004 in order to reflect inflation adjustments. Non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded after January 1, 2005 are measured at their nominal values.

In the statement made by the Public Oversight, Accounting and Auditing Standards Authority on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, TAS 29 Financial Inflationary Economies in 2021 financial statements. It has been stated that there is no need to make any adjustments within the scope of the Reporting Standard. In this respect, while preparing the consolidated financial statements as of December 31 2021, no inflation adjustment was made according to TAS 29.

2.1.2 Other related accounting policies appropriate for the understanding of the financial statements

Other accounting policies

The Company recorded premiums, commissions and claims accruals based on the notifications sent by the insurance and reinsurance companies after the closing of their balances. Premiums, commissions and claims accruals are recorded in the accompanying financial statements with the three-month delay. Therefore, related income statement balances include last quarter results for the year ended December 31, 2020 and nine-month results as at and for the period ended September 30, 2020 and accordingly related balance sheet balances As of December 31, 2021 do not reflect the actual position. According to the letter dated August 31, 2010 and numbered B.02.1.HZN.0.10.03.01/42139 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, it is stated that account statements sent by the ceding companies are subject to possible delays and Republic of Turkey Ministry of Treasury and Finance is considered special situations of the reinsurance companies in their regulations.

Information regarding other accounting polices is disclosed above in "Note 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 presentation currency

The accompanying unconsolidated financial statements are presented in TL, which is the Company's functional currency.

2.1.4 Rounding scale of the amounts presented in the financial statements

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

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

2.1.5 Basis of measurement used in the preparation of the financial statements

The accompanying financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until December 31, 2004, except for the financial assets held for trading, available-for-sale financial assets, derivative financial instruments, self-used buildings and investment properties recorded in tangible assets and associates which are measured at their fair values unless reliable measures are available.

2.1.6 Accounting policies, changes in accounting estimates and errors

Accounting of fire and earthquake premiums obtained from foreign reinsurance treaties on the basis of branches

Fire and earthquake premiums obtained from foreign reinsurance treaties could not accounted on the basis of branches in the previous years due to limitations imposed by local legislation of the foreign countries, notification characteristics of the treaties and total premiums used by foreign companies in the reconciliation process. Therefore, all premiums obtained from aforementioned treaties are accounted on the fire branch. According to the letter dated August 2, 2011 and numbered B.02.1.HZN.0.10.03.01/38732 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, it is allowed to use average rate calculated over separately reported fire and earthquake premiums for unclassified premiums of proportioned treaties. Furthermore, according to the letter dated August 12, 2011 sent by the Republic of Turkey Ministry of Treasury and Finance to the Company, prospective application as at June 30, 2011 effective from January 1, 2011 is allowed since retrospective application is impossible. Accordingly, financial statements prepared As of December 31, 2021, premiums obtained from foreign proportioned treaties are accounted on the basis of average earthquake premium ratio calculated from foreign proportioned treaties over the period of January 1 - December 31, 2020. The same ratio is used for unproportioned reinsurance treaties in accordance with the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué 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". Distribution of commissions and claims between the fire and earthquake branches is parallel with the aforementioned method.

According to the letter dated January 12, 2012 and numbered B.02.1.HZN.0.10.03.01/854 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, determination of final claims for the last business year used in IBNR calculation has been changed as at December 31, 2011. Accordingly, the final premium amount earned for the last business year is determined by considering premium development factors since premiums may be accrued in the following years under the terms of the agreements. Based on the calculated final premium amount of the last business year, unearned premium reserves and earned premiums are determined. Aforementioned earned premium amount is multiplied by the average of claim/premium ratio of the previous years to determine final claims amount of the last business year. IBNR is calculated by subtracting the paid and reported claims of the last business year from the final claims amount determined by the aforementioned method. In addition, IBNR amounts reported by sedan companies are taken into consideration and in order to prevent duplicate provision; paid claims, outstanding claims reserve and premiums of reported claims are excluded from the data set used in the calculation of IBNR. The Company determined final IBNR amount by adding reported IBNR amounts to IBNR amounts calculated from the data prepared in accordance with the principals mentioned above.

According to 16th article of "Circular on Actuarial Chain Ladder Method (2010/12)" dated September 20, 2010 and announced by Republic of Turkey Ministry of Treasury and Finance, ACML calculation should be made through main branches. However, as at December 31, 2012, the Company has calculated ACML reserve for General Damages main branch as two separate subbranches namely agriculture and non-agriculture branches. Because, Agriculture and Engineering subbranches under General Damages main branch have different characteristics in conversion process of outstanding losses to paid losses, IBNR calculation of General Damages branch produces unreliable and improper results. The Company applied to Republic of Turkey Ministry of Treasury and Finance on January 17, 2013 with letter numbered 300, so as to receive permission to calculate IBNR reserve for General Damages branch as agriculture and non-agriculture subbranches separately. Republic of Turkey Ministry of Treasury and Finance has given permission the Company in order to calculate IBNR reserve for General Damages within two subbranches with the letter dated January 28, 2013 and numbered 24179134. As of December 31, 2021, the Company recognised the amount that arose due to change in calculation method for IBNR on General Damages branch.

Changes in accounting policies or accounting errors are applied retrospectively and prior year financial statements are adjusted accordingly. If estimated changes in accounting policies are only for one period, changes are applied on the current year but if estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

Critical accounting judgements used in applying the Company's accounting policies are explained in 3 - *Significant accounting estimates and requirements.*

Millî Reasürans Türk Anonim Şirketi

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(Currency: Turkish Lira (TL))
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2.2 Consolidation

Circular Related to the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance in the Official Gazette dated December 31, 2008 and numbered 27097 ("the Circular for Consolidation") requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from March 31, 2009.

In this framework, separate consolidated financial statements are issued through consolidating financial statements of Anadolu Hayat Emeklilik Anonim Şirketi (Anadolu Hayat), which is an affiliate, and Miltaş A.Ş, which is a subsidiary, according to equity method and financial statements of Anadolu Anonim Türk Sigorta Şirketi (Anadolu Sigorta), which is an affiliate, in line with full consolidation method.

The company recognizes its subsidiaries and affiliates through using equity method with respect to TAS 27 - "Consolidated and Separate Financial Statements" during the preparation of separate financial statements in line with "Sector Announcement regarding Recognition of Subsidiaries, Jointly Controlled Partnerships and Affiliates of Insurance and Reassurance and Pension Companies" dated August 12, 2008 and numbered 2008/36 by Republic of Turkey of Ministry of Treasury and Finance.

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 make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. As of December 31, 2021, the Company operates in life and non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market.

2.4 Foreign currency transactions

Transactions are recorded in TL, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and all exchange differences, except for those arising on the translation of the fair value change of available-for-sale financial assets, are offset and are recognized as foreign exchange gains or losses.

Foreign currency exchange differences of unrecognized gains or losses arising from the difference between their fair value and the discounted values calculated per effective interest rate method of foreign currency available-for-sale financial assets are recorded in "Revaluation of financial assets" under equity and the realized gain or losses are recognized directly in the statement of income.

2.5 Tangible assets

Tangible assets of the Company except for buildings for own use are recorded at their historical costs that have been adjusted for the effects of inflation until the end of December 31, 2004. There have been no other inflationary adjustments for these tangible assets for the following years and therefore they have been recorded at their costs restated for the effects of inflation until December 31, 2004. Tangible assets that have been purchased after January 1, 2005 have been recorded at their costs after deducting any exchange rate differences and finance expenses less impairment losses if any.

The company has started to show based on the revaluation model by measuring over fair value as of the third quarter of the 2015 year by making changes in the use of the property which is measuring the cost model in the financial statements before.

Buildings for own use are recognized by fair value that are determined in valuations made by independent valuation experts who have professional competency by reducing their values following accumulated depreciation. Accumulated depreciation at the date of revaluation is deducted from gross book value and net amount is brought to values after revaluation.

Increase of revaluation results in the carrying value of use of land and building account in equity in the balance sheet under "Other Capital Account" as the net of tax effects. As a result of the evaluation of real estate an increase on the corresponding impairments are deducted from the fund; all other decrease is reflected the profit/loss account.

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.

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Land is not depreciated due to its indefinite life. Depreciation is allocated based on the useful life of tangible assets at cost or revalued amounts of tangible assets by using the straight-line method basis.

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 fixed 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 is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets at cost.

Depreciation rates and estimated useful lives are as follows:

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Building for own used	50	2,0
Machinery and equipment	3 - 15	6,7 - 33,3
Vehicles	5	20,0
Other tangible assets (includes leasehold improvements)	5	20,0

2.6 Investment property

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

In the event of investment property of first registration is measured on fair value including transaction costs after measured at cost. The changes which result of fair value valuation recognised in the income statement.

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.

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.

The fair value on the date of change in the usage is considered as cost in the reclassification recognition when investment property that measured with fair value is reclassified as a tangible asset.

2.7 Intangible assets

The Company's intangible assets consist of computer software.

Intangible assets are recorded at cost in compliance with the "TAS 38 - Accounting for intangible assets". The cost of the intangible assets purchased before December 31, 2004 are restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Amortization is charged on a straight-line basis over their estimated useful lives (3-15 years) over the cost of the asset.

Costs associated with developing or maintaining computer software programs are recognized as expense when incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

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2.8 Financial assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Securities are recognized and derecognized at the date of settlement.

Financial assets are classified in four categories; as financial assets held for trading, available-for-sale financial assets, held to maturity financial assets, and loans and receivables.

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 those 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.

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 at cost and subsequently measured at their fair values. Assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity. Upon disposal, the realized gain or losses are recognized directly in the statement of income.

The determination of fair values of financial instruments not traded in an active market is determined by using valuation techniques. 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.

Equity Shares which are classified as available-for-sale financial assets in an active market (stock exchange) are reflected to the consolidated financial statements with their fair values by taking into consideration the registered prices in the active market. Shares that are not traded in an active market are followed at acquisition costs and are shown in the consolidated financial statements at their cost value after the provision for impairment losses, if any.

Subsidiaries are the entities that the Company has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. The Company prepares its individual financial statements and accounts for its investments in subsidiaries and associates using the equity method defined in 'TAS 27 - *Consolidated and Separate Financial Statements Standard*'.

2.9 Impairment on assets

Impairment on financial assets

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Company 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.

Loans and receivables are presented net of specific allowances for uncollectibility. 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 reduce these loans and receivable to their 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 at 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 and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

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Impairment on tangible and intangible assets

On each balance sheet date, 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 detailed in *Note 47*.

2.10 Derivative financial instruments

As of the reporting date, the Company does not have any derivative financial instruments (December 31, 2020: None). Derivative instruments are treated as held for trading financial assets in compliance with the standard TAS 39 - *Financial Instruments: Recognition and measurement*.

Derivative financial instruments are initially recognized at their fair value.

The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts through 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. All unrealized gains and losses on these instruments are included in the statement of income.

2.11 Offsetting of financial assets

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to offset 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, cheques 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

The shareholder having direct or indirect control over the shares of the Company is İş Bankası Group by having 87,60% of the outstanding shares of the Company. As of December 31, 2021, and 2020, the share capital and ownership structure of the Company are as follows:

	December 31, 2021		December 31, 2020	
Name	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding amount (TL)
Türkiye İş Bankası A.Ş.	578.177.926	87,60	578.177.926	87,60
Groupama Hayat A.Ş.	38.809.894	5,88	38.809.894	5,88
Ankara Doğal Elektrik Üretim ve Ticaret A.Ş.	22.240.456	3,37	22.240.456	3,37
T.C. Ziraat Bankası A.Ş.	16.430.944	2,49	16.430.944	2,49
Other	4.340.780	0,66	4.340.780	0,66
Paid in capital	660.000.000	100,00	660.000.000	100,00

Sources of the capital increases during the year

None.

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Privileges on common shares representing share capital

There are no privileges on common shares representing share capital.

Registered capital system in the Company

None.

Repurchased own shares by the Company

None.

2.14 Insurance and investment contracts - classification

An insurance contract is a contract under which the Company 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. Insurance risk covers all risk except for financial risks. All premiums have been received within the coverage of insurance contracts recognized as revenue under the account caption "written premiums".

Investment contracts are those contracts which transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable.

The Company acts as a reinsurer when writing insurance from an insurance company (cedent) on the basis of reinsurance contracts and cedes insurance business to another retrocessionaire (the retrocedant) on the basis of retrocession contracts.

As of the reporting date, the Company does not have a contract which is classified as an investment contract.

2.15 Insurance contracts and investment contracts with discretionary participation feature

Discretionary participation feature ("DPF") within insurance contracts and investment contracts is the 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:

- *(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,

As of balance sheet date, the Company does not have any insurance or investment contracts that contain a discretionary participation feature.

2.16 Investment contracts with discretionary participation feature

As of the reporting date, the Company does not have any insurance contracts and investment contracts without discretionary participation feature.

2.17 Liabilities

Financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities of the Company are measured at their discounted values. A financial liability is derecognized when it is extinguished.

2.18 Income taxes

Corporate Tax

Statuary income is subject to corporate tax at 20% However, the corporate tax rate which is 20% pursuant to the temporary article 13 added to the Corporate Tax Law; It will be applied at the rate of 25% for corporate earnings in 2021 and 23% for corporate earnings in 2022. This rate is applied to as accounting income modified for certain exceptions (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 distribution planned, no further tax charges are made.

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

Prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Deferred tax

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

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 offset 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.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot be retrospectively offset against the profits of previous years.

In case where gains/losses resulting from the revaluation 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.

As of December 31, 2021, a tax rate of 23% is used for temporary differences that are expected to occur/close in 2022, and 20% for temporary differences that are expected to occur/close after 2022.(December 31, 2020: Since the effective corporate tax rate on January 1, 2021 is 20%, 20% tax rate has been used for valid differences that are expected to occur/close in 2021 and after.)

Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the 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 November 18, 2007 sets details about implementation.

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 a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

2.19 Employee benefits

Pension and other post-retirement obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his/her dependants will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Emekli ve Sağlık Sandığı Vakfı ("Milli Reasürans Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506.

As per the temporary sub article No: 20 of the Article 73 of the Social Security Law, pension funds should be transferred to the Social Security Institution within three years after the publication of the aforementioned Law published in the Official Gazette numbered 26870 and dated May 8, 2008. Decree of the Council of Ministers about two years extending transfer duration, was published in the Official Gazette on April 9, 2011. Based on this, expiration date has been extended to May 8, 2013 from the expiration date on May 8, 2011. On March 8, 2012, "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" numbered 28227, was published on Official Gazette and 4th article of this act changed "two years" phrase as "four years" which takes part on second sentence of first clause of 20th article of the code numbered 5510. Also, under the scope of Decree of the Council of Ministers numbered 2013/4617 was published on Official Gazette numbered 28636, on May 3, 2013 and 20th temporary article of the Social Security Laws numbered 506 banks, insurance and reinsurance companies, chambers of commerce, stock markets or participants of pension funds and salary or income provided ones and their shareholders' transfer duration has been extended one year to the Social Security Institution by Decree of the Council of Ministers.

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Memurları Emekli ve Sağlık Sandığı ("Milli Reasürans Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506. As per the temporary sub article No: 20 of the Article 73 of the Social Security Law, pension funds should be transferred to the Social Security Institution within three years after the publication of an aforementioned Law published in the Official Gazette numbered 26870 and dated May 8, 2008. The related three-year transfer period has been prolonged for two years by the Cabinet decision, which was published on the Official Gazette dated April 9, 2011. Accordingly, the three-year period expired on May 8, 2011 was extended to May 8, 2015.

Lastly, first paragraph of temporary 20th article of 5510 numbered Law, article 51 of the law regarding changing of several laws and delegated legislations and the law of occupational health and safety which are published in April 23, 2015 dated Official Gazette is changed as following.

Funds participating, pensioned or endowed and beneficiaries of the established funds for the personnel of banks, insurance and reinsurance companies, chambers of commerce, chamber of industries, stock exchanges or is organized by them under the temporary 20th article of law no. 506, Council of Ministers is entitled to determine the date of transfer to Social Security Institution. As of the transfer date, fund participatings are regarded as social insurant in accordance with the (a) subclause of first sub articles of 4th article of related law.

In accordance with the Act, as of the transfer date, present value of the liabilities will be determined by considering the income and expense of the pension fund.

The cash value of the obligations of the pension fund for each member of the fund including members left the fund as of the transfer date will be calculated according to following assumptions:

a) Technical deficit rate of 9,80% shall be used in the actuarial calculation of the value in cash, and
b) Gains and losses of the funds stems from benefits covered by the aforementioned Law taken into accounts to calculate present value of the obligations.

Employee termination benefits

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount As of December 31, 2021 is TL 8.285 (December 31, 2020: TL 7.117).

The Company accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 - *Employee Benefits*. After the revision of TAS 19, as the amount of actuarial gain and loss are presented under the other profit reserves, which were previously shown under the income statement. The major actuarial assumptions used in the calculation of the total liability As of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Discount rate	3,50%	4,50%
Expected rate of salary/limit increase	15,07%	7,66%
Estimated employee turnover rate	2,57%	2,22%

Expected rate of salary/limit increase above was determined according to the government's annual inflation forecasts.

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Other benefits

The Company 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.

2.20 Provisions

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 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 material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Company to settle the liability, the related liability is considered as "contingent" and disclosed in the 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.

2.21 Revenue recognition

Written premiums

Written premiums represent premiums taken from insurance and reinsurance companies as a reinsurance company. Premiums ceded to retrocession companies are accounted as "written premiums, ceded" in the profit or loss statement. Written premiums are recorded upon the receipt of quarterly statements of accounts from ceding companies in treaties whereas facultative accounts are registered upon the receipt of monthly payrolls.

Claims paid

Claims paid represent payments of the Company as a reinsurance company when risks taken from insurance and reinsurance companies are realized. Claims are recognised as expense upon the receipt of notifications. Notifications have not specific periods and depend on the initiative of the insurance and reinsurance companies.

Commission income and expenses

As further disclosed in Note 2.24 - *Reserve for unearned premiums*, commissions paid to the insurance and reinsurance companies as a reinsurance company and the commissions received from the reinsurance companies 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 January 1, 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after January 1, 2008.

Interest income and expenses

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 (or, where appropriate, a shorter period) to the carrying amount 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.

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Dividends

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

2.22 Leasing transaction

Tangible assets acquired by way of finance leasing are recognised 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 realisable 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.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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"

2.23 Dividend distribution

It is decided in Ordinary General Assembly Meeting of the Company held on March 30, 2021, from the net profit of the period amounting to TL 348.598.908 resulting from the activities of the Company for the year 2020, TL 43.000.000 will be paid to the shareholders as cash dividends, after the legal reserves are set aside, and the remaining amount will be paid to the shareholders according to the Tax Procedure Law. Within the framework of the provisions of Article 325/A of the Law and Article 10 of the Corporate Tax Law, it has been decided to allocate TL 17.000.000 of funds for the purchase of venture capital investment fund participation shares, and the remaining amount will be set aside as previous year's profit, and TL 42.986.569 of it. paid in cash and TL 13.431 has been recognized in due to shareholders account under short term liabilities.

Circular No. 2016/22 Amending the Circular No. 2016/22 on the Discounting of Net Cash Flows Arising from Outstanding Claims

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Provisions published on December 30, 2021(2021/30) and Article 7 of the Circular No. 2016/22, has been changed to "Net cash flows as of the financial reporting period date It is discounted to the cash value, taking into account the rate of 14%.". Due to the related change, 14% rate has been taken into account in discounting the net cash flows arising from outstanding claims provision. Added to the 13th article of the same circular, "The positive difference arising within the scope of changing the discount rate in this direction cannot be used for a year following the year in which the change was made." Due to the statement, the positive difference of TL 77.595.800 in the discount amount as of December 31, 2021 shall not be used in the profit distribution.

2.24 Unearned premium reserve

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 August 7, 2007 dated Official Gazette and put into effect starting from January 1, 2008, the unearned premiums reserve 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. Nonetheless;

- Unearned premium reserve is calculated on the basis of 1/8 for reinsurance and retrocession transactions that are not subject to basis of day or 1/24 due to application limitations,
- For commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions are also provided as unearned premium reserves.

In line with the Communiqué on Technical Reserves, the calculation of unearned premium reserve is performed as follows by the Company: for proportional reinsurance contracts, on the basis of 1/8 over the ceded premiums for treaty and facultative contracts, for commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves and for facultative and non-proportional reinsurance contracts, on the basis on day by considering beginning and ending of the contracts. The Company calculates unearned premiums reserve for ceded premium as retrocedant on the same basis.

Unearned premiums reserve is calculated for all insurance contracts except for the contracts for which the mathematical reserve is provided. Reserve for unearned premiums is also calculated for the annual premiums of the annually renewed long term insurance contracts.

Since the Communiqué on Technical Reserves was effective from January 1, 2008, Republic of Turkey Ministry of Treasury and Finance issued July 4, 2007 dated and 2007/3 numbered "Circular to Assure the Compliance of the Technical Reserves of Insurance, Reinsurance and Pension Companies With the Insurance Law No.5684" ("Compliance Circular") to regulate the technical provisions between the issuance date and enactment date of the Communiqué on Technical Reserves. In accordance with the Compliance Circular, it is stated that companies should consider earthquake premiums written after June 14, 2007 in the calculation of the reserve for unearned premiums while earthquake premiums were deducted in the calculation of the reserve for unearned premiums before. Accordingly, the Company has started to calculate unearned premiums reserve for the earthquake premiums written after June 14, 2007, while the Company had not calculated reserve for unearned premiums for the earthquake premiums written before June 14, 2007.

In previous years, the unearned premiums reserve had been calculated after deducting commissions given and commissions received. In order to prevent possible problems during the transfer of the reserves calculated before January 2008, on December 28, 2007 Republic of Turkey Ministry of Treasury and Finance issued "2007/25 Numbered Circular Related to the Calculation of the Unearned Premiums Reserve and Accounts That Should Be Used for Deferred Commission Income and Expenses". In accordance with the related circular, the reserve for unearned premiums should be calculated by deducting commissions for the policies produced before January 1, 2008, but it should be calculated on gross basis for the policies produced after January 1, 2008.

According to the "Communiqué 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 Official Gazette no 27655 dated July 28, 2010; there is no change in the calculation of unearned premiums reserve for reinsurance companies.

2.25 Outstanding claims reserve

Claims are recorded in the year in which they occur, based on reported claims or on the basis of estimates when not reported. Outstanding claims reserve represents the estimate of the total reported costs of notified claims on an individual case basis at the reporting date as well as the corresponding handling costs.

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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 27655 numbered and July 28, 2010 dated Official Gazette according to the Communiqué on Technical Reserves, all expenses related to the claim files including calculated or expected expertise, consultant, lawsuit and communication expenses in the calculation of outstanding claims reserve. In these calculations salvage and subrogation income are not considered.

Except for the life branch, outstanding claims reserve consists of claims are recorded in the year in which they occur, based on reported claims and the difference between the result of the actuarial chain ladder method whose content and application criteria stated by Republic of Turkey Ministry of Treasury and Finance and reported but not settled claims are considered as incurred but not reported ("IBNR") claims. Actuarial chain ladder method may be differentiated by Republic of Turkey Ministry of Treasury and Finance for reinsurance companies due to their special conditions.

December 5, 2014 dated "Circular regarding Outstanding Claims Reserve (2014/16)" and 2010/12 numbered "Circular regarding actuarial chain ladder method"of Republic of Turkey Ministry of Treasury is abolished except Article 9 and 10. According to circular that explains ACML measurement method, insurance and reinsurance companies calculate ACML with six different methods as "Standard Chain, Damage/Premium, Cape Cod, Frequency/Intense, Munich Chain and Bornhuetter-Ferguson".

The methods selected for each branch is provided in the following section. The Company has not performed big claim elimination by Box Plox method.

Branches	December 31, 2021	December 31, 2020
Fire and Natural Disasters	Standard Chain	Standard Chain
General Losses (*)	Standard Chain	Standard Chain
General Liabilities (**)	Standard Chain	Standard Chain
Land Vehicles Liabilities	Standard Chain	Standard Chain
Marine	Standard Chain	Standard Chain
Sea Vehicles	Standard Chain	Standard Chain
Land Vehicles	Standard Chain	Standard Chain
Casualty	Standard Chain	Standard Chain
Health	Standard Chain	Standard Chain
Air Vehicles	Standard Chain	Standard Chain
Legal Protection	Standard Chain	Standard Chain
Sea Vehicles Liability	Sector Average (Insurance Association of Turkey 09/2021)	Sector Average (Insurance Association of Turkey 09/2020)
Air Vehicles Liability	Sector Average (Insurance Association of Turkey 09/2021)	Sector Average (Insurance Association of Turkey 09/2020)
Fidelity Guarantees	Sector Average (Insurance Association of Turkey 09/2021)	Sector Average (Insurance Association of Turkey 09/2020)
Financial Losses	Sector Average (Insurance Association of Turkey 09/2021)	Sector Average (Insurance Association of Turkey 09/2020)
Credit	Sector Average (Insurance Association of Turkey 09/2021)	Sector Average (Insurance Association of Turkey 09/2020)
Life	Sector Average (Insurance Association of Turkey 09/2021)	Sector Average (Insurance Association of Turkey 09/2020)

(*) Two separate calculation have been made as agriculture and non-agriculture subbranches.

(**) In accordance with the "Circular numbered 2020/11 on Making Amendments on Communique regarding Provision for Outstanding Claim Files numbered 2014/16" which has been published by Republic of Turkey Ministry of Treasury and Finance on December 7, 2020 and entered into force as of its publication date, an additional calculation is made in terms of Compulsory Financial Liability Insurance regarding Medical Malpractice sub-branch and calculation is made in terms of other sub-branches under General Liability through excluding Compulsory Financial Liability Insurance regarding Medical Malpractice.

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The Company, as a reinsurance company, selects data, adjustments, applicable methods and development factors by itself over the data obtained from insurance companies on a branch basis via actuarial methods. According to the article 11 clause 5 of "Circular on Actuarial Report for Non-Life Insurance Branch" dated November 6, 2008, selections and results should be assess in detail in actuarial report by the actuary.

The Company does not have sufficient data for ships, Air Vehicles Liability, Fidelity Guarantees, financial losses, credits and life branches. Furthermore, claim development tables have irregular distribution for the aforementioned branches. Therefore, the Company prefers to use sector average in the actuarial chain ladder method.

According to December 5, 2014 dated "Circular regarding Outstanding Claims Reserve (2014/16)" of Republic of Turkey Ministry of Treasury and Finance, the Company constitutes data by taking base of acceptance year rather than Casualty period for the reason of characteristic of reinsurance operations in course of ACML calculation and calculates ACML once in a year as of yearend. The methods indicated in the table are calculated according to paid claim.

Salvage and subrogation income which will be deducted in the calculation of ACML stated by the Undersecretariat should be based on collected amount (collected amount includes interest income over salvage and subrogation income, expertise, consultant and lawsuit expenses). Collections are taken into account according to their collection period.

According to the letter dated January 12, 2012 and numbered B.02.1.HZN.0.10.03.01/854 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, determination of final claims for the last business year used in IBNR calculation has been changed as at December 31, 2011. Accordingly, the final premium amount earned for the last business year is determined by considering premium development factors since premiums may be accrued in the following years under the terms of the agreements. Based on the calculated final premium amount of the last business year, unearned premium reserves and earned premiums are determined. Aforementioned earned premium amount is multiplied by the average of claim/premium ratio of the previous years to determine final claims amount of the last business year. IBNR is calculated by subtracting the paid and reported claims of the last business year from the final claims amount determined by the aforementioned method. In addition, IBNR amounts reported by sedan companies are taken into consideration and in order to prevent duplicate provision; paid claims, outstanding claims reserve and premiums of reported claims are excluded from the data set used in the calculation of IBNR. The Company determined final IBNR amount by adding reported IBNR amounts to IBNR amounts calculated from the data prepared in accordance with the principals mentioned above.

In accordance with December 5, 2014 dated and 2014/16 numbered "Circular for Outstanding Claims Reserve" of Republic of Turkey Ministry of Treasury and Finance, ACML calculation should be on main branch. However, as at December 31, 2012, the Company has calculated ACML reserve for General Damages main branch as two separate subbranches namely agriculture and non-agriculture branches. Because, Agriculture and Engineering subbranches under General Damages main branch have different characteristics in conversion process of outstanding losses to paid losses, IBNR calculation of General Damages branch produces unreliable and improper results. The Company applied to Republic of Turkey Ministry of Treasury and Finance on January 17, 2013 with letter numbered 300, so as to receive permission to calculate IBNR reserve for General Damages branch as agriculture and non-agriculture subbranches separately. Republic of Turkey Ministry of Treasury and Finance has given permission the Company in order to calculate IBNR reserve for General Damages within two subbranches with the letter dated January 28, 2013 and numbered 24179134. As of December 31, 2021, the Company recognised the amount that arose due to change in calculation method for IBNR on General Damages branch.

In accordance with the "Circular numbered 2020/11 on Making Amendments on Communique regarding Provision for Outstanding Claim Files numbered 2014/16" which has been published by Republic of Turkey Ministry of Treasury and Finance on December 7, 2020 and entered into force as of its publication date, IBNR amount is required to be separately calculated for the "Compulsory Financial Liability Insurance regarding Medical Malpractice" sub-branch included under General Liability main branch. In this scope, an additional calculation is made for Compulsory Financial Liability Insurance regarding Medical Malpractice and calculation is made for other sub-branches under General Liability insurance through excluding Compulsory Financial Liability Insurance regarding Medical Malpractice and calculated amounts are recognized on legal books As of December 31, 2021.

With the Circular 2017/7 announced by Republic of Turkey Ministry of Treasury and Finance regarding "the discount of net cash flow from outstanding claim files". Since the discount of "Land Vehicle Liability" and "General Liability" branches have become compulsory, according to the Article 1 of the circular, this is considered as a change of accounting policies and financial statements have been retrospectively restated. Companies are able to discount net cash flow from outstanding claim files according to the methods outlined by the circular. As of December 31 2021, the amounts found as a result of the relevant method change are reflected in the records.

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However, with the "Circular No. 2021/30 Amending the Circular No. 2016/22 on Discounting the Net Cash Flows Arising from Outstanding Claims" published on 30 December 2021, the rate used as 9% in the discounting of net cash flows is 14% as of December 31, 2021. arranged as In addition, according to the 13th article of the Circular no 2016/22, "The differences between the periods due to the change in the discount rate will be considered as a change in the estimation method, and the financial statements should be prepared within this framework and the effect of this change on the financial statements should be explained in the footnotes of the financial statements." With the effect of the said regulation, the discount amount calculated as of December 31 2021 has increased by TL 77.595.800.

As of the reporting date, as a result of actuarial chain ladder method; the Company except Singapore branch recorded 100% of additional negative IBNR amounting to TL 322.137.338 (December 31,2020: TL 296.857.614 negative IBNR) as outstanding claims reserve. As of the reporting date, TL 75.178.484 (December 31, 2020: TL 32.287.960) of IBNR provision is recorded for Singapore branch.

2.26 Mathematical reserves

In accordance with the Communiqué on Technical Reserves, companies operating in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal Casualty insurance contracts. Actuarial mathematical reserves, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Company meets in future and current value of premiums paid by policyholder in future (prospective method).

Mathematical reserves are recorded based on the data sent by ceding companies.

2.27 Unexpired risk reserves

In accordance with the Communiqué on Technical Reserves, while providing unearned premiums reserve, in each accounting period, the companies should perform adequacy test covering the preceding 12 months due to the probability that future claims and compensations of the outstanding policies may be in excess of the unearned premiums reserve already provided. In performing this test, it is required to multiply the unearned premiums reserve, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (outstanding claims reserve, net at the end of the period + claims paid, net -outstanding claims reserve, net at the beginning of the period) to earned premiums (written premiums, net + unearned premiums reserve, net at the beginning of the period -unearned premiums reserve, net at the end of the period).

According to the "Communiqué 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 Official Gazette no 28356 dated July 17, 2012; besides the net unexpired risk reserve detailed in the above, gross unexpired risk reserve is also calculated. The test is performed on main branch basis and in case where the net and gross expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the unearned premiums reserve of that main branch is added to the reserves of that branch. Difference between the gross and net amount is represents reinsurer's share. Premiums paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

With the Circular 2017/7 announced by Republic of Turkey Ministry of Treasury and Finance regarding "the discount of net cash flow from outstanding claim files". Since the discount of "Land Vehicle Liability" and "General Liability" branches have become compulsory, according to the Article 1 of the circular, this is considered as a change of accounting policies and financial statements have been retrospectively restated. Companies are able to discount net cash flow from outstanding claim files according to the methods outlined by the circular. However, with the "Circular No. 2021/30 Amending the Circular No. 2016/22 on Discounting the Net Cash Flows Arising from Outstanding Claims" published on December 30 2021, the rate used as 9% in the discounting of net cash flows is 14% as of December 31 2021. arranged as In addition, according to the 13th article of the Circular no 2016/22, "The differences between the periods due to the change in the discount rate will be considered as a change in the estimation method, and the financial statements should be prepared within this framework and the effect of this change on the financial statements should be explained in the footnotes of the financial statements." With the effect of the said regulation, the discount amount calculated as of 31 December 2021 has increased by TL 77.595.800, and with the effect of this situation, the provision for continuing risks calculated in the "General Liability" branch has decreased by TL 37.773.902.

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In accordance with general communique on unexpired risk reserve (2019/5), reinsurance companies can make the calculation on the basis of working year. In this case, calculation is made through proportioning total gross actual final damage amount of at least last three working years to total gross premium earnings (written premiums less unearned premiums). It is possible to use the calculation made for the last year-end for the current year interim period if it is clearly determined that repetition of calculation in quarterly periods shall not produce meaningful results due to reasons sourcing from structure of related contracts or conciliation processes of respective parties although it is principal to repeat such calculation on the basis of quarterly periods. The company has made provision for URR amounting to TL 155.845.717 (December 31, 2020: TL 48.148.394) in its financial statements dated December 31, 2021 as of reporting period based on results of test in question. If the above calculation has not been made, the company would make a provision for URR amounting to TL 180.717.769 in its financial statements As of December 31, 2021.

In order to ensure the elimination of misleading impact, caused by the amended outstanding claims reserve calculation method, on unexpired risk reserve, outstanding claims reserve of previous period is also calculated by the new method and amount, calculated based on aforementioned new method, is used in unexpired risk reserves account as the provision for carry-over outstanding claims reserve.

2.28 Equalization reserves

In accordance with the Communiqué on Technical Reserves put into effect starting from January 1, 2008, the companies should provide equalization reserve in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Equalization reserve, started to be provided in 2008, 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. The companies should provide equalization reserve up to reaching 150% of the highest premium amount written in a year within the last five years. 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 reserves. Claims payments are deducted from first year's equalization reserves by first in first out method.

With the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué 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", ceded premiums of earthquake and credit for non-proportional reinsurance contracts covered multiple branches should be calculated according to percentage of premiums of those branches within the total premiums unless the Company is determined any other methods. Share of earthquake and credit premium of written premiums for non-proportional reinsurance contracts is based on share of earthquake and credit premiums of proportional reinsurance contracts. In accordance with the Communiqué on Technical Reserves, the Company considers 11% of net death premium (including damage payments) as earthquake premium and 12% of that amount is calculated as equalization provision since the Company not having sufficient data for calculation. 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.

Equalization reserves are presented under "other technical reserves" within long term liabilities in the accompanying unconsolidated financial statements. As of the reporting date, the Company has recognized equalization reserves amounting to TL 245.855.051 (December 31, 2020: TL 184.672.350).

As of December 31, 2021, the Company has deducted TL 22.336.820 (December 31, 2020: TL 12.134.835) from equalization provision in consequence of realized earthquake losses.

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2.29 Related parties

Parties are considered related to the Company if:

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

- 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 venturer;
(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
(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.

2.30 Earning per share

Earnings per share are determined by dividing the net income by the weighted average number of shares outstanding during the year attributable to the shareholders of the Company. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issued are regarded as issued shares.

2.31 Subsequent events

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.

2.32 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021. 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 as at January 1, 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 (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021.Earlier application is permitted and must be disclosed.

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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.

Relief from discontinuing hedging relationships

- 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.

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 amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

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. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired 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 of the amendments is permitted.

Overall, the Company is in the process of assessing the impact of the amendments on financial position or performance of the Company..

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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 up to the date of issuance of the company financial statements are as follows. The company will make the necessary changes if not indicated otherwise, which will be affecting the company financial statements and disclosures, when the new standards and interpretations become effective.

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will wait until the final amendment to assess the impacts of the changes.

Amendments to TFRS 3 - Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. 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.

The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. 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 (March 2018).

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

Amendments to TAS 16 - Proceeds before 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. The amendments issued to TAS 16 which are effective for 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 transition relief for the first-time adopters. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 37 - Onerous contracts - Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively 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). Earlier application is permitted and must be disclosed.

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

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

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

On March 12, 2020, 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 Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

Overall, the Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Overall, the Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

Overall, the Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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Annual Improvements - 2018-2020 Cycle

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.
- *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.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all. The Company is in the process of assessing the impact of the amendments/improvements on financial position or performance of the Company.

3 Significant Accounting Estimates and Requirements

The notes given in this section are provided to addition/supplement the commentary on the management of insurance risk note 4.1 - Management of insurance risk and note 4.2 - Financial risk management.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Note 4.1 - Management of insurance risk
Note 4.2 - Financial risk management
Note 7 - Investment properties
Note 9 - Investments in subsidiaries
Note 10 - Reinsurance assets/liabilities
Note 11 - Financial assets
Note 12 - Loans and receivables
Not 17 - Insurance liabilities and reinsurance assets
Not 17 - Deferred acquisition commissions
Note 21 - Deferred income taxes
Note 23 - Other liabilities and cost provisions

Evaluation of the impact of the Covid 19 pandemic on Company activities

Covid-19 pandemic in Turkey as well as all over the world and has affected all areas of life significantly. In addition to the health threat it posed, the epidemic caused financial fluctuations whose impact was felt on a global scale. Countries have announced economic measures one after another in order to reduce the negative effects of the virus epidemic on economies. With the onset of the virus as of March 2020 in our country, many measures have been taken in social life and in the field of economy. In addition to the measures that regulate social life according to the epidemic, support packages were announced to the sectors that are likely to be adversely affected by the epidemic by reducing interest rates in the field of economy.

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As of December 31, 2021, it is observed that the pandemic process has not adversely affected the financial performance of our Company. In addition to these data, when our financial indicators are considered as a whole, it is considered that our activities have a sustainable structure. On the other hand, in order to ensure that our operational activities are not interrupted, necessary measures are taken for our personnel to work remotely and our practices are shaped in parallel with the developments in the pandemic process. In this process, there were no disruptions in operations and information technologies due to remote working.

4 Management of insurance and financial risk

4.1 Management of insurance risk

Objective of managing risks arising from insurance (reinsurance) contracts and policies used to minimize such risks

Reinsurance risk is defined as a possibility of financial loss due to inappropriate and insufficient application of reinsurance techniques in the activities of taking insurance contract responsibility partially or completely.

Potential risks that may be exposed in transactions are described, classified and managed based on the requirements set out in the Company's "Regulative Framework on the Risk Management Activities, Risk Management Policies and Implementation Procedures and Principles of the Risk Management" issued by the approval of the Board of Directors.

The main objective of the "Regulative Framework on the Risk Management Activities, Risk Management Policies and Implementation Procedures and Principles of the Risk Management" 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.

Reinsurance risk is measured by quantitative methods and kept under pre-specified limits based on the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" updated and approved annually by the Board of Directors.

Reinsurance risk is monitored regularly according to criteria described in the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" policy and results are analysed by the Risk Committee and reported to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

Sensitivity to insurance risk

Insurance risks do not generally have significant unrecoverable losses in the course of ordinary transactions, except for risks associated with earthquake and other catastrophic risks. Therefore, there is a high sensitivity to earthquake and catastrophic risks.

The case of potential claims' arising from earthquake and other catastrophic risks exceeding the maximum limit of the excess of loss agreements, such risks are treated as the primary insurance risks and are managed based on the precautionary principle. Maximum limit of excess of loss agreements is determined based on the worst-case scenario on the possibility of an earthquake in terms of its severity and any potential losses incurred in accordance with the generally accepted international earthquake models.

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Insurance risk concentrations

The Company's gross and net insurance risk concentrations (net of reinsurer share) in terms of insurance branches are summarized as below:

	December 31, 2021		
Branches	Gross total claims liability (*)	Reinsurance share of total claims liability	Net total claims liability
Fire and natural disasters	695.978.879	(44.486.617)	651.492.262
General Losses	397.267.030	(2.923.222)	394.343.808
Land vehicles liability (MTPL)	56.596.265	(63.971)	56.532.294
General liabilities	49.718.568	(1.084.437)	48.634.131
Sea Vehicles	48.362.177	(5.189.333)	43.172.844
Financial Losses	40.051.236	(629)	40.050.607
Marine	40.246.375	(2.404.898)	37.841.477
Land Vehicles	16.993.052	243.720	17.236.772
Casualty	11.888.041	(53.731)	11.834.310
Life	11.946.157	(1.830.418)	10.115.739
Health	3.644.138	-	3.644.138
Fidelity Guarantees	728.278	(24.174)	704.104
Air Vehicles	343.741	-	343.741
Credit	82.433	-	82.433
Legal protection	2.460	-	2.460
Sea vehicles liabilities	75	-	75
Total	1.373.848.905	(57.817.710)	1.316.031.195

	December 31, 2020		
Branches	Gross total claims liability (*)	Reinsurance share of total claims liability	Net total claims liability
Fire and natural disasters	503.437.397	(39.421.972)	464.015.425
General Losses	298.887.494	(996.143)	297.891.351
Land vehicles liability (MTPL)	55.178.373	(27.799)	55.150.574
General liabilities	46.904.303	(1.435.196)	45.469.107
Sea Vehicles	47.471.332	(3.920.139)	43.551.193
Marine	32.433.852	(1.682.640)	30.751.212
Land vehicles	26.528.601	275.821	26.804.422
Financial Losses	17.110.270	-	17.110.270
Casualty	9.494.351	(127.322)	9.367.029
Life	11.471.676	(3.304.640)	8.167.036
Health	2.448.227	-	2.448.227
Fidelity Guarantees	895.433	820	896.253
Air Vehicles	432.724	-	432.724
Legal protection	872	-	872
Sea vehicles liabilities	150	-	150
Credit	(10.018)	-	(10.018)
Total	1.052.685.037	(50.639.210)	1.002.045.827

(*) Total claims liability includes outstanding claims reserve (paid).

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

In the current year, there are no material changes in the assumptions of measurement of insurance assets and liabilities.

4.2 Management of 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 Company is subject to credit risk, market risk (foreign currency risk, interest rate risk and price risk in relation with financial investments) and liquidity risk due to assets and liabilities. The Company's exposure to each of the above risks is assessed according to "Application Principles in Respect of Risk Limits".

The Company monitors its receivables by obtaining comprehensive information about the debtors and debtors' activities. The risk over investment portfolio is managed by measuring and reporting the market risk daily, reassessing the results validity and applying different scenario analyses. The Company's exposure to each of the above risks is measured by Internal Control and Risk Management Service independently, reported to Board of Directors and units of İş Bankası through the Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparties (parties issued financial instrument, insurance companies, reinsurance companies and other debtors) having business relationship with the Company fails to meet its contractual obligations. The Company manages this credit risk by regularly assessing reliability of the counterparties.

Credit risk is measured by both quantitative and qualitative methods and the weighted reinsurers in retrocession programs, credit ratings of them that indicate their financial strengths and their financial positions are analysed.

Doubtful receivables are monitored quarterly.

In addition, concentration of the investment portfolio is assessed quarterly.

The results evaluated by the Risk Committee and reported regularly to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

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Net book value of the assets that is exposed to credit risk is shown in the table below.

	December 31, 2021	December 31, 2020
Cash and cash equivalents *(Note 14)* (*)	1.940.001.758	1.592.095.625
Financial assets and financial investments with risks on policyholders *(Note 11)* (**)	1.819.548.720	1.001.292.061
Receivables from main operations *(Note 12)*	640.389.582	429.575.728
Reinsurer share in outstanding claims reserve *(Note 10), (Note 17)*	106.787.271	78.871.381
Income accruals	20.728.018	20.892.868
Prepaid taxes and funds *(Note 12)*	-	11.092.252
Other Prepaid Expenses (***)	40.831.453	29.492.569
Other receivables *(Note 12)*	1.908.875	1.604.433
Other current asset *(Note 12)*	3.037.253	106.950
Total	4.573.232.930	3.165.267.794

(*) Cash on hands balance amounting to TL 21.528 are not included (December 31, 2020: TL 21.439).

(**) Equity shares amounting to TL 104.466.071 are not included (December 31, 2020: TL 157.662.336)

(***) TL 37.634.324 is the advance amount given by the Company. (December 31, 2020: TL 26.661.018)

December 31, 2021 and 2020, the aging of the receivables from main operations and related provisions are as follows:

	December 31, 2021		December 31, 2020	
	Gross amount	Provision	Gross amount	Provision
Not past due	553.699.871	-	315.675.462	-
Past due 0-30 days	6.577.397	-	50.748.454	-
Past due 31-60 days	7.457.025	-	3.510.421	-
Past due 61-90 days	234.497	-	9.990.422	-
More than 90 days	135.678.569	(63.257.777)	84.707.486	(35.056.517)
Total	703.647.359	(63.257.777)	464.632.245	(35.056.517)

The movements of the allowances for impairment losses for receivables from main operations during the year are as follows:

	December 31, 2021	December 31, 2020
Provision for receivables from insurance operations at the beginning of the year	35.056.517	28.638.564
Collections during the period *(Note 47)*	(283.698)	-
Provisions for doubtful receivables during the period (*Note 47)*	-	15.299
Foreign currency translation effect *(Note 47)*	28.484.958	6.402.654
Provision for receivables from insurance operations at the end of the year	63.257.777	35.056.517

The movements of the allowances for impairment losses for other receivables are as follows:

	December 31, 2021	December 31, 2020
Provision for other receivables at the beginning of the year	832.788	754.788
Collections during the period	-	-
Impairment losses provided during the period *(Note 47)*	228.541	78.000
Provision for other receivables at the end of the year	1.061.329	832.788

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as a result of the imbalance between the Company's cash inflows and outflows in terms of maturity and volume.

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The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

In respect of this risk, which is measured by quantitative methods, any liquidity deficit is observed via the maturity analysis of assets and liabilities in the statement of balance sheet. Furthermore, liquidity structure of the Company is monitored by using the following basic indicators in respect of liquidity ratios:

- Liquid Assets/Total Assets
- Liquidity Ratio
- Current Ratio
- Premium and Reinsurance Receivables/Total Assets

The results evaluated by the Risk Committee and reported regularly to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

Management of the liquidity risk

The Company considers the maturity match between asset and liabilities for the purpose of avoiding liquidity risk and ensure that it will always have sufficient liquidity to meet its liabilities when due.

Maturity distribution of monetary assets and liabilities:

December 31, 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	1.940.023.286	1.242.797.880	598.622.685	57.764.758	40.837.963	-	-
Financial assets (*)	1.819.548.720	304.247.749	343.903.030	39.596.310	53.863.450	1.077.938.181	-
Receivables from main operations	640.389.582	205.352.818	87.455.656	78.711.174	143.093.847	125.776.087	
Other receivables and current assets	66.505.599	62.562.257	-	-	3.922.849	20.493	-
Total monetary assets	4.466.467.187	1.814.960.704	1.029.981.371	176.072.242	241.718.109	1.203.734.761	-
Financial liabilities and other liabilities	6.851.224	6.851.224	-	-	-	-	-
Payables arising from main operations	127.233.309	96.561.986	-	-	181.166	30.490.157	-
Due to related parties	156.141	156.141	-	-	-	-	-
Insurance technical reserves (**)	2.268.809.305	-	-	-	-	-	2.268.809.305
Provisions for taxes and other similar obligations	81.489.082	4.060.290	77.428.792	-	-	-	-
Provisions for other risks and expense accruals	128.483.581	6.036.220	4.456.812	-	-	-	117.990.549
Total monetary liabilities	2.613.022.642	113.665.861	81.885.604	-	181.166	30.490.157	2.386.799.854

(*) Equity shares amounting to TL 104.466.071 are not included.

(**) Net of outstanding claims reserve not subject to consistent distribution is presented in the "unallocated" column.

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December 31, 2020	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	1.592.117.064	1.418.820.700	66.515.239	52.046.973	54.734.152	-	-
Financial assets (*)	1.001.292.061	349.485.443	165.686.902	28.383.600	111.071.322	346.664.794	-
Receivables from main operations	429.575.728	132.441.168	85.037.364	19.865.886	28.297.389	163.933.921	-
Other receivables and current assets	63.189.072	62.571.719	-	-	617.353	243.927	-
Total monetary assets	3.086.417.852	1.963.319.030	317.239.505	100.296.459	194.720.216	510.842.642	-
Financial liabilities and other liabilities	1.321.982	1.321.982	-	-		-	-
Payables arising from main operations	75.120.811	59.301.100	1.179.731	1.250.893	95.495	13.293.592	-
Due to related parties	136.214	136.214	-	-	-	-	-
Insurance technical reserves (**)	1.631.453.741	-	-	-	-	-	1.631.453.741
Provisions for taxes and other similar obligations	2.358.902	2.358.902	-	-	-	-	-
Provisions for other risks and expense accruals	88.672.602	2.757.182	4.231.201	-	-	-	81.684.219
Total monetary liabilities	1.799.064.252	65.875.380	5.410.932	1.250.893	95.495	13.293.592	1.713.137.960

(*) Equity shares amounting to TL 157.662.336 are not included.

(**) Net of outstanding claims reserve not subject to consistent distribution is presented in the "unallocated" column.

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.

Foreign currency risk

The Company is exposed to foreign currency risk through insurance and reinsurance transactions in foreign currencies. Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the reporting periods, foreign currency assets balances evaluated by the Central Bank of Republic of Turkey's ("TCMB") exchange buying rates and the liabilities balances evaluated by the TCMB exchange selling rates. Differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of income.

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

December 31, 2021	US Dollar	Euro	Other currencies	Total
Assets:				
Cash and cash equivalents	208.041.899	5.287.510	82.016.209	295.345.618
Financial assets and financial investments of risky insurers	778.479.183	270.388.959	-	1.048.868.142
Receivables from main operations	164.898.876	70.688.653	287.351.740	522.939.269
Total foreign currency assets	1.151.419.958	346.365.122	369.367.950	1.867.153.028
Liabilities:				
Payables arising from main operations	(21.137.455)	(4.556.502)	(71.197.246)	(96.891.203)
Insurance technical reserves (*)	(597.712.006)	(263.913.694)	(279.939.610)	(1.141.565.310)
Financial liabilities	-	-	(3.234.894)	(3.234.894)
Total foreign currency liabilities	(618.849.461)	(268.470.196)	(354.371.750)	(1.241.691.407)
Net financial position	532.570.497	77.894.926	14.996.198	625.461.621

December 31, 2020	US Dollar	Euro	Other currencies	Total
Assets:				
Cash and cash equivalents	255.831.573	34.279.547	4.470.228	294.581.348
Financial assets and financial investments of risky insurers	340.721.866	55.397.567	-	396.119.433
Receivables from main operations	98.596.016	41.684.005	208.762.775	349.042.796
Total foreign currency assets	695.149.455	131.361.119	213.233.003	1.039.743.577
Liabilities:				
Payables arising from main operations	(20.742.798)	(4.800.405)	(27.946.680)	(53.489.883)
Insurance technical reserves (*)	(353.021.324)	(154.013.462)	(178.734.536)	(685.769.322)
Financial liabilities	-	-	-	-
Total foreign currency liabilities	(373.764.122)	(158.813.867)	(206.681.216)	(739.259.205)
Net financial position	321.385.333	(27.452.748)	6.551.787	300.484.372

(*) According to the "Communiqué 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 Official Gazette no 27655 dated July 28, 2010; foreign currency denominated claims provisions evaluated by the Central Bank of Republic of Turkey's spot sales rates.

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

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

	Buying		Selling		Average	
	US Dollar	Euro	US Dollar	Euro	US Dollar	Euro
31 December 2021	13,3290	15,0867	13,3530	15,1139	8,8557	10,4408
31 December 2020	7,3405	9,0079	7,3537	9,0241	7,0034	8,0140

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Exposure to foreign currency risk

20 percent depreciation of the TL against the following currencies As of December 31, 2021 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below (December 31, 2020: 20 percent depreciation of the TL). This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 20 percent appreciation of the TL against the following currencies, the effect will be in opposite direction.

	December 31, 2021		December 31, 2020	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	106.514.099	106.514.099	64.277.067	64.277.067
Euro	15.578.985	15.578.985	(5.490.550)	(5.490.550)
Others	2.999.240	2.999.240	1.310.357	1.310.357
Total, net	125.092.324	125.092.324	60.096.874	60.096.874

(*) Equity effect also includes profit or loss effect of 20% depreciation of TL against related currencies (December 31, 2020: 20% depreciation of TL).

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 of reporting date; the interest rate profile of the Company's interest earning financial assets and interest-bearing financial liabilities are detailed as below:

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets with fixed interest rates:	3.225.623.967	2.207.520.461
Cash at banks *(Note 14)*	1.868.075.565	1.554.163.504
Available for sale financial assets - Government bonds - FC *(Note 11)*	524.966.173	201.272.717
Available for sale financial assets - Government bonds - TL *(Note 11)*	67.895.225	-
Available for sale financial assets - Private sector bonds - FC *(Note 11)*	439.525.214	194.846.716
Available for sale financial assets - Private sector bonds - TL *(Note 11)*	325.161.790	257.237.524
Financial assets with variable interest rate:	186.561.430	87.447.351
Available for sale financial assets - Private sector bonds - TL *(Note 11)*	186.561.430	87.447.351

Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies.

The Company has classified its financial assets as held for trading or available for sale. As of the reporting date, available for sale financial assets and financial assets held for trading are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying unconsolidated financial statements.

Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying values.

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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.

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 the utilization of observable market data, if available.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Held for trading financial assets *(Note 11)*	244.003.125	-	-	244.003.125
Available for sale financial assets *(Note 11)* [(*)]	1.679.920.174	-	-	1.679.920.174
Associates (Note 9)	-	234.810.535	-	234.810.535
Subsidiaries (Note 9)	-	1.248.547.233	-	1.248.547.233
Total financial assets	1.923.923.299	1.483.357.768	-	3.407.281.067
Tangible assets:				
Investment properties *(Note 6)*	-	549.896.000	-	549.896.000
Owner Occupied Properties *(Note 6)*	-	234.955.000	-	234.955.000
Total tangible assets	-	784.851.000	-	784.851.000
Total	1.923.923.299	2.268.208.768	-	4.192.132.067

[(*)] As of December 31, 2021, securities that are not publicly traded amounting to TL 91.492 have been measured at cost.

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Held for trading financial assets *(Note 11)*	190.742.811	-	-	190.742.811
Available for sale financial assets *(Note 11)* [(*)]	968.120.094	-	-	968.120.094
Associates (Note 9)	-	199.595.913	-	199.595.913
Subsidiaries (Note 9)	-	1.187.633.948	-	1.187.633.948
Total financial assets	1.158.862.905	1.387.229.861	-	2.546.092.766
Tangible assets:				
Investment properties *(Note 6)*	-	458.821.000	-	458.821.000
Owner Occupied Properties *(Note 6)*	-	180.163.740	-	180.163.740
Total tangible assets	-	638.984.740	-	638.984.740
Total	1.158.862.905	2.026.214.601	-	3.185.077.506

[(*)] As of December 31, 2021, securities that are not publicly traded amounting to TL 91.491 have been measured at cost.

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Equity share price risk

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a decline in index.

The effect of changes in fair values of the associates and the available-for-sale financial assets on equity that is resulted from the fluctuations on index (all of the other variables are assumed to be fixed) are as follows As of December 31, 2021 and 2020:

	Change in index	December 31, 2021	December 31,2020
Market price of equity	10%	10.437.458	15.757.084

Gain and losses from financial assets

Gains and losses recognized in the statement of income, net:	December 31, 2021	December 31, 2020
Gains transferred from the statement of equity to the statement of income on disposal of available for sale financial assets (*Note 15)*	7.489.833	20.321.227
Interest income from bank deposits	297.325.249	127.604.439
Interest income from debt securities classified as available-for-sale financial assets	105.706.767	48.832.056
Income from equity shares	1.395.274	-
Foreign exchange gains	423.659.936	94.862.946
Income from mutual funds classified as trading financial assets	4.777.848	16.362.189
Income from investment funds	51.512.922	18.233.969
Interest income from repos	160.753	50
Income from derivative products	-	-
Income from subsidiaries	257.964.520	231.971.961
Income from affiliates	87.218.513	65.656.632
Other	-	216.110
Investment income	1.237.211.615	624.061.579
Foreign exchange losses	(23.195.899)	(20.493.502)
Loss from disposal of financial assets	(498.511)	(1.586.173)
Investment management expenses (including interest)	(53.257)	(78.988)
Investment expenses	(23.747.667)	(22.158.663)
Investment income, net	1.213.463.948	601.902.916

Gains and losses recognized in the statement of equity, net:	December 31, 2021	December 31, 2020
Fair value changes in available for sale financial assets *(Note 15)*	(248.564.546)	204.918.992
Gains transferred from the statement of equity to the statement of income on disposal of available for sale financial assets (*Note 15)*	(7.489.833)	(20.321.227)
Total	(256.054.379)	184.597.765

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Capital management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by Republic of Turkey Ministry of Treasury and Finance
- To safeguard the Company's ability to continue as a going concern

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; the Company measured its minimum capital requirement as TL 980.075.804 (December 31, 2020: 719.335.487) As of December 31, 2021. As of December 31, 2021, and 2020, the capital amount of the Company presented in the unconsolidated financial statements are TL 3.000.442.620 and TL 2.638.633.525 respectively and capital surplus of the Company is amounting to TL 1.975.351.761 (December 31, 2020: TL 1.813.120.282) according to the communiqué.

5 Segment Information

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

As of December 31, 2021, the Company operates in life and non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market.

6 Tangible assets

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

	January 1, 2021	Additions	Foreign currency translation effect (*)	Disposals	Revaluation surplus	December 31, 2021
Cost:						
Investment properties *(Note 7)*	458.821.000	-	-	-	91.075.000	549.896.000
Buildings for own use	180.163.740	364.783	-	-	54.426.477	234.955.000
Furniture and fixtures	9.712.433	1.841.501	1.432.218	(412.737)	-	12.573.415
Land vehicles	2.439.414	-	795.337	-	-	3.234.751
Operating leases	3.631.739	4.146.302	2.491.467	(3.631.739)	-	6.637.769
Construction in progress(**)	-	5.924.030	-	-	-	5.924.030
	654.768.326	12.276.616	4.719.022	(4.044.476)	145.501.477	813.220.965
Accumulated depreciation:						
Buildings for own use	1.261.560	630.591	-		(1.647.957)	244.194
Furniture and fixtures	6.349.770	1.172.819	1.373.935	(100.057)	-	8.796.467
Land vehicles	1.049.002	528.130	238.120	-	-	1.815.252
Operating leases	3.631.739	2.205.046	1.113.838	(3.631.738)	-	3.318.885
	12.292.071	4.536.586	2.725.893	(3.731.796)	(1.647.957)	14.174.798
Carrying amounts	642.476.255					799.046.167

(*) Foreign currency translation effect resulted from Singapore Branch.

(**) There are costs related to heating and cooling group renewal in the calculation of the construction in progress.

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

	January 1, 2020	Additions	Foreign currency translation effect (*)	Disposals	Revaluation surplus	December 31, 2020
Cost:						
Investment properties *(Note 7)*	415.891.000	-	-	-	42.930.000	458.821.000
Buildings for own use	179.340.000	823.740	-	-	-	180.163.740
Furniture and fixtures	7.535.039	2.097.289	333.799	(253.694)	-	9.712.433
Operating leases	2.325.551	974.897	202.973	(1.064.007)	-	2.439.414
Land vehicles	2.938.936	-	692.803	-	-	3.631.739
	608.030.526	3.895.926	1.229.575	(1.317.701)	42.930.000	654.768.326
Accumulated depreciation:						
Buildings for own use	699.341	562.219	-	-	-	1.261.560
Furniture and fixtures	5.360.612	916.514	324.416	(251.772)	-	6.349.770
Land vehicles	1.269.990	483.180	164.772	(868.940)	-	1.049.002
Operating leases	1.533.358	1.657.152	441.229	-	-	3.631.739
	8.863.301	3.619.065	930.417	(1.120.712)	-	12.292.071
Carrying amounts						
	599.167.225					642.476.255

(*) Foreign currency translation effect resulted from Singapore Branch.

Expertise reports regarding the Company's property are prepared by independent professional valuation specialists authorized by CMB in December 2021.

As of December 31, 2021, and 2020, the fair values (excluding VAT) and net carrying values of property for own used are presented below:

Owner occupied land and buildings	Expertise date	Expertise value	Net Book Value (December 31, 20201	Net Book Value (December 31, 2020)
Headquarter Building	September 2021	234.955.000	234.710.806	178.902.180
Total		234.955.000	234.710.806	178.902.180

Fair value measurement

The fair values of property for own use were determined by market comparison technique. The fair value measurement of owner-occupied land and buildings is classified as level 2.

As of December 31, 2021, and 2020, there is no mortgage on Company's tangible assets.

7 Investment properties

Additions and disposals for investment properties is given "6- Tangible Assets" note in table of current period movement of tangible assets.

Investment properties are presented by fair value method As of December 31, 2021 and 2020 on balance sheet and The Company's investment properties gained TL 91.075.000 amount of value in 2021 in the context of expertise report prepared by independent professional valuation specialists authorized by Capital Markets Board of Turkey. From investment property, TL 91.075.000 amount of rent income is obtained from investment properties in the current accounting period (December 31, 2020: TL 17.841.090).

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As of December 31, 2021, inflation adjusted cost and fair value amounts of the Company's investment properties are amounting to TL 549.896.000 (December 31, 2020: TL 458.821.000).

The expertise (excluding VAT) and net book values of investment properties are as follows per real estate. Expertise reports regarding these properties are prepared by independent professional valuation specialists authorized by CMB in December 2021. There is no mortgage on the real estates.

As of December 31, 2021, and 2020, details of investment properties and the fair values are as follows:

	December 31, 2021 Net book value	December 31, 2020 Net book value	Date of expertise report	Value of expertise report
Çifteler Land	6.000	6.000	September 2021	6.000
Villa Office Block	52.850.000	45.600.000	September 2021	52.850.000
Suadiye Fitness Center	48.770.000	45.840.000	September 2021	48.770.000
Tunaman Garage	182.925.000	155.075.000	September 2021	182.925.000
Operating Center Rental Offices	265.345.000	212.300.000	September 2021	265.345.000
Carrying amounts	549.896.000	458.821.000		549.896.000

Fair value measurement

The fair values of investment properties were determined by market comparison technique. The fair value measurement of owner occupied land and buildings is classified as level 2.

8 Intangible assets

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

	January 1, 2021	Additions	Foreign currency translation effects (*)	Disposal	Transfers	December 31, 2021
Cost:						
Rights	47.785.666	2.001.983	128.815	-	-	49.916.464
Advances on intangible fixed assets (**)	-	12.469.277	-	-	-	12.469.277
	47.785.666	14.471.260	128.815	-	-	62.385.741
Accumulated amortization:						
Rights	16.615.898	14.932.441	95.737	-	-	31.644.076
	16.615.898	14.932.441	95.737	-	-	31.644.076
Carrying amounts	31.169.768					30.741.665

(*) Foreign currency translation effect resulted from Singapore Branch.

(**) Given referring to IFRS 17 consultation.

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

	January 1, 2020	Additions	Foreign currency translation effects (*)	Disposal	Transfers	December 31, 2020
Cost:						
Rights	10.494.461	299.763	866.720	(4.460.001)	40.584.723	47.785.666
Advances on intangible fixed assets (**)	37.500.121	3.084.602	-		(40.584.723)	-
	47.994.582	3.384.365	866.720	(4.460.001)	-	47.785.666
Accumulated amortization:						
Rights	7.691.295	12.517.821	866.783	(4.460.001)	-	16.615.898
	7.691.295	12.517.821	866.783	(4.460.001)	-	16.615.898
Carrying amounts	40.303.287					31.169.768

(*) Foreign currency translation effect resulted from Singapore Branch.

(**) Given referring to reinsurance computer software.

9 Investments in associates

The Company accounts for its subsidiaries, its investments in associates and its joint ventures using the equity method defined in TAS 27 - "Consolidated and Separate Financial Statements" in preparing the unconsolidated financial statements.

As of the reporting date, the carrying values of the investments accounted for using equity method accounted in balance sheet in the unconsolidated financial statements of the Company are as follows:

	December 31, 2021		December 31, 2020	
	Net book value	Participation rate %	Net book value	Participation rate %
Anadolu Hayat Emeklilik	234.810.535	12,46	199.595.913	12,46
Investments in associates, net	234.810.535		199.595.913	
Anadolu Sigorta	1.244.554.254	57,31	1.183.837.861	57,31
Miltaş Turizm İnşaat Ticaret Anonim Şirketi	3.992.979	78,00	3.796.087	77,00
Investments in subsidiaries, net	1.248.547.233		1.187.633.948	
Total financial asset	1.483.357.768		1.387.229.861	

Name	Total assets	Shareholders' equity	Retained earnings	Profit for the year	Audited	Period
Associates:						
Anadolu Hayat Emeklilik (*)	51.499.992.517	1.884.514.731	108.600.909	699.988.065	Audited.	December 31, 2021
Subsidiaries:						
Miltaş Turizm İnşaat Tic.A.Ş.	5.688.344	5.119.204	8.636	190.948	Not Audited.	December 31, 2021
Anadolu Sigorta(*)	16.120.481.026	2.548.455.142	121.103.662	589.834.604	Audited.	December 31, 2021

(*) As of December 31, 2021, consolidated financial informations of Anadolu Sigorta and Anadolu Hayat Emeklilik are shown.

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10 Reinsurance assets and liabilities

As of December 31, 2021, and 2020, outstanding reinsurance assets and liabilities of the Company, as Reinsurance company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	December 31, 2021	December 31, 2020
Receivables from reinsurance companies *(Note 12)*	86.696.642	48.027.209
Cash deposited to reinsurance companies	199.336.037	120.831.485
Outstanding claims reserve, ceded *(Note 4.2), (Note 17)*	106.787.271	78.871.381
Unearned premiums reserve, ceded *(Note 17)*	23.649.245	20.130.822
Total	416.469.195	267.860.897

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2021	December 31, 2020
Deferred commission income *(Note 19)*	4.098.066	2.760.960
Total	4.098.066	2.760.960

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

	December 31, 2021	December 31, 2020
Premiums ceded during the period *(Note 17)*	(330.959.315)	(238.964.890)
Unearned premiums reserve, ceded at the beginning of the period *(Note 17)*	(20.130.822)	(44.693.136)
Unearned premiums reserve, ceded at the end of the period *(Note 17)*	23.649.245	20.130.822
Premiums earned, ceded *(Note 17)*	(327.440.892)	(263.527.204)
Claims paid, ceded during the period *(Note 17)*	57.817.710	50.639.210
Outstanding claims reserve, ceded at the beginning of the period *(Note 17)*	(78.871.381)	(90.544.841)
Outstanding claims reserve, ceded at the end of the period *(Note 17)*	106.787.271	78.871.381
Claims incurred, ceded *(Note 17)*	85.733.600	38.965.750
Commission income accrued from reinsurers during the period *(Note 32)*	10.175.548	6.048.624
Deferred commission income at the beginning of the period *(Note 19)*	2.760.960	1.018.666
Deferred commission income at the end of the period *(Note 19)*	(4.098.066)	(2.760.960)
Commission income earned from reinsurers *(Note 32)*	8.838.442	4.306.330
Changes in unexpired risks reserve, reinsurers' share *(Note 17)*	1.857.501	25.701
Total, net	(231.011.349)	(220.229.423)

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11 Financial assets

As of December 31, 2021, and 2020, the Company's financial assets portfolio are detailed as follows:

	December 31, 2021	December 31, 2020
Available for sale financial assets	1.686.966.206	975.166.126
Financial Assets Held for Trading	244.003.125	190.742.811
Provisions for impairment for financial assets available for sale	(6.954.540)	(6.954.540)
Total	1.924.014.791	1.158.954.397

As of December 31, 2021, and 2020, the Company's available for sale financial assets are as follows:

	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds - EUR	12.225.000	132.274.231	186.012.202	186.012.202
Government bonds - TL	92.500.000	70.620.148	67.895.225	67.895.225
Government bonds - USD	25.506.000	228.319.534	338.953.971	338.953.971
Private sector bonds - USD	33.582.000	329.890.015	439.525.214	439.525.214
Private sector bonds - TL	518.310.000	507.832.237	518.677.760	518.677.760
Impairment loss on private sector bonds			(6.954.540)	(6.954.540)
		1.268.936.165	1.544.109.832	1.544.109.832
Non-fixed income financial assets:				
Equity shares		61.938.846	104.466.071	104.466.071
Investment funds		22.462.238	31.435.763	31.435.763
		84.401.084	135.901.834	135.901.834
Total available-for-sale financial assets		1.353.337.249	1.680.011.666	1.680.011.666

	December 31, 2020			
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds - EUR	5.710.000	41.285.642	55.397.567	55.397.567
Government bonds - USD	18.406.000	118.613.401	145.875.150	145.875.150
Private sector bonds - USD	25.349.000	163.254.487	194.846.716	194.846.716
Private sector bonds - TL	346.110.000	338.697.309	351.639.415	351.639.415
Impairment loss on private sector bonds			(6.954.540)	(6.954.540)
		661.850.839	740.804.308	740.804.308
Non-fixed income financial assets:				
Equity shares		61.938.846	157.662.336	157.662.336
Investment funds		60.774.131	69.744.942	69.744.942
		122.712.977	227.407.278	227.407.278
Total available-for-sale financial assets		784.563.816	968.211.586	968.211.586

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As of December 31, 2021, the details of the Company's held for trading assets are as follows

	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
Investment funds TL		125.071.511	159.626.370	159.626.370
Investment funds EUR		63.032.262	84.376.756	84.376.755
Total		188.103.773	244.003.126	244.003.125

	December 31, 2020			
	Nominal value	Cost	Fair value	Net book value
Investment funds TL		183.929.766	190.742.811	190.742.811
Total		183.929.766	190.742.811	190.742.811

Debt instruments presented above are traded in the capital markets. As of December 31, 2021, equity shares classified as available for sale financial assets with a carrying amount of TL 91.492 are not publicly traded (December 31, 2020: TL 91.492).

There is no debt security issued during the period or issued before and paid during the period by the Company.

Value increases in financial assets including equity shares classified as available for sale financial assets and subsidiaries for the last 3 years (including tax effects):

Year	Change in value increase	Total increase in value
2021	(256.054.379)	28.018.182
2020	184.597.765	284.072.561
2019	137.867.727	99.474.796

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Details of the financial assets issued by related parties of the Company's are as follows:

	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
Available for sale financial assets - Equity shares		61.871.244	104.398.469	104.398.469
Available for sale financial assets - Investment funds		22.462.238	31.435.763	31.435.763
Financial Assets Held For Trading - Investment funds		75.071.517	95.707.881	95.707.881
Available for sale financial assets - Private sector bonds	381.000.000	369.908.830	373.566.430	373.566.430
Available for sale financial assets - Private sector bonds FC	7.000.000	88.931.621	91.626.079	91.626.079
Total		618.245.450	696.734.622	696.734.622

	December 31, 2020			
	Nominal value	Cost	Fair value	Net book value
Available for sale financial assets - Equity shares		61.871.244	157.594.734	157.594.734
Available for sale financial assets - Investment funds		60.774.131	69.744.942	69.744.942
Financial Assets Held For Trading - Investment funds		183.929.766	190.742.811	190.742.811
Available for sale financial assets - Private sector bonds	229.800.000	222.958.902	227.248.464	227.248.464
Available for sale financial assets - Private sector bonds FC	14.000.000	99.688.723	105.690.061	105.690.061
Total		629.222.766	751.021.012	751.021.012

Movements of the financial assets during the period are presented below:

	December 31, 2021		
	Financial assets held for trading	Available-for-sale	Total
Balance at the beginning of the period	190.742.811	968.211.586	1.158.954.397
Unrealized exchange differences on financial assets	23.716.245	244.641.718	268.357.963
Acquisitions during the period	356.341.014	1.298.301.856	1.654.642.870
Disposals (sale and redemption)	(500.458.942)	(900.208.435)	(1.400.667.377)
Change in the fair value of financial assets	173.661.997	127.361.100	301.023.097
Change in amortized cost of the financial assets	-	(58.296.159)	(58.296.159)
Balance at the end of the period	244.003.125	1.680.011.666	1.924.014.791

	December 31, 2020		
	Financial assets held for trading	Available-for-sale	Total
Balance at the beginning of the period	-	520.755.751	520.755.751
Acquisitions during the period	-	43.285.313	43.285.313
Disposals (sale and redemption)	1.133.943.320	1.573.734.209	2.707.677.529
Change in the fair value of financial assets	(960.907.402)	(1.421.128.319)	(2.382.035.721)
Change in amortized cost of the financial assets	17.706.893	243.255.528	260.962.421
Bonus shares acquired	-	8.309.104	8.309.104
Balance at the end of the period	190.742.811	968.211.586	1.158.954.397

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12 Loans and receivables

	December 31, 2021	December 31, 2020
Receivables from main operations *(Note 4.2)*	640.389.582	429.575.728
Prepaid taxes and funds *(Note 4.2)*	-	11.092.252
Other receivables *(Note 4.2)*	1.908.875	1.604.433
Other current asset	3.037.253	106.950
Total	645.335.710	442.379.363
Short-term receivables	519.559.623	278.445.442
Medium and long-term receivables	125.776.087	163.933.921
Total	645.335.710	442.379.363

As of December 31, 2021, and 2020, receivables from main operations are detailed as follows:

	December 31, 2021	December 31, 2020
Receivables from insurance companies	181.896.960	120.993.013
Receivables from brokers and intermediaries	90.597.920	56.023.124
Receivables from reinsurance companies *(Note 10)*	86.696.642	48.027.209
Total receivables from insurance operations, net	359.191.522	225.043.346
Cash deposited to insurance and reinsurance companies	281.198.060	204.532.382
Doubtful receivables from main operations	63.257.777	35.056.517
Provision for doubtful receivables from main operations	(63.257.777)	(35.056.517)
Receivables from main operations	640.389.582	429.575.728

As of December 31, 2021, and 2020, mortgages and collaterals obtained for receivables are disclosed as follows:

	December 31, 2021	December 31, 2020
Letters of guarantees	24.484.094	15.467.376
Other Guarantees	201.669	400.138
Total	24.685.763	15.867.514

Provisions for overdue receivables and receivables not due yet

a) *Receivables under legal or administrative follow up (due): TL* 63.257.777 for main operations (December 31, 2020: TL 35.056.517) and TL 1.061.329 (December 31, 2020: TL 832.788) for other receivables.

b) Provision for premium receivables (due): None (December 31, 2020: None).

The Company's receivables from and payables to shareholders, associates and subsidiaries are detailed in note 45 - *Related party transactions*.

The details of the receivables and payables denominated in foreign currencies and foreign currency rates used for the translation are presented in Note 4.2- Financial risk management.

13 Derivative financial assets

As of December 31, 2021, and 2020, the Company has no derivative financial instruments.

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14 Cash and cash equivalents

As of December 31, 2021, and 2020, the details of cash and cash equivalents are as follows:

	December 31, 2021		December 31, 2020	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Cash on hand	21.528	21.439	21.439	60.119
Bank deposits	1.940.001.758	1.591.695.487	1.591.695.487	1.754.500.598
Cheques received	-	400.138	400.138	240.000
Cash and cash equivalents in the balance sheet	**1.940.023.286**	**1.592.117.064**	**1.592.117.064**	**1.754.800.717**
Bank deposits - blocked	(500)	(500)	(500)	(500)
Time deposits with maturities longer than 3 months	(157.229.110)	(145.142.438)	(145.142.438)	(196.631.873)
Interest accruals on bank deposits	(14.400.277)	(10.329.632)	(10.329.632)	(6.341.497)
Cash and cash equivalents presented in the statement of cash flows	**1.768.393.399**	**1.436.644.494**	**1.436.644.494**	**1.551.826.847**

As of December 31, 2021, and 2020, the details of bank deposits as follows:

	December 31, 2021	December 31, 2020
Foreign currency denominated bank deposits		
- time deposits	223.883.970	257.078.486
- demand deposits	71.456.715	37.500.098
Bank deposits in Turkish Lira		
- time deposits	1.644.191.595	1.297.085.018
- demand deposits	469.478	31.885
Bank deposits	**1.940.001.758**	**1.591.695.487**

15 Equity

Paid in capital

The shareholder having direct or indirect control over the shares of the Company is İş Bankası Group having 87,60% of outstanding shares. As of December 31, 2021, and, 2020, the shareholding structure of the Company is as follows:

	December 31, 2021		December 31, 2020	
Name	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Türkiye İş Bankası A.Ş.	578.177.926	87,60	578.177.926	87,60
Groupama Hayat A.Ş.	38.809.894	5,88	38.809.894	5,88
Ankara Doğal Elektrik Üretim ve Ticaret A.Ş.	22.240.456	3,37	22.240.456	3,37
T.C. Ziraat Bankası A.Ş.	16.430.944	2,49	16.430.944	2,49
Other	4.340.780	0,66	4.340.780	0,66
Paid in capital	**660.000.000**	**100,00**	**660.000.000**	**100,00**

(*) As of August 21, 2020, Türkiye İş Bankası A.Ş. purchased 69,604,854 shares of nominal value of TL with all of the rate of 10.55% owned by one of the shareholders of the Company, Millî Reasürans T.A.Ş. Mensupları Yardımlaşma Sandığı Vakfı. It was approved by Milli Reasürans T.A.Ş.'s Board of Directors decision dated 26 August 2020 and numbered 1318.

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As of December 31, 2021, the issued share capital of the Company is TL 660.000.000 (December 31, 2020: TL 660.000.000) and the share capital of the Company consists of 66.000.000.000 (December 31, 2020: 66.000.000.000 shares) issued shares with TL 0,01 nominal value each. There are no privileges over the shares of the Company.

There are not any treasury shares held by the Company itself or by its subsidiaries or associates.

There are not any treasury shares issued which will be subject to sale in accordance with forward transactions and contracts.

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 entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity'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 movements of legal reserves are as follows:

	December 31, 2021	December 31, 2020
Legal reserves at the beginning of the period	194.945.022	155.933.971
Transfer from profit	19.027.365	17.060.060
Accounted according to the equity method	12.737.001	21.950.991
Legal reserves at the end of the period	226.709.388	194.945.022

As of December 31, 2021, and December 31, 2020, "Other Reserves and Retained Earnings" includes extraordinary reserves, gains to be added to equity and buildings for own use revaluation differences and other profit reserves.

Extraordinary reserves

The movement of extraordinary reserves is as follows:

	December 31, 2021	December 31, 2020
Extraordinary reserves at the beginning of the period	692.870.924	588.605.263
Transfer from profit	-	-
Accounted according to the equity method	130.335.225	104.265.661
Extraordinary reserves at the end of the period	823.206.149	692.870.924

Special funds (reserves)

As of December 31, 2021, a fund of TL 17.000.000 has been allocated to receive venture capital investment fund participation shares from the 2020 period profit in accordance with the provisions of Article 325/A of the Tax Procedure Law and Article 10 of the Corporate Tax Law. Special funds accounted according to the equity method is amounting to TL 40.074.90 (December 31, 2020: 16.900.903).

The movements of special funds are as follows:

	December 31, 2021	December 31, 2020
Special funds at the beginning of the period	16.900.903	-
Transfer from profit	17.000.000	-
Accounted according to the equity method	23.174.000	16.900.903
Special funds at the end of the period	57.074.903	16.900.903

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Other profit reserves

According to revision on TAS 19, actuarial profit and losses that recognized in income statement in termination indemnity calculation before, is recognized in "Other Profit Reserves" account under equity in current period financial statements. The amount of TL (5.965.389) (December 31, 2020: TL (4.294.111)) regarding actuarial calculation is presented in other profit reserves account, in calculation of termination indemnity As of December 31, 2021.

Movement of other profit reserves is presented below:

	December 31, 2021	December 31, 2020
Other profit reserves at the beginning of the period	19.379.678	21.666.327
Actuarial gains/losses	(1.671.278)	(1.536.046)
Accounted according to the equity method	(1.760.547)	(750.603)
Other profit reserves at the end of the period	15.947.853	19.379.678

Statutory reserves

After the allocation of first legal reserves and first dividend to shareholders, reserve for natural disasters and catastrophe might be allocated, if deemed necessary, based on the suggestion of the Board of Directors and decision of the General Assembly. As of December 31, 2021, there are no funds allocated in this manner (December 31, 2020: None). As of December 31, 2021, the statutory reverses that are accounted according to the equity method amounting to TL 83.112.202 (December 31, 2020: TL 58.171.807).

Foreign currency translation differences

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. As of December 31, 2021, foreign currency translation loss amounting to TL 41.999.609 (December 31, 2020: TL 21.166.656 loss) stems from Singapore Branch whose functional currency is US Dollars.

Other capital reserves

"According to TAS 16 - "Property Plant and Equipment", property, plant and equipment are initially recorded at cost and can be subsequently measured at their fair values. The Company has started to show based on the revaluation model by measuring over fair value as of the third quarter of 2015 by making changes in the use of the property which is measuring the cost model in the financial statements before.

According to expertise reports, fair value of building for own use is calculated as TL 234.955.000 and revaluation differences amounted TL 218.374.872 is recognized in 'Other Capital Reserves' account under equity amounting to TL 196.537.385 with net tax effect in financial statements As of December 31, 2021 (December 31, 2020: TL 146.070.394). As of December 31, 2021, the other capital reverses that are accounted according to the equity method amounting to TL 24.016.043 (December 31, 2020: TL 21.604.419)

Valuation of financial assets

As of December 31, 2021, and 2020 detailed change of fair value of marketable securities, debt securities and subsidiaries classified as available for sale financial assets is as following:

	December 31, 2021	December 31, 2020
Fair value reserves at the beginning of the period	284.072.561	99.474.796
Change in the fair value during the period *(Note 4.2)*	(259.594.688)	199.208.837
Deferred tax effect *(Note 4.2)*	9.157.684	1.645.910
Net gains transferred to the statement of income *(Note 4.2)*	(7.489.833)	(20.321.227)
Deferred tax effect *(Note 4.2)*	1.872.458	4.064.245
Fair value reserves at the end of the period	28.018.182	284.072.561

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Profit for the period that is extraneous from the distribution

In accordance with tax legislation, 75% of profits from sales of participation shares and 50% of profit from real states included in the assets of companies is exempt from corporate tax provided that it is classified under a special fund for full five years. The exempt gains cannot be transferred to another account other than a capital increase or cannot be withdrawn from the entity for five years. In the direction of sector announcement made by Treasury dated October 27, 2008 and numbered 2008/41, the Company classified the gain on sale dated April 10, 2015 from the land in real estate amounting to TL 23.723.323 as of December 31, 2016. As of December 31, 2021, profit for the period that is extraneous from the distribution that are accounted according to the equity method amounting to TL 844.463 (December 31, 2020: TL 707.397). As of December 31, 2021, TL 162.083, which corresponds to 75% of the income obtained from the sale of the subsidiary realized by the Company as of December 14, 2020, has been classified in the Non-Distributable Period Profit. The Non-Distributable Period Profit amount accounted for using the equity method is TL 162.083. (December 31 2020: 583.131)

16 Other reserves and equity component of discretionary participation

As of December 31, 2021, and 2020, other reserves are explained in detail in Note 15 - *Equity* above.

As of December 31, 2021, and 2020, the Company does not hold any insurance or investment contracts which contain a discretionary participation feature.

17 Insurance contract liabilities and reinsurance assets

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Company. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Company makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in Note 2 - *Summary of significant accounting policies.*

As of December 31, 2021, and 2020, technical reserves of the Company are as follows:

	December 31, 2021	December 31, 2020
Unearned premiums reserve, gross	1.187.333.155	840.067.426
Unearned premiums reserve, ceded *(Note 10)*	(23.649.245)	(20.130.822)
Unearned premiums reserve, net	**1.163.683.910**	**819.936.604**
Outstanding claims reserve, gross	2.375.596.576	1.710.325.122
Outstanding claims reserve, ceded *(Note 4.2)*	(106.787.271)	(78.871.381)
Outstanding claims reserve, net	**2.268.809.305**	**1.631.453.741**
Unexpired risks reserve, gross	158.300.804	48.745.980
Unexpired risks reserve, ceded *(Note 10)*	(2.455.087)	(597.586)
Unexpired risks reserve, net	**155.845.717**	**48.148.394**
Equalization reserve, net	**245.855.051**	**184.672.350**
Mathematical reserves	-	**13.014**
Total technical reserves, net	**3.834.193.983**	**2.684.224.103**
Short-term	3.588.338.932	2.499.551.753
Medium and long-term	245.855.051	184.672.350
Total technical reserves, net	**3.834.193.983**	**2.684.224.103**

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As of December 31, 2021, and 2020, movements of the insurance liabilities and related reinsurance assets are presented below:

	December 31, 2021		
Unearned premiums reserve	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	840.067.426	(20.130.822)	819.936.604
Written premiums during the period	2.482.605.065	(330.959.315)	2.151.645.750
Earned premiums during the period	(2.135.339.336)	327.440.892	(1.807.898.444)
Unearned premiums reserve at the end of the period	1.187.333.155	(23.649.245)	1.163.683.910

	December 31, 2020		
Unearned premiums reserve	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	751.413.623	(44.693.136)	706.720.487
Written premiums during the period	1.820.275.306	(238.964.890)	1.581.310.416
Earned premiums during the period	(1.731.621.503)	263.527.204	(1.468.094.299)
Unearned premiums reserve at the end of the period	840.067.426	(20.130.822)	819.936.604

	December 31, 2021		
Outstanding claims reserve	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	1.710.325.122	(78.871.381)	1.631.453.741
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	2.342.572.852	(88.572.054)	2.254.000.798
Claims paid during the period	(1.373.848.905)	57.817.710	(1.316.031.195)
Discount effect	(303.452.493)	2.838.454	(300.614.039)
Outstanding claims reserve at the end of the period	2.375.596.576	(106.787.271)	2.268.809.305

	December 31, 2020		
Outstanding claims reserve	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	1.455.609.062	(90.544.841)	1.365.064.221
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	1.443.605.643	(39.936.116)	1.403.669.527
Claims paid during the period	(1.052.685.037)	50.639.210	(1.002.045.827)
Discount effect	(136.204.546)	970.366	(135.234.180)
Outstanding claims reserve at the end of the period	1.710.325.122	(78.871.381)	1.631.453.741

Total amount of guarantee that should be placed by the Company for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets

The Company, being a reinsurance company, has no obligation of providing guarantees.

Total amount of insurance risk on a branch basis

Total amount of insurance risk on branch basis for non-life insurance branch is not kept by the Company.

Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves

None.

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Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period

None.

Distribution of mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period

None.

Pension investment funds established by the Company and their unit prices

None.

Number and amount of participation certificates in portfolio and circulation

None.

Portfolio amounts in terms of number of new participants, left or cancelled participants, and existing participants for individuals and groups

None.

Valuation methods used in profit share calculation for saving life contracts with profit sharing

None.

Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups

None.

Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups which were transferred from other insurance companies during the year

None.

Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio to private pension portfolio during the year

None.

Distribution of individual and group participants which were cancelled or transferred to other insurance companies in terms of their numbers and gross and net contributions

None.

Profit share distribution rate of life insurances

None.

Deferred commission expenses

The Company capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As of December 31, 2021, deferred production expenses amounting to TL 281.625.876 (December 31 2020: TL 200.379.888), deferred production commissions amounting to TL 280.371.627 (December 31 2020: TL 199.751.582) and deferred loss surplus amounting to TL 1.254.249 (December 31 2020: 628.306) It consists of premiums.

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As of December 31, 2021, and 2020, the movement of deferred commission expenses is presented below:

	December 31, 2021	December 31, 2020
Deferred commission expenses at the beginning of the period	199.751.582	186.668.623
Commissions accrued during the period *(Note 32)*	578.447.634	411.965.745
Commissions expensed during the period *(Note 32)*	(497.827.589)	(398.882.786)
Deferred commission expenses at the end of the period	280.371.627	199.751.582

18 Investment contract liabilities

None.

19 Trade and other payables and deferred income

	December 31, 2021	December 31, 2020
Financial Liabilities	3.234.894	-
Payables from reinsurance operations	127.233.309	75.120.811
Short/long term deferred income and expense accruals	14.791.526	10.087.217
Taxes and other liabilities and similar obligations	81.489.082	2.358.902
Due to related parties *(Note 45)*	156.141	136.214
Other payables	3.616.330	1.321.982
Total	230.521.282	89.025.126
Short-term liabilities	200.031.125	75.731.534
Medium and long-term liabilities	30.490.157	13.293.592
Total	230.521.282	89.025.126

As of December 31, 2021, and 2020, other payables largely consist of outsourced benefits and services.

Short/long term deferred income and expense accruals include deferred commission income *(Note 10)* amounting to TL 4.098.066 (December 31, 2020: TL 2.760.960).

As of December 31, 2021, the amounting of the expense accruals TL 10.493.032 (December 31, 2020: TL 6.988.383) are detailed in the table below.

	December 31, 2021	December 31, 2020
Dividend accrual	4.456.812	4.231.201
Other accruals	6.036.220	2.757.182
Total	10.493.032	6.988.383

Prepaid income and expense accruals are TL 200.428 (December 31, 2020: TL 337.874) consist of long-term and short term other deferred income.

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2021	December 31, 2020
Taxes paid during the year	51.468.799	40.123.021
Corporate tax liabilities	(128.897.591)	(29.030.769)
Prepaid assets, net	(77.428.792)	11.092.252

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Total amount of investment incentives which will be benefited in current and forthcoming periods

None.

20 Financial liabilities

As of December 31 2021, discounted repayment plans for the Company's operating leases are as follows:

	December 31, 2021	December 31, 2020
Within one year	3.234.894	-
Total	3.234.894	

21 Deferred tax

As of December 31, 2021, and 2020, deferred tax assets and liabilities are attributable to the following:

	December 31, 2021 Deferred tax assets/(liabilities)	December 31, 2020 Deferred tax assets/(liabilities)
Equalization provision	35.844.515	9.629.679
Provision for the pension fund deficits	32.568.287	25.592.795
Unexpired risks reserve	20.599.702	13.912.211
Provisions for employee termination benefits	2.998.408	2.424.633
Provision for doubtful receivables	2.484.919	1.240.963
Personnel Bonus Accrual	1.114.203	846.240
Time deposits	119.584	(1.705.917)
Rediscount of receivables and payables	(7.613)	(33.413)
Amortization correction differences	(507.293)	123.787
Valuation differences in financial assets	(797.643)	(785.041)
Profit commission accrual	(4.767.444)	(4.178.574)
Real estate valuation differences	(74.513.476)	(59.798.532)
Deferred tax (liabilities)/assets, net	15.136.149	(12.731.169)

As of December 31, 2021, the Company does not have any deductible tax losses (December 31, 2020: None).

Movement of deferred tax assets are given below:

	December 31, 2021	December 31, 2020
Opening balance at 1 January	(12.731.169)	(22.035.437)
Deferred tax income/expense	23.899.257	7.274.347
Deferred tax income/expense recognised in equity	3.968.061	2.029.921
Deferred tax (assets)/liabilities:	15.136.149	(12.731.169)

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22 Retirement benefit obligations

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Emekli ve Sağlık Sandığı Vakfı ("Milli Reasürans Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506.

As per the provisional article No: 23 of the Banking Law No: 5411, pension funds of the banks which were established within the framework of Social Security Institution Law, should be transferred to the Social Security Institution within three years after the publication of the prevailing Banking Law enacted on November 1, 2005. However, the said article of the Banking Law has been vetoed by the President on November 2, 2005 and the execution of the article was ceased based on the Supreme Court's decision numbered 2007/33 and dated March 22, 2007. The justified decision of Supreme Court is published in Official Gazette dated December 15, 2007 and numbered 26731. Supreme Court asserted possible losses on acquired rights of employees of pension fund as reason for cancellation decision.

Following annulment of the temporary Article 23 of the Banking Law, the new law "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" was published in the Official Gazette dated May 8, 2008 and came into force. The new law requires transfer of the participants or beneficiaries of pension funds to Social Security Institution as at the effective date of the Act within 3 years and prescribe the extension period of the transfer as maximum of two years upon the order of the Cabinet. Accordingly, the three-year period expired on May 8, 2011 was extended to the May 8, 2013. On March 8, 2012, "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" numbered 28227, was published on Official Gazette and 4th article of this act changed "two years" phrase as "four years" which takes part on second sentence of first clause of 20th article of the code numbered 5510. Also, under the scope of Decree of the Council of Ministers numbered 2013/4617 was published on Official Gazette numbered 28636, on May 3, 2013 and 20th temporary article of the Social Security Laws numbered 506 banks, insurance and reinsurance companies, chambers of commerce, stock markets or participants of pension funds and salary or income provided ones and their shareholders' transfer duration has been extended one year to the Social Security Institution by Decree of the Council of Ministers. Under the scope of Decree of Turkish Ministry of Labour and Social Security numbered 174, according to 20th temporary article of the Social Security Laws numbered 5510, the Council of Ministers postpone transfer of the funds until May 8, 2015 with the decision of The Council of Ministers dated February 24, 2014.

April 23, 2015 dated Official Gazette is changed as following; insurance and reinsurance companies, chambers of commerce, industry chambers, stock exchanges or which constitutes their union personnel and associates of funds "The Council is authorized to determine the date of transfer within the scope of article 20 the of the law, 506 banks, insurance and reinsurance companies, chambers of commerce, industry chambers, stock exchanges or which constitutes their union personnel and associates of funds to the social security institution. Pension fund contributors as of the transfer date and considered insured by the first paragraph of Article 4 of this law.

With the decision of the Council of Ministers to be published in the future, the principles and practices of the period will be determined.

On the other hand, the application made on June 19, 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on March 30, 2011.

As per the temporary sub article No: 20 of the Article 73 of the above mentioned law also includes the following;

a) technical deficit rate of 9,8% shall be used in the actuarial calculation of the value in cash, and
b) uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by the entities who transfer the funds.

In accordance with the law; after fund affiliates along with monthly salary and/or revenue endowed people and their rights holder transfer to Social Security Intuition, these people' uncovered social rights and payments is paid, even if it is written in the foundation's obligation which they are belong to, by funds and fund affiliate's employer institutions. The benefits stated in the settlement deeds of pension fund but not subject to transfer will continue to be covered by the pension funds.

The technical financial position of the Milli Reasürans Pension Fund is audited by the registered actuary in accordance with the Article 21 of the Insurance Law and Actuary Act. As per the calculations based on the above mentioned assumptions, actuarial and technical deficit amounting to TL 102.998.511 (December 31, 2020: TL 69.561.055) is accounted as "Provision for pension fund deficits" in the accompanying unconsolidated financial statements.

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An actuarial report has been obtained from registered actuary regarding calculation of the amount to be paid to the Social Security Institution by the Company in accordance with the new law. The CSO 1980 mortality table for December 31,2020 9.8% of technical deficit interest rate are taken into account in the calculation of the said technical deficit. No real increase/decrease is anticipated in salary and health expenses. The health benefits to be paid will be considered by the Group management due to the changes in the Social Security Institution legislation and other regulations. At December 31, 2021 and 2020, technical deficit from pension funds comprised the following.

	December 31, 2021	December 31, 2020
Net present value of total liabilities other than health	(238.855.340)	(176.277.838)
Net present value of insurance premiums	64.386.463	42.294.833
Net present value of total liabilities other than health	(174.468.877)	(133.983.005)
Net present value of health liabilities	(28.428.461)	(20.228.903)
Net present value of health premiums	35.160.105	23.199.132
Net present value of health liabilities	6.731.644	2.970.229
Pension fund assets	64.738.722	61.451.721
Amount of actuarial and technical deficit	(102.998.511)	(69.561.055)

Pension fund's assets are comprised of the following items:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	46.206.290	47.150.065
Associates	16.823.239	12.431.247
Other	1.709.193	1.870.409
Total plan assets	64.738.722	61.451.721

23 Other liabilities and expense accruals

As of December 31, 2021, and 2020; the provisions for other risks are disclosed as follows:

	December 31, 2021	December 31, 2020
Provision for pension fund deficits *(Note 22)*	102.998.511	69.561.055
Provision for employee termination benefits	14.992.038	12.123.164
Total provision for other risks	117.990.549	81.684.219

Movement of provision for employee termination benefits during the period is presented below:

	December 31, 2021	December 31, 2020
Provision at the beginning of the period	12.123.164	11.041.790
Interest cost *(Note 47)*	1.310.788	995.359
Service cost *(Note 47)*	898.130	729.263
Payments during the period *(Note 47)*	(1.429.142)	(2.563.305)
Actuarial gain/loss	2.089.098	1.920.057
Provision at the end of the period	14.992.038	12.123.164

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24 Net insurance premium revenue

Net insurance premium revenue for non-life branches is presented in detailed in the accompanying unconsolidated statement of income.

25 Fee revenue

None.

26 Investment income

Investment income is presented in Note 4.2 - *Financial risk management.*

27 Net income accrual on financial assets

Net realized gains on financial assets are presented in Note 4.2 - *Financial risk management.*

28 Asset held at fair value through profit or loss

Presented in "Note 4.2 - Financial Risk Management".

29 Insurance rights and claims

	December 31, 2021		December 31, 2020	
	Life	Non-Life	Life	Non-Life
Claims paid, net off reinsurers' share	(10.115.740)	(1.305.915.455)	(8.167.036)	(993.878.791)
Changes in outstanding claims reserve, net off reinsurers' share	(5.258.180)	(632.097.384)	1.113.555	(267.503.075)
Changes in unearned premiums reserve, net off reinsurers' share	11.000.553	(354.747.859)	(6.971.463)	(106.244.654)
Changes in unexpired risks reserve, net off reinsurers' share	(948.523)	(106.748.800)	-	(24.624.102)
Change in equalization reserve, net off reinsurers' share	(5.725)	(61.176.976)	(345.929)	(44.573.541)
Change in life mathematical reserves, net off reinsurers' share	13.014	-	25.677	-
Total	(5.314.601)	(2.460.686.474)	(14.345.196)	(1.436.824.163)

30 Investment contract benefits

None.

31 Other expenses

The allocation of the expenses with respect to their nature or function is presented in Note 32 - *Expenses by nature* below.

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32 Operating expenses

As of December 31, 2021, and 2020, the operating expenses are disclosed as follows:

	December 31, 2021		December 31, 2020	
	Life	Non-Life	Life	Non-Life
Commission expenses *(Note 17)*	1.643.480	496.184.109	11.053.130	387.829.656
Commissions to the intermediaries accrued during the period (Note 17)	(2.331.747)	580.779.381	12.443.367	399.522.378
Changes in deferred commission expenses (Note 17)	3.975.227	(84.595.272)	(1.390.237)	(11.692.722)
Employee benefit expenses *(Note 33)*	562.370	75.108.617	873.527	64.273.901
Foreign exchange losses	674.908	162.304.196	177.897	100.100.735
Administration expenses	219.627	25.380.454	317.704	20.929.747
Commission income from reinsurers *(Note 10)*	-	(8.838.442)	-	(4.306.330)
Commission income from reinsurers accrued during the period (Note 10)	-	(10.175.548)	-	(6.048.624)
Change in deferred commission income (Note 10)	-	1.337.106	-	1.742.294
Outsourced benefits and services	67.763	7.297.745	114.363	7.078.286
Other	35.542	14.153.408	40.286	10.157.952
Total	3.203.690	771.590.087	12.576.907	586.063.947

33 Employee benefit expenses

As of December 31, 2021, and 2020, employee benefit expenses are disclosed as follows:

	December 31, 2021		December 31, 2020	
	Life	Non-Life	Life	Non-Life
Wages and salaries	397.726	56.044.640	623.085	47.827.749
Employer's share in social security premiums	102.038	11.989.120	146.993	9.806.193
Pension fund benefits	62.606	7.074.857	103.449	6.639.959
Total *(Note 32)*	562.370	75.108.617	873.527	64.273.901

34 Financial costs

As of December 31, 2021, TL 53.257 (1 January - 31 December 2020 : 78.988) interest expense arising from leases that the Company is subject to TFRS 16 Leasing Transactions standard is recognised under "Investment Management Expenses - Interest Included" account; and the depreciation expense amounting to TL 2.205.045 is recognised under the "Depreciation and Amortization Expense" accounts (1 January - 31 December 2020: 1.657.154).

35 Income Taxes

Income tax expense in the accompanying financial statements is as follows:

	December 31, 2021	December 31, 2020
Corporate tax expense:		
Corporate tax provision	(128.897.591)	(29.030.769)
Deferred taxes:		
Origination and reversal of temporary differences	23.899.257	7.274.347
Total income tax expense/(income)	(104.998.334)	(21.756.422)

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For the period then ended As of December 31, 2021 and 2020, a reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

	December 31, 2021		December 31, 2020	
Profit before taxes	653.963.982	Tax rate (%)	370.355.330	Tax rate (%)
Taxes on income per statutory tax rate	163.490.996	25,00	81.478.173	22,00
Tax exempt income	(86.647.102)	(13,25)	(65.606.193)	(17,71)
Non-deductible expenses	28.154.440	4,31	5.884.442	1,59
Total tax expense recognized in profit or loss	104.998.334	16,06	21.756.422	5,87

36 Net foreign exchange gains

Net foreign exchange gains are presented in Note 4.2 - *Financial Risk Management* above.

37 Earnings per share

Earnings per share are calculated by dividing net profit of the year to the weighted average number of shares.

	2021	2020
Net profit for the period	548.965.648	348.598.908
Weighted average number of shares	66.000.000.000	66.000.000.000
Earnings per share (TL)	0,00832	0,00528

38 Dividends per share

Dividend distribution policy of the Company stated its Articles of Association are as follows:

Net profit for the year presents remaining amount of total income of the year after deducting operating expenses, amortisation, provisions, taxes and other similar obligations and prior year losses if any. Net profit is divided and distributed in accordance with order as follows.

- 5% of legal reserve is divided from annual net profit, until it reaches 20% of share capital.
- Amounts described by a and b clauses of 2nd paragraph of 519th article of the Turkish Commercial Law will be added to general legal reserves, after legal limit is reached.
- 10% of the remaining net profit amount is distributed to shareholders, as first dividend.
- If the company has acquired his share, according to 520th article of the Turkish Commercial Law, legal reserve is divided to meet the acquiring amount.
- Reserve for natural disasters and catastrophe might be allocated, if deemed necessary, based on the suggestion of the Board of Directors and decision of the General Assembly,
- After the allocation of first legal reserves, first dividend to shareholders and statutory reserves, up to 3% of the remaining amount not exceeding three-wages is distributed to personnel.
- After the allocation of above mentioned reserves and dividends, second dividend to shareholders might be allocated, based on the suggestion of the Board of Directors and decision of the General Assembly.
- According to c clause of 2nd paragraph of 519th article of the Turkish Commercial Law, 10% of total amount distributed to people have share of profit will be added to general legal reserves.
- The fate of remaining amount will be determined by the General Assembly.

Judgements of 3rd paragraph of 519th article of Turkish Commercial Law are reserved.

Other legal reserves cannot be divided, profit cannot be transferred to next year and share of profit cannot be distributed to members of the Board of Directors, founders or workers, unless legal reserves have to be divided according to laws and first dividend for shareholders is divided, in accordance with the Articles of Association.

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At the Ordinary General Assembly Meeting of the Company held on March 30, 2021, from the net profit of the period amounting to TL 348.598.908 resulting from the activities of the Company for the year 2020, TL 43.000.000 will be paid to the shareholders as cash dividends, after the legal reserves are set aside, and the remaining amount will be paid to the shareholders according to the Tax Procedure Law. Within the framework of the provisions of Article 325/A of the Law and Article 10 of the Corporate Tax Law, it has been decided to allocate 17.000.000 TL of funds for the purchase of venture capital investment fund participation shares, and the remaining amount will be set aside as previous year's profit, and the profit distribution has been realized within the period.

Paid dividend amount is reflected to financial statements as liability on the period that is declared by the Company.

39 Cash generated from operations

The cash flows from operating activities are presented in the accompanying unconsolidated statement of cash flows.

40 Convertible bonds

None.

41 Redeemable preference shares

None.

42 Risks

"Millî Reasürans Türk Anonim Şirketi Mensupları Yardımlaşma Sandığı Vakfı" was established by Millî Reasürans Türk Anonim Şirketi, in accordance with the Turkish Commercial and Civil Laws which is examined by Tax Audit Committee inspectors due to the Company payments what are fulfilled obligations to the foundation owing to deed of the foundation and the related act. As a result of this investigation, an examination was reported for periods of 2007, 2008, 2009, 2010 and 2011.

Legal process has been started for the years 2007, 2008, 2009, 2010, 2011 and the later years and the payment regarding to the revenue authorities was paid. As of the report date, there is no recognized provision.

43 Commitments

The Company provides guarantee to ceding companies in the non-life branch as a reinsurance company and transfers insurance risks through treaties, facultative reinsurance contracts and coinsurance agreements to reinsurance and coinsurance companies.

The future aggregate minimum lease payments under operating leases for properties rented for use are as follows:

	December 31, 2021	December 31, 2020
Within one year	3.234.894	-
Total of minimum rent payments	3.234.894	-

44 Business combinations

None.

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45 Related party transactions

For the purpose of the accompanying unconsolidated 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.

The related party balances As of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Türkiye İş Bankası A.Ş.	899.402.534	848.282.685
Other	5.763	3.779
Banks	899.408.297	848.286.464
Investment funds founded by İş Portföy Yönetimi A.Ş. *(Note 11)*	105.244.013	260.487.753
Equity shares of the related parties *(Note 11)*	104.398.469	157.594.734
Bond issued by Türkiye İş Bankası A.Ş. *(Note 11)*	111.350.600	100.980.000
Eurobonds issued by Türkiye İş Bankası A.Ş. *(Note 11)*	65.623.333	90.460.138
Bonds issued by İş GYO A.Ş. (Note 11)	29.663.400	67.265.664
Bonds issued by İş Faktoring A.Ş. (Note 11)	66.800.600	59.002.800
Eurobonds issued by İşYatırım A.Ş. *(Note 11)*	82.980.050	-
Bonds issued by İş Finansal Kiralama A.Ş. (Note 11)	82.771.780	-
Investment funds founded by Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.' *(Note 11)*	21.899.631	-
Industrial Development Bank of Turkey as bonds issued Inc. (Note 11)	26.002.746	15.229.923
Financial assets	696.734.622	751.021.012
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş.)	43.392.683	9.979.614
Anadolu Sigorta	23.738.636	3.691.018
Groupama Sigorta A.Ş	3.071.478	97.516
Anadolu Hayat Emeklilik A.Ş	1.460.965	1.016.579
İstanbul Umum Sigorta A.Ş	204.952	188.991
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	34.541	-
HDI Sigorta A.Ş.	29.177	-
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	13.960	2.398.064
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	-	8.505.261
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	-	3.869.428
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	-	2.887.098
Güven Sigorta T.A.Ş	-	12.903
Ziraat Hayat ve Emeklilik(Türkiye Hayat Emeklilik A.Ş)	-	3.834
Receivables from main operations	71.946.392	32.650.306
Due to shareholders	140.984	127.553
Due to other related parties	15.157	8.661
Due to related parties	156.141	136.214
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	4.908.866	9.338
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	3.682.479	-
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	2.423.749	-
Allianz Sigorta A.Ş	2.239.632	3.347.558
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	1.049.153	-
Anadolu Hayat Emeklilik A.Ş	343.679	-
Ziraat Hayat ve Emeklilik(Türkiye Hayat Emeklilik A.Ş)	230.976	-
Axa Sigorta A.Ş	216.841	3.116.280
Güven Sigorta T.A.Ş	131.943	69.749
Liberty Sigorta A.Ş. (HDI Sigorta A.Ş.)	128.493	181.993
Groupama Sigorta A.Ş	48.426	48.697
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş.)	40.407	42.916
İstanbul Umum Sigorta A.Ş	29.152	29.063
Anadolu Sigorta	16.347	15.963
Ergo Sigorta A.Ş	-	766.597
HDI Sigorta A.Ş.	-	448.088
Payables from main operations	15.490.143	8.076.242

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No guarantees have been taken against receivables from related parties.

There are no doubtful receivables and payables from shareholders, subsidiaries and joint ventures.

No guarantees, commitments, guarantee letters, advances and endorsements given in favour of shareholders, associates and subsidiaries.

The transactions with related parties are as follows:

	December 31, 2021	December 31, 2020
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	358.925.841	137.358.307
Anadolu Sigorta	243.822.624	187.883.281
Groupama Sigorta A.Ş.	32.408.505	22.097.082
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	3.802.753	5.211.904
Allianz Sigorta A.Ş.	2.969.313	330.895
Anadolu Hayat Emeklilik A.Ş.	2.871.213	2.593.824
Axa Sigorta A.Ş.	1.766.571	1.152.343
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	1.248.386	26.019.942
Hdi Sigorta A.Ş.	1.027.354	1.038.334
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	370.054	87.838.414
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	32.975	86.340
Ziraat Hayat ve Emeklilik(Türkiye Hayat Emeklilik A.Ş)	-	365.790
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	-	41.418
Güven Sigorta T.A.Ş.	(25)	9
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	(8.679.894)	23.941.512
Premiums received	640.565.670	495.959.395
Anadolu Sigorta	1.637.799	(448)
Groupama Sigorta A.Ş.	29	(221)
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	21	(59)
Axa Sigorta A.Ş.	12	(181)
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	12	(132)
Güven Sigorta T.A.Ş.	4	(51)
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	4	(58)
Hdi Sigorta A.Ş.	2	(26)
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	-	(53)
Premiums ceded to the reinsurer	1.637.883	(1.229)
Anadolu Sigorta	127.507	2.845
Axa Sigorta A.Ş.	-	889
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	-	727
Güven Sigorta T.A.Ş.	-	319
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	-	290
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	-	172
Hdi Sigorta A.Ş.	-	135
Groupama Sigorta A.Ş.	(1)	1.480
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	(1)	684
Commissions received	127.505	7.541

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	December 31, 2021	December 31, 2020
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	96.542.640	36.089.545
Anadolu Sigorta	49.730.198	38.051.349
Groupama Sigorta A.Ş.	7.050.112	4.796.889
Allianz Sigorta A.Ş.	771.961	61.371
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	551.977	2.193.956
Axa Sigorta A.Ş.	458.553	(419.305)
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	359.376	21.636.463
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	340.695	6.647.073
Anadolu Hayat Emeklilik A.Ş.	228.024	472.126
Hdi Sigorta A.Ş.	158.832	147.631
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	13.757	29.290
Liberty Sigorta A.Ş. (Hdi Sigorta A.Ş.)	-	13.534
Güven Sigorta T.A.Ş.	(3)	1
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	(2.162.687)	10.537.322
Commissions given	154.043.435	120.257.245

Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	135.167.046	48.811.098
Anadolu Sigorta	94.722.330	97.982.096
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	46.071.219	25.945.370
Groupama Sigorta A.Ş.	12.270.280	25.177.964
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	6.913.248	4.653.469
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	5.299.653	1.207.892
Axa Sigorta A.Ş.	5.158.676	3.600.235
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	3.100.838	1.856.069
Anadolu Hayat Emeklilik A.Ş.	2.468.395	1.073.700
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	2.336.941	5.066.497
Hdi Sigorta A.Ş.	1.625.247	592.766
Ziraat Hayat ve Emeklilik(Türkiye Hayat Emeklilik A.Ş)	346.969	783.101
Güven Sigorta T.A.Ş.	336.309	333.116
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	255.887	554.216
Allianz Sigorta A.Ş.	(96.447)	1.840.091
Claims paid	315.976.591	219.477.680

Anadolu Sigorta	323.925	83.155
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	64.190	39.139
Groupama Sigorta A.Ş.	55.695	53.276
Axa Sigorta A.Ş.	42.349	46.964
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	36.284	23.712
Güven Sigorta T.A.Ş.	31.074	29.973
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	30.669	31.194
İstanbul Umum A.Ş.	12.756	11.387
Allianz Sigorta A.Ş.	11.660	8.144
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	11.600	12.104
Hdi Sigorta A.Ş.	2.272	3.267
Reinsurance’s share of claims paid	622.474	342.315

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

	December 31, 2021	December 31, 2020
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	5.702.820	1.065.031
Anadolu Sigorta	2.830.084	1.884.177
Hdi Sigorta A.Ş.	117.039	231.437
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	106.919	234.255
Anadolu Hayat Emeklilik A.Ş.	57.467	6.893
Groupama Sigorta A.Ş.	35.676	1.637.379
Axa Sigorta A.Ş.	29.316	474.276
Güven Sigorta T.A.Ş.	22.629	40.214
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	18.960	39.013
Allianz Sigorta A.Ş.	9.530	20.090
İstanbul Umum A.Ş.	6.605	12.520
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	-	305.939
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	(7.237)	20.114
Other income	8.929.808	5.971.338
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	2.564.763	334.244
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	1.601.362	909.782
Allianz Sigorta A.Ş.	1.480.960	575.098
Axa Sigorta A.Ş.	1.255.485	931.864
Anadolu Sigorta	452.721	320.368
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	212.818	178.306
Hdi Sigorta A.Ş.	157.440	1.956
Anadolu Hayat Emeklilik A.Ş.	135.227	5.913
Groupama Sigorta A.Ş.	27.618	80.987
Güven Sigorta T.A.Ş.	1.538	32.613
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	765	28.764
İstanbul Umum A.Ş.	37	7.963
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	-	8.321
Other expenses	7.890.734	3.416.179

46 Subsequent events

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law" published on January 29, 2022, the companies that convert their foreign currencies or various gold resources into Turkish Lira and use the Turkish Lira assets thus obtained in deposits and participation accounts with a maturity of at least three months, interest, profit share and other incomes are exempted from corporate tax. Company, on February 24, 2022, he made a foreign exchange protected deposit with a maturity of 181 days from İşbank, amounting to TL 71.789.000. The amount of tax exemption that will occur within the scope of the said regulation has not been clarified yet. Changes made in tax laws after the reporting date are within the scope of "non-adjusting event after the reporting period" in accordance with IAS 10, and the period tax expense of the enterprise has been calculated without considering this Law amendment..

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

47 Other

Items and amounts classified under the "other" account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet

They are presented in the related notes above.

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 1% of the total assets

None.

Subrogation recorded in "Off-Balance Sheet Accounts"

None.

Real rights on immovable and their values

None.

Explanatory note for the amounts and nature of previous years' income and losses

None.

Details of rediscount and provision expenses are as follows:

Provision expenses	December 31, 2021	December 31, 2020
Provision for pension fund deficits	(33.437.456)	(16.344.100)
Provision expenses for doubtful receivables (*)	(28.449.324)	(6.399.969)
Provision for employee termination benefits *(Note 23)*	(779.776)	838.683
Other provision	67.228	(84.828)
Total of provisions	(62.599.328)	(21.990.214)

(*) The provision for doubtful receivables related to valuation of foreign currency denominated receivables from main operations.

Rediscount Expenses	December 31, 2021	December 31, 2020
Rediscount income/(expense) from reinsurance receivables	41.084	83.702
Rediscount income/(expense) from reinsurance payables	(1.132.684)	412.055
Total of rediscounts	(1.091.600)	495.757

Fees for services received from Independent Auditor/Independent audit firm

	December 31, 2021	December 31, 2020
Independent audit fee for reporting period(*)	681.499	418.456
Fees for tax advisory service	-	-
Fee for other assurance services	-	-
Fees other than independent audit	-	-
Total	681.499	418.456

(*)As of December 31 2021, the audit fee received from Güney Bağımsız Denetim ve SMMM A.Ş is TL 189.900, and the audit fee received from other independent auditing companies is TL 491.599 (December 31, 2020: received from Güney Bağımsız Denetim ve SMMM A.Ş. The independent audit fee is TL 162.620 and the audit fee received from other independent audit companies is TL 255.836.)

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CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021 TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

(Convenience translation of independent auditors' report and consolidated financial statements originally issued in Turkish)

INFORMATION ON CONSOLIDATED SUBSIDIARIES

Anadolu Anonim Türk Sigorta Şirketi

Undertaking insurance and reinsurance activities in Non-life branches, Anadolu Sigorta was founded in 1925 at the initiative of Mustafa Kemal Atatürk, the founder of the Turkish Republic, and under the leadership of İşbank, Turkey's first national bank.

Pioneering its sector ever since its incorporation, Anadolu Sigorta is committed to offering only high-quality products and services and to ensuring their continuity with its experienced and expert teams, solid technological and financial infrastructure, continuous development and improvement understanding, and extensive network of expert agents.

Anadolu Sigorta's shares are quoted on Borsa İstanbul (BİST) Stars Market under the ticker symbol "ANSGR". Milli Re holds 57.31% stake in the company, which has a free-float rate of 48%.

Headquartered in İstanbul, Anadolu Sigorta brings its products to its customers via regional offices in İstanbul (2), Ankara, Adana, Antalya, Bursa, Samsun, Trabzon, and İzmir, a sales office in Gaziantep, a branch in the Turkish Republic of Northern Cyprus, and 2,681 professional agencies as of year-end 2021.

Anadolu Sigorta uses bank branches, mainly those of İşbank, within its bancassurance network as a fundamental distribution channel of its services. Besides all İşbank branches, TSKB, A&T Bank, Alternatifbank, Albaraka Türk Participation Bank and QNB Finansbank branches serve as Anadolu Sigorta agencies.

In 2021, Anadolu Sigorta increased its total premium production by 34% year-on-year to TL 10.7 billion and controls a 12.26% share of the overall market among non-life companies.

The highest premium generator for Anadolu Sigorta in 2021 has been the Land Vehicles Liability branch with TL 2 billion 902 million, followed in order by Fire and Natural Catastrophe Perils with TL 2 billion 17 million, Land Vehicles with TL 1 billion 952 million and Sickness/Health with TL 1 billion 217 million.

According to its unconsolidated financial statements, Anadolu Sigorta's total assets reached TL 16.8 billion at the end of 2021, up by 38.9% year-on-year, while its shareholders' equity reached TL 3.2 billion with an annual rise by 14%. Booking a net profit of TL 521.8 million in 2021 that went up by 13.3% as compared to the previous year, Anadolu Sigorta successfully achieved its sustainable profit target also in 2021.

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Millî Reasürans Türk Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Millî Reasürans Türk Anonim Şirketi (the Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and statement of profit distribution for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance, its consolidated cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

Key audit matter	*How our audit addressed the key audit matter*
Incurred But Not Reported Outstanding Claims Reserve	
As of December 31, 2021, the Company has insurance liabilities of TL 14.740.605.662 representing 68% of the Company's total liabilities. The Company has reflected net provision of TL 8.647.449.233 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions (net amount of TL 4.166.004.084) which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17. The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's consolidated financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.	We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team. These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Group are appropriate. In this context, we have performed the audit procedures related to the recording of the Group's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; obtained the signed lawyer letters from the Group's attorneys for litigated case files; assessed the average claim amount and opening claim amounts determined by the Group's actuaries; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Group for each line of businesses both the relevant claim characteristics and the Group's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Group; reviewed the claim analyzes made by the Group's actuaries and questioned these analyzes in terms of suitability and consistency of both legislation and Group past experience; assessed whether the disclosures in the notes of the consolidated financial statements are sufficient.

INDEPENDENT AUDITOR'S REPORT

Valuation of investment properties and properties for own use and significant information disclosed	
As explained in note 2, 6 and 7, the Group recognizes investment properties and properties for own use at their fair values, after initial recognition. As of December 31, 2021, fair value amount of the investment properties and properties for own use disclosed in the consolidated financial statements amounts to TL 635.476.000 and TL 256.634.240 respectively, as determined by independent appraisal firms and details of the valuation have been disclosed in note 2, 6 and 7. Due to the fact that investment properties and properties for own use are a significant part of the Group's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of properties as a key audit matter.	We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management. In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying property. We reconciled the appraised value for independent sections in the valuation report with disclosed amount in note 6 and 7. In addition, we reconciled standing data included in the valuation report such as rental income, duration of lease contracts, occupancy rates and administration expenses to source documents. Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations (including the discount rate, the market rent and the expected occupancy rates) against external data. For this assessment we involved internal valuation experts in our audit procedures. Due to the high level of judgment in the valuation of investment property and properties for own use and the existence of alternative assumptions and valuation methods, we assessed if the result of the external valuation is within an acceptable range. We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Insurance Accounting and Financial Reporting Legislation and designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

Fatih Polat, SMMM
Partner

February 24, 2022
Istanbul, Turkey

Millî Reasürans Türk Anonim Şirketi

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE CONSOLIDATED FINANCIAL STATEMENT PREPARED AS OF DECEMBER 31, 2021

We confirm that the consolidated financial statements and related disclosures and footnotes as of December 31, 2021 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the "Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies" and the financial records of our Company.

Istanbul,

February 24, 2022

Şule SOYLU Assistant General Manager	Özlem CİVAN Assistant General Manager	Fikret Utku ÖZDEMİR General Manager	Ertan TAN Actuary Registration No: 21

CONTENTS

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

ASSETS			
		Audited Current Period	Audited Prior Period
I- Current Assets	Note	December 31, 2021	December 31, 2020
A- Cash and Cash Equivalents	14	5.116.960.019	4.869.424.993
1- Cash	14	103.408	76.079
2- Cheques Received	14	-	400.138
3- Banks	14	4.012.403.163	4.097.477.416
4- Cheques Given and Payment Orders (-)	14	(19.566)	(8.020)
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	14	1.104.473.014	771.479.380
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	11	9.330.067.375	5.793.877.787
1- Financial Assets Available for Sale	11	6.937.424.930	4.342.132.693
2- Financial Assets Held to Maturity	11	1.471.518.019	1.038.057.085
3- Financial Assets Held for Trading	11	928.078.966	420.642.549
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders		-	-
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)	11	(6.954.540)	(6.954.540)
C- Receivables From Main Operations	12	4.169.032.520	2.573.475.445
1- Receivables From Insurance Operations	12	2.927.089.501	1.883.850.409
2- Provision for Receivables From Insurance Operations (-)	12	(37.902.336)	(24.744.443)
3- Receivables From Reinsurance Operations	12	731.183.328	430.658.035
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited For Insurance & Reinsurance Companies	12	548.662.027	283.711.444
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables From Main Operations	4.2,12	550.992.622	453.175.122
10- Provisions for Doubtful Receivables From Main Operations (-)	4.2,12	(550.992.622)	(453.175.122)
D- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables	12	27.194.165	22.943.064
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	12	891.434	521.527
4- Other Receivables	12	26.302.731	22.421.537
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables	4.2,12	1.061.329	832.788
7- Provisions for Other Doubtful Receivables (-)	4.2,12	(1.061.329)	(832.788)
F- Prepaid Expenses and Income Accruals		1.257.539.901	976.854.646
1- Deferred Commission Expenses	17	1.047.686.045	737.789.750
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4.2,12	169.041.598	209.572.327
4- Other Prepaid Expenses	4.2,12	40.812.258	29.492.569
G- Other Current Assets		65.107.579	46.576.398
1- Inventories		1.208.060	1.170.423
2- Prepaid Taxes and Funds	12,19	58.682.491	44.338.424
3- Deferred Tax Assets		-	-
4- Job Advances	12	3.037.254	211.124
5- Advances Given to Personnel	12	-	-
6- Stock Count Differences		-	-
7- Other Current Assets	12	2.179.774	856.427
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		19.965.901.559	14.283.152.333

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

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

ASSETS			
II- Non-Current Assets	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A- Receivables From Main Operations		125.776.087	163.933.921
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations	4.2,12	42.780.881	50.447.197
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies	4.2,12	82.995.206	113.486.724
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations	4.2,12	63.257.777	35.056.517
10- Provision for Doubtful Receivables from Main Operations	4.2,12	(63.257.777)	(35.056.517)
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables	4.2,12	324.555	326.932
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	4.2,12	324.555	326.932
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets	9	399.741.075	340.193.695
1- Investments In Associates		-	-
2- Affiliates	9	395.748.095	336.397.607
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries	9	3.992.980	3.796.088
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
E- Tangible Fixed Assets	6	1.007.694.127	823.453.113
1- Investment Properties	6,7	635.476.000	532.918.500
2- Diminution in Value for Investment Properties (-)		-	-
3- Buildings for Own Use	6	256.634.240	198.426.240
4- Machinery and Equipments	6	118.226.398	92.149.319
5- Furnitures and Fixtures	6	31.332.500	27.217.474
6- Vehicles	6	7.828.373	7.033.036
7- Other Tangible Assets (Including Leasehold Improvements)	6	33.256.305	30.451.919
8- Leased Tangible Fixed Assets	6	77.012.682	70.393.383
9- Accumulated Depreciation (-)	6	(157.996.401)	(135.136.758)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)	6	5.924.030	-
F- Intangible Fixed Assets	8	201.991.396	157.224.202
1- Rights	8	425.145.359	325.342.220
2- Goodwill	8	16.250.000	16.250.000
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(264.203.297)	(193.489.327)
8- Advances Regarding Intangible Assets	8	24.799.334	9.121.309
G- Prepaid Expenses and Income Accruals		1.302.274	2.411.371
1- Deferred Commission Expenses	17	1.281.781	2.167.444
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	4.2	20.493	243.927
H- Other Non-current Assets	21	114.590.673	-
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	114.590.673	-
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		1.851.420.187	1.487.543.234
TOTAL ASSETS		21.817.321.746	15.770.695.567

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

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

LIABILITIES				
III-	Short-Term Liabilities	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A-	Borrowings	19,20	334.063.065	3.029.771
1-	Loans to Financial Institutions		-	-
2-	Finance Lease Payables		-	-
3-	Deferred Finance Lease Borrowing Costs (-)		-	-
4-	Current Portion of Long Term Borrowings		-	-
5-	Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6-	Other Financial Assets Issued		-	-
7-	Value Differences on Issued Financial Assets (-)		-	-
8-	Other Financial Borrowings (Liabilities)	19,20	334.063.065	3.029.771
B-	Payables From Main Operations	19	1.730.933.368	967.576.888
1-	Payables Due to Insurance Operations	19	1.227.691.234	634.689.122
2-	Payables Due to Reinsurance Operations	19	116.512.437	65.746.892
3-	Cash Deposited by Insurance & Reinsurance Companies	19	8.385.787	6.898.890
4-	Payables Due to Pension Operations		-	-
5-	Payables from Other Operations	19	390.301.209	267.527.913
6-	Rediscount on Other Payables From Main Operations (-)	19	(11.957.299)	(7.285.929)
C-	Due to Related Parties	19	583.728	224.447
1-	Due to Shareholders	19	177.824	152.744
2-	Due to Affiliates	19	-	-
3-	Due to Subsidiaries		-	-
4-	Due to Joint Ventures		-	-
5-	Due to Personnel	19	390.747	63.042
6-	Due to Other Related Parties	19	15.157	8.661
D-	Other Payables	19	196.778.372	136.517.896
1-	Deposits and Guarantees Received	19	16.342.036	11.777.540
2-	Due to SSI regarding Treatment Expenses	19	68.451.361	45.849.660
3-	Other Payables	19	114.547.169	80.245.627
4-	Discount on Other Payables (-)	19	(2.562.194)	(1.354.931)
E-	Insurance Technical Reserves	17	14.159.877.830	10.059.955.305
1-	Unearned Premiums Reserve - Net	17	5.069.360.240	3.552.398.412
2-	Unexpired Risk Reserves - Net	17	443.068.357	118.215.672
3-	Mathematical Reserves - Net	17	-	13.014
4-	Outstanding Claims Reserve - Net	17	8.647.449.233	6.385.328.207
5-	Provision for Bonus and Discounts - Net	17	-	4.000.000
6-	Other Technical Reserves - Net		-	-
F-	Taxes and Other Liabilities and Relevant Provisions	19	212.288.501	78.146.382
1-	Taxes and Dues Payable	19	125.845.998	71.071.290
2-	Social Security Premiums Payable	19	9.013.711	7.075.092
3-	Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4-	Other Taxes and Liabilities		-	-
5-	Corporate Tax Liability Provision on Period Profit	19	306.101.998	129.065.521
6-	Prepaid Taxes and Other Liabilities on Period Profit (-)	19	(228.673.206)	(129.065.521)
7-	Provisions for Other Taxes and Liabilities		-	-
G-	Provisions for Other Risks		-	-
1-	Provision for Employment Termination Benefits		-	-
2-	Pension Fund Deficit Provision		-	-
3-	Provisions for Costs		-	-
H-	Deferred Income and Expense Accruals	19	333.738.596	231.208.040
1-	Deferred Commission Income	10,19	202.730.004	135.727.041
2-	Expense Accruals	19	130.772.049	95.019.565
3-	Other Deferred Income	19	236.543	461.434
I-	Other Short Term Liabilities	21,23	5.532.364	13.536.778
1-	Deferred Tax Liability	21	-	9.539.732
2-	Inventory Count Differences		-	-
3-	Other Short Term Liabilities	23	5.532.364	3.997.046
III -	Total Short Term Liabilities		16.973.795.824	11.490.195.507

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

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

LIABILITIES

IV- Long-Term Liabilities	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A- Borrowings	20	55.443.145	55.725.100
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)	20	55.443.145	55.725.100
B- Payables From Main Operations		30.490.157	13.293.592
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations	19	30.490.157	13.293.592
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves	17	580.727.832	442.193.750
1- Unearned Premiums Reserve - Net	17	2.352.694	1.920.318
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	17	578.375.138	440.273.432
F- Other Liabilities and Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	23	161.185.029	115.026.170
1- Provision for Employment Termination Benefits	23	58.186.518	45.465.115
2- Provisions for Employee Pension Fund Deficits	22,23	102.998.511	69.561.055
H- Deferred Income and Expense Accruals	19	-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long Term Liabilities	21	-	8.053.549
1- Deferred Tax Liability	21	-	8.053.549
2- Other Long Term Liabilities		-	-
IV- Total Long Term Liabilities		827.846.163	634.292.161

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

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

EQUITY			
V- Equity	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A- Paid in Capital		660.000.000	660.000.000
1- (Nominal) Capital	2.13,15	660.000.000	660.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves	15	287.282.906	170.939.417
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	24.729.869	24.431.260
4- Translation Reserves	15	41.999.609	(21.166.656)
5- Other Capital Reserves	15	220.553.428	167.674.813
C- Profit Reserves		1.163.008.525	1.195.280.741
1- Legal Reserves	15	226.709.388	194.945.022
2- Statutory Reserves	15	83.112.202	58.171.807
3- Extraordinary Reserves	15	823.206.149	692.870.924
4- Special Funds (Reserves)		57.074.903	16.900.903
5- Revaluation of Financial Assets	11,15	28.018.183	284.072.561
6- Other Profit Reserves	15	15.947.854	19.379.678
7- Subsidiary Capital Correction	15	(71.060.154)	(71.060.154)
D- Previous Years' Profits		326.869.518	253.955.801
1- Previous Years' Profits		326.869.518	253.955.801
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period		487.295.000	344.161.542
1- Net Profit of the Period		487.295.000	343.416.328
2- Net Loss of the Period (-)		-	-
3- Net Income not subject to distribution	15	-	745.214
G- Minority Shares		1.091.223.810	1.021.870.398
Total Shareholders' Equity		4.015.679.759	3.646.207.899
Total Liabilities and Shareholders' Equity		21.817.321.746	15.770.695.567

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

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

		Note	Audited Current Period January 1- December 31, 2021	Audited Prior Period January 1- December 31, 2020
I-	TECHNICAL SECTION			
A-	Non-Life Technical Income		11.516.007.119	8.069.853.622
1-	Earned Premiums (Net of Reinsurer Share)		7.580.279.224	6.359.252.401
	1.1- Written Premiums (Net of Reinsurer Share)	17	9.432.578.143	6.993.907.258
	1.1.1- Gross Written Premiums (+)	17	12.972.810.203	9.603.727.059
	1.1.2- Ceded Premiums to Reinsurers (-)	10,17	(3.330.790.294)	(2.439.719.104)
	1.1.3- Ceded Premiums to SSI (-)	17	(209.441.766)	(170.100.697)
	1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17,29	(1.528.394.757)	(590.266.415)
	1.2.1 - Unearned Premiums Reserve (-)	17	(2.032.170.785)	(828.493.879)
	1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	10,17	477.983.012	218.655.212
	1.2.3 - SSI of Unearned Premiums Reserve (+)		25.793.016	19.572.252
	1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	17	(323.904.162)	(44.388.442)
	1.3.1 - Unexpired Risks Reserve (-)	17	(422.890.761)	(88.069.367)
	1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	10,17	98.986.599	43.680.925
2-	Investment Income Transferred from Non-Technical Part		3.290.559.596	1.369.611.050
3-	Other Technical Income (Net of Reinsurer Share)		519.816.273	217.554.417
	3.1- Gross Other Technical Income (+)		519.816.238	217.554.730
	3.2- Reinsurance Share of Other Technical Income (-)		35	(313)
4-	Accrued Subrogation and Salvage Income (+)		125.352.026	123.435.754
B-	Non-Life Technical Expense (-)		(10.507.371.078)	(7.281.506.213)
1-	Total Claims (Net of Reinsurer Share)		(7.939.631.736)	(5.323.751.184)
	1.1- Claims Paid (Net of Reinsurer Share)	17,29	(5.682.768.890)	(4.025.734.905)
	1.1.1 - Gross Claims Paid (-)	17	(6.567.116.693)	(4.794.642.219)
	1.1.2 - Reinsurance Share of Claims Paid (+)	10,17	884.347.803	768.907.314
	1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17,29	(2.256.862.846)	(1.298.016.279)
	1.2.1 - Outstanding Claims Reserve (-)	17	(3.036.601.958)	(1.972.603.974)
	1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	10,17	779.739.112	674.587.695
2-	Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	4.000.002	(4.000.000)
	2.1- Bonus and Discount Reserve (-)	29	4.000.002	(4.000.000)
	2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3-	Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(138.095.981)	(82.099.537)
4-	Operating Expenses (-)	32	(2.240.630.671)	(1.712.547.377)
5-	Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
	5.1- Mathematical Reserves (-)		-	-
	5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6.-	Other Technical Expenses (-)	47	(193.012.692)	(159.108.115)
	6.1- Gross Other Technical Expenses (-)		(200.740.747)	(166.236.853)
	6.2- Reinsurance Share of Other Technical Expenses (+)		7.728.055	7.128.738
C-	Non Life Technical Net Profit (A-B)		1.008.636.041	788.347.409
D-	Life Technical Income		15.167.930	23.092.848
1-	Earned Premiums (Net of Reinsurer Share)		11.229.108	20.295.729
	1.1- Written Premiums (Net of Reinsurer Share)	17	1.177.078	27.267.192
	1.1.1- Gross Written Premiums (+)	17	158.222	32.914.453
	1.1.2- Ceded Premiums to Reinsurers (-)	10,17	1.018.856	(5.647.261)
	1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17,29	11.000.553	(6.971.463)
	1.2.1- Unearned Premium Reserves (-)	17	14.976.201	(9.586.883)
	1.2.2- Unearned Premium Reserves Reinsurer Share (+)	10,17	(3.975.648)	2.615.420
	1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		(948.523)	-
	1.3.1- Unexpired Risks Reserves (-)		(948.523)	-
	1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2-	Life Branch Investment Income		3.475.599	2.734.967
3-	Unrealized Income from Investments		-	-
4-	Other Technical Income (Net of Reinsurer Share) (+/-)		463.223	62.152
	4.1- Gross Other Technical Income (+/-)		463.223	62.152
	4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5-	Accrued Subrogation and Salvage Income (+)		-	-

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

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

I- TECHNICAL SECTION	Note	Audited Current Period January 1- December 31, 2021	Audited Prior Period January 1- December 31, 2020
E- Life Technical Expense		**(18.570.321)**	**(19.950.640)**
1- Total Claims (Net of Reinsurer Share)		(15.373.920)	(7.053.482)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(10.115.740)	(8.167.035)
1.1.1- Gross Claims Paid (-)	17	(11.946.157)	(11.471.676)
1.1.2- Claims Paid Reinsurer Share (+)	10,17	1.830.417	3.304.641
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17,29	(5.258.180)	1.113.553
1.2.1- Outstanding Claims Reserve (-)	17	(3.585.990)	2.790.109
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	10,17	(1.672.190)	(1.676.556)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Discount Reserve (-)		-	-
2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	13.014	25.677
3.1- Mathematical Reserves (-)	29	13.014	25.677
3.1.1- Actuarial Mathematical Reserve (-)	29	13.014	25.677
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
3.2- Reinsurer Share of Mathematical Reserves (+)		-	-
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		-	-
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(5.725)	(345.928)
5- Operating Expenses (-)	32	(3.203.690)	(12.576.907)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
F- Life Technical Profit (D-E)		**(3.402.391)**	**3.142.208**
G- Individual Retirement Technical Income		-	-
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee In Case Of Temporary Suspension		-	-
5- Witholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7- Other Technical Income		-	-
H- Individual Retirement Technical Expense		-	-
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)		-	-

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

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

II-	NON-TECHNICAL SECTION	Note	Audited Current Period January 1- December 31, 2021	Audited Prior Period January 1- December 31, 2020
C-	Net Technical Income - Non-Life (A-B)		1.008.636.041	788.347.409
F-	Net Technical Income - Life (D-E)		(3.402.391)	3.142.208
I -	Net Technical Income - Pension Business (G-H)		-	-
J-	Total Net Technical Income (C+F+I)		1.005.233.650	791.489.617
K-	Investment Income		7.530.233.160	2.930.020.235
1-	Income From Financial Investment	4.2	961.030.637	486.681.461
2-	Income from Sales of Financial Investments	4.2	382.305.022	206.153.004
3-	Revaluation of Financial Investments	4.2	277.448.084	155.934.763
4-	Foreign Exchange Gains	4.2	3.822.076.685	1.112.174.319
5-	Income from Affiliates	4.2	146.997.494	110.657.245
6-	Income from Subsidiaries and Joint Ventures	4.2	148.939	63.549
7-	Income Received from Land and Building	7	131.245.944	70.803.895
8-	Income from Derivatives	4.2	1.808.979.313	787.297.521
9-	Other Investments		1.042	254.478
10-	Investment Income transferred from Life Technical Part		-	-
L-	Investment Expense		(7.411.691.709)	(2.926.911.846)
1-	Investment Management Expenses (including interest) (-)	4.2	(31.565.502)	(19.235.674)
2-	Valuation Allowance of Investments (-)	4.2	(2.037.569)	(3.920.793)
3-	Losses On Sales of Investments (-)	4.2	(97.064.043)	(57.271.018)
4-	Investment Income Transferred to Non-Life Technical Part (-)		(3.290.559.596)	(1.369.611.050)
5-	Losses from Derivatives (-)	4.2	(3.017.776.367)	(776.356.453)
6-	Foreign Exchange Losses (-)	4.2	(843.340.003)	(608.836.954)
7-	Depreciation Expenses (-)	6,8	(101.967.531)	(77.955.837)
8-	Other Investment Expenses (-)		(27.381.098)	(13.724.067)
M-	Income and Expenses From Other and Extraordinary Operations		(78.577.712)	(103.641.030)
1-	Provisions Account (+/-)	47	(168.131.584)	(114.479.922)
2-	Discount account (+/-)	47	(15.554.657)	2.683.283
3-	Mandatory Earthquake Insurance Account (+/-)		-	-
4-	Inflation Adjustment Account (+/-)		-	-
5-	Deferred Tax Asset Accounts(+/-)	35	92.278.186	8.380.748
6-	Deferred Tax Expense Accounts (-)	35	-	(14.573.998)
7-	Other Income and Revenues		14.749.237	15.879.162
8-	Other Expense and Losses (-)		(1.918.894)	(1.530.303)
9-	Prior Period Income		-	-
10-	Prior Period Losses (-)		-	-
N-	Net Profit for the Year		739.095.391	561.891.455
1-	Profit/(Loss) Before Tax		1.045.197.389	690.956.976
2-	Corporate Tax Liability Provision (-)	35	(306.101.998)	(129.065.521)
3-	Net Profit (Loss)		739.095.391	561.891.455
	3.1- Groups Profit/(Loss)		487.295.000	344.161.542
	3.2- Minority Shares		251.800.391	217.729.913
4-	Monetary Gains and Losses		-	-

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

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

Audited Changes in Equity - December 31, 2020

	Note	Paid-in capital	Equity Share Owned by Company	Revaluation of financial assets	Inflation Adjustment on Capital	Currency translation reserves
I - Balance at the end of the previous year - December 31, 2020	15	660.000.000	-	99.474.816	-	(34.192.451)
II - Change in Accounting Standards		-	-	-	-	-
III - Restated balances (I+II) - January 1, 2020		660.000.000	-	99.474.816	-	(34.192.451)
A- Capital increase (A1+A2)		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-	-	-
B - Effects of changes in group structure		-	-	-	-	-
C - Purchase of own shares		-	-	-	-	-
D - Gains or losses that are not included in the statement of income		-	-	-	-	-
E - Change in the value of financial assets	15	-	-	184.597.745	-	-
F - Currency translation adjustments		-	-	-	-	13.025.795
G - Other gains or losses		-	-	-	-	-
H - Inflation adjustment differences		-	-	-	-	-
I - Net profit for the year		-	-	-	-	-
J - Other reserves and transfers from retained earnings	38	-	-	-	-	-
K - Dividends paid	38	-	-	-	-	-
IV - Balance at the end of the year - December 31, 2020	15	660.000.000	-	284.072.561	-	(21.166.656)

Audited Changes in Equity - December 31, 2021

	Note	Paid-in capital	Equity Share Owned by Company	Revaluation of financial assets	Inflation Adjustment on Capital	Currency translation reserves
I - Balance at the end of the previous year - December 31, 2020	15	660.000.000	-	284.072.561	-	(21.166.656)
II - Change in Accounting Standards		-	-	-	-	-
III - Restated balances (I+II) - January 1, 2020		660.000.000	-	284.072.561	-	(21.166.656)
A- Capital increase (A1+A2)		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-	-	-
B - Effects of changes in group structure		-	-	-	-	-
C - Purchase of own shares		-	-	-	-	-
D - Gains or losses that are not included in the statement of income		-	-	-	-	-
E - Change in the value of financial assets	15	-	-	(256.054.378)	-	-
F - Currency translation adjustments		-	-	-	-	63.166.265
G - Other gains or losses		-	-	-	-	-
H - Inflation adjustment differences		-	-	-	-	-
I - Net profit for the year		-	-	-	-	-
J - Other reserves and transfers from retained earnings	38	-	-	-	-	-
K - Dividends paid	38	-	-	-	-	-
IV- Balance at the end of the year - December 31, 2021	15	660.000.000	-	28.018.183	-	41.999.609

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

Legal reserves	Statutory Reserves	Other reserves and retained earnings	Net profit/ (Loss) for the year	Retained earnings	Total equity before minority shares	Minority share	Total
155.933.995	**37.967.904**	**729.272.142**	**309.978.881**	**167.547.326**	**2.125.982.613**	**783.522.088**	**2.909.504.701**
-	-	-	-	-	-	-	-
155.933.995	**37.967.904**	**729.272.142**	**309.978.881**	**167.547.326**	**2.125.982.613**	**783.522.088**	**2.909.504.701**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(721.288)	184.146.852	(183.696.693)	(271.129)	4.891.681	4.620.552
-	-	-	-	-	184.597.745	77.414.005	262.011.750
-	-	-	-	-	13.025.795	-	13.025.795
-	-	-	(187.012)	27.947	(159.065)	(174.354)	(333.419)
-	-	-	-	-	-	-	-
-	-	-	344.161.542	-	344.161.542	217.729.913	561.891.455
39.011.027	20.203.903	121.646.570	(450.938.721)	270.077.221	-	-	-
-	-	-	(43.000.000)	-	(43.000.000)	(61.512.935)	(104.512.935)
194.945.022	**58.171.807**	**850.197.424**	**344.161.542**	**253.955.801**	**2.624.337.501**	**1.021.870.398**	**3.646.207.899**

Legal reserves	Statutory Reserves	Other reserves and retained earnings	Net profit/ (Loss) for the year	Retained earnings	Total equity before minority shares	Minority share	Total
194.945.022	**58.171.807**	**850.197.424**	**344.161.542**	**253.955.801**	**2.624.337.501**	**1.021.870.398**	**3.646.207.899**
-	-	-	-	-	-	-	-
194.945.022	**58.171.807**	**850.197.424**	**344.161.542**	**253.955.801**	**2.624.337.501**	**1.021.870.398**	**3.646.207.899**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	49.539.837	206.234.274	(206.970.353)	48.803.758	4.683.685	53.487.443
-	-	-	-	-	(256.054.378)	(114.091.313)	(370.145.691)
-	-	-	-	-	63.166.265	-	63.166.265
-	-	-	(163.638)	71.441	(92.197)	(131.107)	(223.304)
-	-	-	-	-	-	-	-
-	-	-	487.295.000	-	487.295.000	251.800.392	739.095.392
31.764.366	24.940.395	170.714.788	(507.232.178)	279.812.629	-	-	-
-	-	-	(43.000.000)	-	(43.000.000)	(72.908.245)	(115.908.245)
226.709.388	**83.112.202**	**1.070.452.049**	**487.295.000**	**326.869.518**	**2.924.455.949**	**1.091.223.810**	**4.015.679.759**

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

	Note	Audited Current Period January 1- December 31, 2021	Audited Prior Period January 1- December 31, 2020
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		12.556.394.241	8.501.356.425
2. Cash inflows from the reinsurance operations		1.832.419.517	2.481.101.399
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(11.191.615.181)	(8.608.720.004)
5. Cash outflows due to the reinsurance operations (-)		(2.028.870.702)	(1.412.035.194)
6. Cash outflows due to the pension operations (-)		-	-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		**1.168.327.875**	**961.702.626**
8. Interest payments (-)		-	-
9. Income tax payments (-)		(254.109.525)	(244.546.962)
10. Other cash inflows		275.003.722	2.464.364.023
11. Other cash outflows (-)		(975.802.664)	(736.369.250)
12. Net cash generated from the operating activities		**213.419.408**	**2.445.150.437**
B. CASH FLOWS FROM THE INVESTING ACTIVITIES		-	-
1. Sale of tangible assets		5.672.626	537.867
2. Purchase of tangible assets (-)	6, 8	(158.144.061)	(81.245.875)
3. Acquisition of financial assets (-)	11	(16.378.013.829)	(5.564.477.476)
4. Sale of financial assets	11	16.351.387.241	3.292.878.047
5. Interest received		1.241.954.320	645.351.191
6. Dividends received		4.069.234	1.285.103
7. Other cash inflows		5.092.058.271	1.349.301.599
8. Other cash outflows (-)		(5.951.250.709)	(1.790.809.952)
9. Net cash generated from the investing activities		**207.733.093**	**(2.147.179.496)**
C. CASH FLOWS FROM THE FINANCING ACTIVITIES		-	-
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)		-	-
4. Dividend paid (-)		(111.290.535)	(100.618.350)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities		**(111.290.535)**	**(100.618.350)**
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**456.327.257**	**(47.427.825)**
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		**766.189.224**	**149.924.766**
F. Cash and cash equivalents at the beginning of the period	14	**3.871.356.155**	**3.721.431.389**
G. Cash and cash equivalents at the end of the period (E+F)	14	**4.637.545.379**	**3.871.356.155**

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

Millî Reasürans Türk Anonim Şirketi

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

		Note	Audited Current Period December 31, 2021(*)	Audited Prior Period December 31, 2020
I.	PROFIT DISTRIBUTION			
	1.1. CURRENT YEAR PROFIT (*)		682.320.051	381.115.664
	1.2. TAX AND FUNDS PAYABLE	35	(128.897.591)	(29.030.769)
	1.2.1. Corporate Income Tax (Income Tax)	35	(128.897.591)	(29.030.769)
	1.2.2. Income tax deduction		-	
	1.2.3. Other taxes and Duties		-	
A.	NET PROFIT (1.1 - 1.2)		553.422.460	352.084.895
	1.3. PREVIOUS PERIOD LOSSES (-)			
	1.4. FIRST LEGAL RESERVE		(27.671.123)	(17.604.245)
	1.5. STATUTORY FUND (-)		(58.196.850)	
B.	NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5)]		467.554.487	334.480.650
	1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	(33.448.065)
	1.6.1. Holders of shares		-	(33.448.065)
	1.6.2. Holders of Preferred shares		-	-
	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 PERSONNEL (-)		-	(4.231.201)
	1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
	1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
	1.9.1. Holders of shares		-	(9.551.935)
	1.9.2. Holders of Preferred shares		-	(9.551.935)
	1.9.3. Holders of Redeemed shares		-	-
	1.9.4. Holders of Participation Bond		-	-
	1.9.5. Holders of Profit and Loss sharing certificate		-	-
	1.10. SECOND LEGAL RESERVE (-)		-	-
	1.11. STATUTORY RESERVES (-)		-	(1.423.120)
	1.12. EXTRAORDINARY RESERVES		-	-
	1.13. OTHER RESERVES		-	-
	1.14. SPECIAL FUNDS		-	(17.000.000)
II.	DISTRIBUTION OF RESERVES		-	-
	2.1. DISTRIBUTION OF RESERVES		-	-
	2.2. SECOND LEGAL RESERVES (-)		-	-
	2.3. COMMON SHARES (-)		-	-
	2.3.1. Holders of shares		-	-
	2.3.2. Holders of Preferred shares		-	-
	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. HOLDERS OF SHARES		-	352.084.895
	3.2. HOLDERS OF SHARES (%)		-	% 53,3462
	3.3. HOLDERS OF PREFERRED SHARES		-	-
	3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
IV.	DIVIDEND PER SHARE		-	-
	4.1. HOLDERS OF SHARES		-	43.000.000
	4.2. HOLDERS OF SHARES (%)		-	% 6,5152
	4.3. HOLDERS OF PREFERRED SHARES		-	-
	4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

(*) Since the profit distribution proposal for the year 2020 has not prepared by the Board of Directors, profit distribution table has not been filled yet .

(**) As of December 31, 2021, the dividend to be paid to personnel amounting to TL 4.456.812 (December 31, 2020: TL 4.231.201), which is allocated in accordance with TAS 19, has also been added to the profit.

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

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

1 General information

1.1 Name of the Company and the ultimate owner of the group

As of December 31, 2021, the shareholder having direct or indirect control over the shares of Millî Reasürans Türk Anonim Şirketi (the "Company") is Türkiye İş Bankası AŞ Group ("İş Bankası") having 87,60% of the outstanding shares.

The Company was established in February 26, 1929 and has been operating since in July 19, 1929.

On September 30, 2010, the Company purchased 35,53% shares of Anadolu Sigorta Anonim Şirketi with nominal value of TL 177.650.110 from İş Bankası amounting to TL 248.710.154. The transaction is realized on the weighted average price on İstanbul Stock Exchange wholesale market. With the purchase, the share of the Company at Anadolu Sigorta increased to 57,31% and investment increased to TL 286.550.106.

The consolidated financial statements As of December 31, 2021 include the Company and its subsidiary Anadolu Sigorta (together with "the Group").

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company was registered in Turkey in July 16, 1929 and has the status of "Incorporated Company". The address of the Company's registered office is Maçka Cad. No: 35 34367 Şişli İstanbul.

1.3 Main operations of the Company

The Company is primarily engaged in reinsurance and retrocession businesses in domestic and international markets. In 2007, the Company opened a branch in Singapore upon the completion of the necessary local formalities according to the local legislation. Singapore branch has been operating since 2008.

The subsidiary of the Company, Anadolu Sigorta operates in almost all non-life insurance branches consisting of mainly casualty, health, land vehicles, aircraft, ships, marine, fire and natural disasters, general losses, credits, financial losses, and legal protection. As at December 31, 2021, the Company serves through 2.681 agencies of which 2.574 authorized and 107 unauthorized agencies. (December 31, 2020: 2.369 authorized 104 unauthorized total 2.473 agencies)

1.4 Details of the Company's operations and nature of field of activities

The Company and its subsidiary Anadolu Sigorta conduct their operations in accordance with the Insurance Law No. 5684 (the "Insurance Law") issued in June 14, 2007 dated and 26552 numbered Official Gazette and the communiqués and other regulations in force issued by Republic of Turkey Ministry of Treasury and Finance (the "Ministry of Treasury and Finance") based on the Insurance Law.

The purpose and activities of the Company as stated at the Articles of Association of the Company are as follows:

- Providing life and non-life reinsurance and other related products and services in all insurance branches and sub-branches to Turkish and foreign insurance companies;
- Managing and participating in reinsurance operations of Pools,
- Purchasing, selling, constructing and renting real estates,
- Purchasing debt instruments and shares issued by all sorts of commercial, industrial and financial institutions and government agencies as well as providing capital or participating in the establishment of such institutions to provide a consistent, secure and adequate financial income,
- In addition to these, carrying out other operations upon recommendation by the Board of Directors and resolution of the General Meeting which are deemed to be beneficial and material for the Company and are not prohibited by the law.

Anadolu Sigorta is incorporated in Turkey and operates in insurance branches as mentioned above Note 1.3 Business of the Company. Anadolu Sigorta's shares have been listed on the Istanbul Stock Exchange ("BIST"). In accordance with Paragraph 5 Article 136 in Section VIII of the Capital Markets Law numbered 6362, insurance companies have to comply with their own specific laws and regulations in matters of establishment, supervision/oversight, accounting and independent auditing standards; therefore, Anadolu Sigorta performs its operations accordingly.

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

1.5 Average number of the Company's personnel based on their categories

The average number of the personnel during the year in consideration of their categories is as follows:

	December 31, 2021	December 31, 2020
Top executive	14	12
Managers	79	76
Assistant managers	212	206
Contracted personnel	4	5
Advisors	1	2
Specialist/Senior/Other personnel	1.328	1.265
Total	**1.638**	**1.566**

1.6 Remuneration and similar benefits provided to top management

For the year ended December 31, 2021, wages and similar benefits provided to the top management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers is amounting to TL 22.274.111. (December 31, 2020: TL 17.071.158).

1.7 Keys used in the distribution of investment income and operating expenses (personnel, administrative, research and development, marketing and selling, services rendered from third parties and other operating expenses) in the financial statements

Procedures and principles related to keys used in the financial statements of the companies are determined in accordance with the January 4, 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Republic of Turkey Ministry of Treasury and Finance.

In accordance with the above mentioned Communiqué, insurance and reinsurance companies are allowed to transfer technical section operating expense to insurance section through methods determined by Republic of Turkey Ministry of Treasury and Finance or by the Company itself. In accordance with the approval of the Republic of Turkey Ministry of Treasury and Finance, dated March 6, 2008 and numbered 10222, known and exactly distinguishable operating expenses are distributed to related branches directly and services rendered from third parties and other operating expenses in accordance with the gross premiums written for the last three years.

Income from the assets invested against non-life technical provisions is transferred to technical section from non-technical section; remaining income is transferred to the non-technical section. Income are distributed to the sub-branches in accordance with the percentage calculated by dividing "net cash flow" to the "total net cash flow", net cash flow being net of reinsurer share and calculated by deducting net losses paid from net written premiums.

Income from the assets invested against mathematical provisions is recorded under technical section; remaining income is transferred to the non-technical section.

1.8 Information on the financial statements as to whether they comprise an individual company or a group of companies

The accompanying financial statements comprise the consolidated financial information of the Company. Consolidation principles are further discussed in note 2.2 - *Consolidation*.

As at December 31, 2021, the Company owns 57.31% of its subsidiary, Anadolu Anonim Türk Sigorta Şirketi ("Anadolu Sigorta") are included in the scope of consolidation by line-by-line method. Anadolu Hayat Emeklilik AŞ ("Anadolu Hayat") is associate of Anadolu Sigorta and is consolidated by equity method with share of 21.00% (effective percentage of share: 12,46%) and Miltaş Turizm İnşaat Ticaret A.Ş. is associate of the Company and is consolidated by equity method with share of 77.00% in the consolidated financial statements as at December 31, 2021 and 2020.

Anadolu Sigorta as a subsidiary company of the Group, is operating in almost all of the none-life insurance branches composed of casualty, health, general losses, land vehiclesss liability, aircraft liability, general liability, credits, financial losses and legal protection.

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

The activities of Anadolu Hayat involve providing individual and group insurance and reinsurance services relating to group life, individual life, retirement and related personal Casualty branches, establishing retirement funds, developing internal rules and regulations related to these funds, carrying out retirement, annual income insurance, portfolio management and custody contracts for the assets of the funds held in custody.

The Miltaş Sports Complex has been serving the insurance sector since 1986 with its facilities in various sports, particularly tennis. The International Insurance Tennis Tournament has been held every June at this Complex since 1986, providing a unique environment for local and foreign reinsurers and brokers. In addition to tennis and basketball courses organized every year for youngsters, private tennis lessons are available for adults in the Complex.

1.9 Name or other identity information about the reporting entity and the changes in this information after previous reporting date

Trade name of the Company	:	Millî Reasürans Türk Anonim Şirketi
Registered address of the head office	:	Maçka Cad. No:35 34367 Şişli/İstanbul
The web page of the Company	:	www.millire.com

There has been no change in the aforementioned information subsequent to the previous reporting date.

1.10 Subsequent events

2 Summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Information about the principles and the specific accounting policies used in the preparation of the financial statements

In accordance with Article 136(5) in Section VIII of the Capital Markets Law, numbered 6362 Anadolu Sigorta which is the subsidiaries of the Company and Anadolu Hayat which is the affiliates of the Group complies with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, the Group complies with the accounting principles and standards set out in the regulations in force in accordance with the Insurance Law numbered 5684 published in the Official Gazette dated 14 June 2007 and numbered 26522, and the Insurance and Private Pension Regulation and Supervision Agency (IPPRSA") established by the Presidential Decree of 18 October 2019. ") other regulations issued by the statements and guidance and Turkey Accounting Standards except arranged matters with them ("TAS") with Turkey Financial Reporting Standards ("IFRS") contains the terms" Insurance Accounting and Financial Reporting regulations "are prepared in accordance with n. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was T.C. Published by the Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

In the Article 4 of related regulation, procedures and principles related to insurance contracts, recognition of subsidiaries, jointly controlled associations and associates and formation of consolidated financial statements, financial statements disclosed to public, and explanations related to these statements will be determined by Communiqués issued by Republic of Turkey Ministry of Treasury and Finance.

The form and content of financial statements of companies is regulated by "Communiqué on Presentation of Financial Statements" that is published in Official Gazette dated April 18, 2008 and numbered 26851 in order for comparison of financial statements with previous period and other companies' financial statements.

Financial statements are prepared with the regulations regarding accounting and financial reporting in force the insurance legislation, in matters not regulated by these financial statements are prepared in accordance with the provisions of Turkish Accounting Standards.

Additional paragraph for convenience translation to English

The differences between the accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries other than Turkey and IFRS.

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

(Currency: Turkish Lira (TL))
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

2.1.2 Other related accounting policies appropriate for the understanding of the financial statements

Accounting in hyperinflationary countries

Financial statements of the Turkish entities 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 December 31, 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.

With respect to the declaration of the Republic of Turkey Ministry of Treasury and Finance with the article dated April 4, 2005 and numbered 19387, consolidated financial statements as of December 31, 2004 are adjusted for the opening balances of 2005 in accordance with the section with respect to inflation accounting of the Capital Markets Board ("CMB") Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in Capital Market" published in the Official Gazette dated January 15, 2003 and numbered 25290. Inflation accounting is no longer applied starting from 1 January 2005, in accordance with the same declaration of the Republic of Turkey Ministry of Treasury and Finance. Accordingly, as at December 31, 2021, non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded before January 1, 2005 are measured as restated to December 31, 2004 in order to reflect inflation adjustments. Non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded after January 1, 2005 are measured at their nominal values.

In the statement made by the Public Oversight, Accounting and Auditing Standards Authority on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, TAS 29 Financial Inflationary Economies in 2021 financial statements. It has been stated that there is no need to make any adjustments within the scope of the Reporting Standard. In this respect, while preparing the consolidated financial statements as of December 31 2021, no inflation adjustment was made according to TAS 29.

Other accounting policies

The Company recorded premiums, commissions and claims accruals based on the notifications sent by the insurance and reinsurance companies after the closing of their balances. Premiums, commissions and claims accruals are recorded in the accompanying financial statements with the three-month delay. Therefore, related income statement balances include last quarter results for the year ended December 31, 2020 and nine-month results as at and for the period ended September 30, 2020 and accordingly related balance sheet balances As of December 31, 2021 do not reflect the actual position. According to the letter dated August 31, 2010 and numbered B.02.1.HZN.0.10.03.01/42139 sent by the Republic of Turkey Ministry of Treasury and Finance to the Company, it is stated that account statements sent by the ceding companies are subject to possible delays and the Republic of Turkey Ministry of Treasury and Finance is considered special situations of the reinsurance companies in their regulations.

Information regarding other accounting polices is disclosed above in "Note 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 Valid and presentation currency

The accompanying consolidated financial statements are presented in TL, which is the Group's valid reporting currency.

2.1.4 Rounding scale of the amounts presented in the financial statements

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

2.1.5 Basis of measurement used in the preparation of the financial statements

The accompanying consolidated financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until December 31, 2004, except for the financial assets at fair value through profit or loss, available-for-sale financial assets, derivative financial instruments, self-used buildings and investment properties recorded in tangible assets and associates which are measured at their fair values unless reliable measures are available.

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2.1.6 Accounting policies, changes in accounting estimates and errors

Accounting of fire and earthquake premiums obtained from foreign reinsurance treaties on the basis of branches

Fire and earthquake premiums obtained from foreign reinsurance treaties could not accounted on the basis of branches in the previous years due to limitations imposed by local legislation of the foreign countries, notification characteristics of the treaties and total premiums used by foreign companies in the reconciliation process. Therefore, all premiums obtained from aforementioned treaties are accounted on the fire branch. According to the letter dated August 2, 2011 and numbered B.02.1.HZN.0.10.03.01/38732 sent by the Republic of Turkey Ministry of Treasury and Finance to the Company, it is allowed to use average rate calculated over separately reported fire and earthquake premiums for unclassified premiums of proportioned treaties. Furthermore, according to the letter dated August 12, 2011 sent by the Republic of Turkey Ministry of Treasury and Finance to the Company, prospective application as at June 30, 2011 effective from January 1, 2011 is allowed since retrospective application is impossible. Accordingly, financial statements prepared As of December 31, 2021, premiums obtained from foreign proportioned treaties are accounted on the basis of average earthquake premium ratio calculated from foreign proportioned treaties over the period of January 1, 2020 - December 31, 2021. The same ratio is used for unproportioned reinsurance treaties in accordance with the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué 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". Distribution of commissions and claims between the fire and earthquake branches is parallel with the aforementioned method.

According to the letter dated January 12, 2012 and numbered B.02.1.HZN.0.10.03.01/854 sent by the Republic of Turkey Ministry of Treasury and Finance to the Company, determination of final claims for the last business year used in IBNR calculation has been changed as of December 31, 2011. Accordingly, the final premium amount earned for the last business year is determined by considering premium development factors since premiums may be accrued in the following years under the terms of the agreements. Based on the calculated final premium amount of the last business year, unearned premium reserves and earned premiums are determined. Aforementioned earned premium amount is multiplied by the average of claim/premium ratio of the previous years to determine final claims amount of the last business year. IBNR is calculated by subtracting the paid and reported claims of the last business year from the final claims amount determined by the aforementioned method. In addition, IBNR amounts reported by sedan companies are taken into consideration and in order to prevent duplicate provision; paid claims, outstanding claims reserve and premiums of reported claims are excluded from the data set used in the calculation of IBNR. The Company determined final IBNR amount by adding reported IBNR amounts to IBNR amounts calculated from the data prepared in accordance with the principals mentioned above.

According to 16th article of "Circular on Actuarial Chain Ladder Method (2010/12)" dated September 20, 2010 and announced by Republic of Turkey Ministry of Treasury and Finance, ACML calculation should be made through main branches. However, as of December 31, 2012, the Company has calculated ACML reserve for General Damages main branch as two separate subbranches namely agriculture and non-agriculture branches. Because, Agriculture and Engineering subbranches under General Damages main branch have different characteristics in conversion process of outstanding losses to paid losses, IBNR calculation of General Damages branch produces unreliable and improper results. The Company applied to Republic of Turkey Ministry of Treasury and Finance on January 17, 2013 with letter numbered 300, so as to receive permission to calculate IBNR reserve for General Damages branch as agriculture and non-agriculture subbranches separately. Republic of Turkey Ministry of Treasury and Finance has given permission the Company in order to calculate IBNR reserve for General Damages within two subbranches with the letter dated January 28, 2013 and numbered 24179134. As at December 31, 2021, the Company recognised the amount that arose due to change in calculation method for IBNR on General Damages branch.

Significant changes in accounting policies and significant accounting misstatements are applied retrospectively and prior period financial statements are restated. If the changes in accounting estimates are for only one period, they are applied prospectively both in the current period when the change is made and in the future period if the change is made.

Critical accounting judgements used in applying the Company's accounting policies are explained in 3 - *Significant accounting estimates and requirements*.

2.2 Consolidation

"Circular Related to the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies" issued by the Republic of Turkey Ministry of Treasury and Finance in the Official Gazette dated 31 December 2008 and numbered 27097 ("the Circular for Consolidation") requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from 31 March 2009. The Company consolidated its subsidiary Anadolu Sigorta by using line-by-line method.

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Anadolu Hayat which is associate of Anadolu Sigorta and Miltaş which is the subsidiary of the Company are consolidated by the equity method.

The Company has not consolidated Miltaş Turizm A.Ş., the subsidiary of the Company, based on the exception specified in the Circular for Consolidation; as the amount of total assets of such subsidiary was below 1% of total assets of the Company. The Company accounted for Miltaş As of December 31, 2021 and 2020 by the equity method as mentioned above.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The subsidiary, Anadolu Sigorta included in consolidation and effective shareholding percentages of the Company are as follows. The information related to the associate of the Company, Anadolu Hayat and Miltaş which are consolidated using equity method is presented in Note 9.

	Company	Direct and indirect controlling interest	Direct controlling interest	Total assets	Shareholders' equity	Prior period profit	Current period profit
December 31, 2021	Anadolu Sigorta (consolidated)	57,31%	57,31%	16.120.481.026	2.548.455.142	121.103.662	589.834.604
December 31, 2020	Anadolu Sigorta (consolidated)	57,31%	57,31%	11.651.496.402	2.385.996.930	103.217.084	510.025.565

Transactions eliminated on consolidation

Anadolu Sigorta's balance sheet and income statement is consolidated by line-by-line method and the book value of Anadolu Sigorta in the Company's accounts and the capital amount in the Anadolu Sigorta accounts are eliminated. Intra-group balances and transactions between the Company and Anadolu Sigorta, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The accounting policies of subsidiary have been changed when necessary to align them with the policies adopted by the Company.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Net profit or loss of subsidiary, applicable to the non-controlling interest are presented under "Non-controlling interest" account under consolidated statement of income.

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 make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. As of December 31, 2021, and 2020, the Company's operates in life and non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market.

2.4 Foreign currency transactions

Transactions are recorded in TL, which is the Group's valid currency. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and all exchange differences, except for those arising on the translation of the fair value change of available-for-sale financial assets, are offset and are recognized as foreign exchange gains or losses.

Changes in the fair value of financial assets denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences related to changes in amortised cost are recognized in profit or loss, and other changes in carrying amount are recognized in "valuation of financial assets" in equity.

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2.5 Tangible assets

Except buildings for own use, tangible assets are recorded at their historical costs that have been adjusted according to the inflation rates until the end of December 31, 2004. There have been no other inflationary adjustments for these tangible assets for the following years and therefore they have been recorded at their costs indexed to the inflation rates for December 31, 2004. Tangible assets that have been purchased after January 1, 2005 have been recorded at their costs excluding their exchange rate differences and finance expenses less impairment losses if any.

The Group has started to show based on the revaluation model by measuring over fair value as of the third quarter of the 2015 year by making changes in the use of the property which is measuring the cost model in the financial statements before.

Buildings for own use are recognized by fair value that are determined in valuations made by independent valuation experts who have professional competency by reducing their values accumulated depreciation. Accumulated depreciation at the date of revaluation is deducted from gross book value and net amount is brought to values after revaluation.

Increase arising from the revaluation of lands and buildings for own use are presented under the other capital reserves in the equity excluding tax. As a result of property based evaluation, value decreases that correspond the previous period value increases are deducted from related fund; other decreases are recognized in income statement.

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.

Lands are not amortised due to their unlimited useful life. Tangible assets are depreciated on a straight-line basis over their estimated useful lives (3-15 years) over the cost of the asset or revaluated amounts.

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 fixed 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 is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets at cost.

Depreciation rates and estimated useful lives are as follows

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Buildings for own use	50	2,0
Fixtures and installations	3 - 16	6,3 - 33,3
Machinery and equipment	3 - 16	6,3 - 33,3
Vehicles	5	20,0
Other tangible assets (includes leasehold improvements)	5 - 10	10,0 - 20,0
Leased Assets	10	10,0

2.6 Investment property

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

Investment properties are initially recorded at cost and subsequently measured at their fair values. The changes which result of fair value valuation recognised in the income statement.

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.

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.

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The fair value on the date of change in the usage is considered as cost in the reclassification recognition when investment property that measured with fair value is reclassified as a tangible asset.

2.7 Intangible assets

The Group's intangible assets consist of computer software, goodwill and advances on intangible assets.

Intangible assets are recorded at cost in compliance with the "TAS 38 - Accounting for intangible assets". The cost of the intangible assets purchased before December 31, 2004 are restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

The Group differentiates the depreciation shares of intangible assets based on their useful lives, using the straight-line method, over their cost values. The amortization period of intangible assets is between 3 and 15 years.

Costs associated with developing or maintaining computer software programs are recognized as expense when incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Group and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gain or losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity disposed of.

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocations made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arises.

The Group has acquired the health portfolio of Anadolu Hayat Emeklilik A.Ş. as of August 31, 2004 with all of its rights and liabilities. The value at acquisition of the portfolio amounting to TL 16.250.000 is capitalized as goodwill by the Group.

2.8 Financial assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Securities are recognized and derecognized at the date of settlement.

Financial assets are classified in four categories; as financial assets held for trading, available-for-sale financial assets, held to maturity financial assets, and loans and receivables.

Financial assets at fair value through profit or loss are presented as financial assets held for trading in the accompanying consolidated financial statements and trading securities and derivatives are included in this category. Financial assets at fair value through profit or loss measured at their fair values and gain/loss arising due to changes in the fair values of 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. Accounting policies of derivatives are detailed in note 2.10 - Derivative financial instruments.

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 those 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.

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Held to maturity financial assets 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, excluding loans and receivables. Subsequent to initial recognition, held to maturity financial assets and loans and receivables are measured at amortized cost using effective interest rate method less impairment losses, if any. The Company has no financial assets that are not allowed to be classified as held to maturity financial assets for two years due to the tainting rules applied for the breach of classification rules.

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 at cost and subsequently measured at their fair values. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity. Upon disposal, the realized gain or losses are recognized directly in the consolidated statement of income.

The determination of fair values of financial instruments not traded in an active market is determined by using valuation techniques. 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.

In the accompanying consolidated financial statements, Anadolu Hayat, associate of the Group, and Miltas, subsidiaries of the Group, has been consolidated by using the equity method of accounting.

A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expire or are surrendered.

2.9 Impairment on assets

Impairment on financial assets

Financial assets or group of financial assets are reviewed at each balance sheet 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.

Loans and receivables are presented net of specific allowances for uncollectability. 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 reduce these loans and receivable to their 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 at 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 and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

Impairment on tangible and intangible assets

On each balance sheet date, the Group 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 detailed in *Note 47*.

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2.10 Derivative financial instruments

Derivative instruments are treated as held for trading financial assets in compliance with the standard TAS 39 - Financial Instruments: Recognition and measurement.

The Company recognizes the profit and loss that arise from the Swap contracts in statement of income.

Derivative financial instruments are initially recognized at their fair value.

The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts through the contract amounts.

Derivative financial instruments are subsequently remeasured at fair value and positive fair value differences are presented either as " income accruals" and negative fair value differences are presented as "other financial liabilities" in the accompanying financial statements. All unrealized gains and losses on these instruments are included in the statement of income.

2.11 Offsetting of financial assets

Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when, and only when, the Group has a legal right to offset 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 Group'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, cheques 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 Group or not blocked for any other purpose.

2.13 Capital

The shareholder having direct or indirect control over the shares of the Company is İş Bankası Group. As of December 31, 2021, and 2020, the share capital and ownership structure of the Company are as follows:

	December 31, 2021		December 31, 2020	
Name	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Türkiye İş Bankası A.Ş.	578.177.926	87,60	578.177.926	87,60
Groupama Hayat A.Ş.	38.809.894	5,88	38.809.894	5,88
Ankara Doğal Elektrik Üretim ve Ticaret A.Ş.	22.240.456	3,37	22.240.456	3,37
T.C. Ziraat Bankası A.Ş.	16.430.944	2,49	16.430.944	2,49
Other	4.340.780	0,66	4.340.780	0,66
Total paid-in capital	660.000.000	100,00	660.000.000	100,00

-Sources of capital increases during the period

The company has not performed capital increase As of December 31, 2021 (December 31, 2020: None).

Privileges on common shares representing share capital

There are no privileges on common shares representing share capital.

Registered capital system in the Company

None.

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Repurchased own shares by the Company

None.

2.14 Insurance and investment contracts - classification

An insurance contract is a contract under which the Group 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. Insurance risk covers all risk except for financial risks. All premiums have been received within the coverage of insurance contracts recognized as revenue under the account caption "written premiums".

Investment contracts are those contracts which transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable.

The Group acts as a reinsurer when writing insurance from an insurance company (cedent) on the basis of reinsurance contracts and cedes insurance business to another retrocessionaire (the retrocedant) on the basis of retrocession contracts.

As at the reporting date, the Group does not have a contract which is classified as an investment contract.

2.15 Insurance contracts and investment contracts with discretionary participation feature

Discretionary participation feature ("DPF") within insurance contracts and investment contracts is the 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:

  (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 company, fund or other entity that issues the contract.

As of balance sheet date, the Group does not have any insurance or investment contracts that contain a DPF.

2.16 Investment contracts with discretionary participation feature

As of the reporting date, the Group does not have any insurance contracts and investment contracts without discretionary participation feature.

2.17 Liabilities

Financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities of the Group are measured at their discounted values. A financial liability is derecognized when it is extinguished.

2.18 Income taxes

Corporate tax

Statuary income is subject to corporate tax at 20% However, the corporate tax rate which is 20% pursuant to the temporary article 13 added to the Corporate Tax Law; It will be applied at the rate of 25% for corporate earnings in 2021 and 23% for corporate earnings in 2022. This rate is applied to as accounting income modified for certain exceptions (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 distribution planned, no further tax charges are made.

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

Prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Deferred tax

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

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 offset 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.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot be retrospectively offset against the profits of previous years.

In case where gains/losses resulting from the revaluation 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.

As of December 31, 2021, a tax rate of 23% is used for temporary differences that are expected to occur/close in 2022, and 20% for temporary differences that are expected to occur/close after 2022.(December 31, 2020: Since the effective corporate tax rate on January 1, 2021 is 20%, 20% tax rate has been used for valid differences that are expected to occur/close in 2021 and after.)

Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the 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 November 18, 2007 sets details about implementation.

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 a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

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2.19 Employee benefits

Pension and other post-retirement obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his/her dependants will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Emekli ve Sağlık Sandığı Vakfı ("Milli Reasürans Pension Fund") and the employees of Anadolu Sigorta are the members of Anadolu Anonim Türk Sigorta Şirketi Memurları Emekli Sandığı ("Anadolu Anonim Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506.

As per the temporary sub article No: 20 of the Article 73 of the Social Security Law, pension funds should be transferred to the Social Security Institution within three years after the publication of the aforementioned Law published in the Official Gazette numbered 26870 and dated May 8, 2008 . Decree of the Council of Ministers about two years extending transfer duration, was published in the Official Gazette on April 9, 2011. Based on this, expiration date has been extended to May 8, 2013 from the expiration date on 8 May 2011. On March 8, 2012, "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" numbered 28227, was published on Official Gazette and 4th article of this act changed "two years" phrase as "four years" which takes part on second sentence of first clause of 20th article of the code numbered 5510. Also, under the scope of Decree of the Council of Ministers numbered 2013/4617 was published on Official Gazette numbered 28636, on May 3, 2013 and 20th temporary article of the Social Security Laws numbered 506 banks, insurance and reinsurance companies, chambers of commerce, stock markets or participants of pension funds and salary or income provided ones and their shareholders' transfer duration has been extended one year to the Social Security Institution by Decree of the Council of Ministers.

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Memurları Emekli ve Sağlık Sandığı ("Milli Reasürans Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506. As per the temporary sub article No: 20 of the Article 73 of the Social Security Law, pension funds should be transferred to the Social Security Institution within three years after the publication of an aforementioned Law published in the Official Gazette numbered 26870 and dated May 8, 2008. The related three-year transfer period has been prolonged for two years by the Cabinet decision, which was published on the Official Gazette dated April 9, 2011. Accordingly, the three-year period expired on May 8, 2011 was extended to May 8, 2015. The principles and applications of the transfer will be determined by the Decree of the Council of Ministers separately.

Lastly, first paragraph of temporary 20th article of 5510 numbered Law, article 51 of the law regarding changing of several laws and delegated legislations and the law of occupational health and safety which are published in April 23, 2015 dated Official Gazette is changed as following.

Funds participating, pensioned or endowed and beneficiaries of the established funds for the personnel of banks, insurance and reinsurance companies, chambers of commerce, chamber of industries, stock exchanges or is organized by them under the temporary 20th article of law no. 506, Council of Ministers is entitled to determine the date of transfer to Social Security Institution. As of the transfer date, fund participatings are regarded as social insurant in accordance with the (a) sub clause of first sub articles of 4th article of related law.

In accordance with the Act, as of the transfer date, present value of the liabilities will be determined by considering the income and expense of the pension fund.

The cash value of the obligations of the pension fund for each member of the fund including members left the fund as of the transfer date will be calculated according to following assumptions:

a) Technical deficit rate of 9.8% shall be used in the actuarial calculation of the value in cash, and
b) Gains and losses of the funds stems from benefits covered by the aforementioned Law taken into accounts to calculate present value of the obligations.

Employee termination benefits

In accordance with existing Turkish Labor Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount As of December 31, 2021 is TL 8.285 (December 31, 2020: TL 7.117).

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The Company accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 - *Employee Benefits*. The major actuarial assumptions used in the calculation of the total liability As of December 31, 2021 and 2020 are as follows:

	December 31, 2020	December 31, 2020
Discount rate	3,50%	4,07-4,50%
Expected rate of salary/limit increase	10,30-15,07%	7,66-12,00%
Estimated employee turnover rate	2,57-3,77%	2,22-4,03%

The above expected rate of salary/limit increase is determined according to the annual inflation expectations of the government.

Other benefits

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.

2.20 Provisions

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 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 material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as "contingent" and disclosed in the 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 Group. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset.

2.21 Revenue recognition

Written premiums

Written premiums represent premiums taken from insurance and reinsurance companies as a reinsurance company. Premiums ceded to retrocession companies are accounted as "written premiums, ceded" in the profit or loss statement. Written premiums are recorded upon the receipt of quarterly statements of accounts from ceding companies in treaties whereas facultative accounts are registered upon the receipt of monthly payrolls.

Claims paid

Claims paid represent payments of the Group as a reinsurance company when risks taken from insurance and reinsurance companies are realized. Claims are recognized as expense upon the receipt of notifications. Notifications have not specific periods and depend on the initiative of the insurance and reinsurance companies.

Claims are recognized as expense as they are paid. Outstanding claims reserve is provided for both reported unpaid claims at period-end and incurred but not reported claims. Reinsurer's shares of claims paid, and outstanding claims reserve are off-set against these reserves.

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Subrogation, salvage and quasi income

According to the Circular 2010/13 dated September 20, 2010; the Company may account for income accrual for subrogation receivables without any voucher after the completion of the claim payments made to the insurer. 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. As at the reporting date, in accordance with the related circular the Company provided TL 103.420.003 (December 31, 2020: TL 62.093.125) subrogation receivables and recorded TL 133.135.883 (December 31, 2020: TL 88.399.103) (Note 12) net subrogation and salvage receivables under receivables from main operations. The Company provided allowance for uncollected subrogation receivables amounting to TL 37.902.336 (December 31, 2020: TL 24.744.443) (Note 12) in accordance with circular.

For the years ended December 31, 2021 and 2020, salvage and subrogation collected are as follows:

	December 31, 2021	December 31, 2020
Land Vehicles	959.795.444	610.070.256
Land Vehicles Liability	25.275.036	10.175.098
Marine	7.425.922	2.204.341
Fire and Natural Disasters	7.114.999	4.823.627
Sea Vehicles	3.856.696	617.188
General Losses	2.483.190	657.535
General Liability	888.347	171.732
Breach of trust	233.681	-
Accident	230.498	12.459
Air Vehicles	203.610	-
Credit	27.005	-
Air Vehicles Liability	17.638	-
Legal Protection	8.310	32
Total	1.007.560.376	628.732.268

As of December 31, 2021, and 2020, accrued subrogation and salvage income per branches is as follows:

	December 31, 2021	December 31, 2020
Land Vehicles	94.484.614	65.010.849
Land Vehicles Liability	23.401.253	15.088.472
Fire and Natural Disasters	8.502.989	5.708.556
General Damages	2.380.740	995.426
Marine	3.150.366	767.440
Casualty	516.591	527.346
Sea Vehicles	634.894	250.401
General Liability	64.436	50.613
Total	133.135.883	88.399.103

Commission income and expenses

As further disclosed in Note 2.24 - *Reserve for unearned premiums*, commissions paid to the insurance and reinsurance companies as a reinsurance company and the commissions received from the reinsurance companies 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 January 1, 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after January 1, 2008.

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Interest income and expenses

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 (or, where appropriate, a shorter period) to the carrying amount 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 except for the financial assets at fair value through profit or loss.

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 consolidated financial statements.

Dividends

Dividend income is recognized when the Group's right to receive payment is ascertained.

2.22 Leasing transactions

Tangible assets acquired by way of finance leasing are recognised 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 realisable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use asset includes:

(a) initial direct costs incurred,

(b) lease payments made at or before the commencement date less any lease incentives received, and

(c) All initial costs incurred by the company.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Right-of-use assets are subject to impairment.

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Lease liabilities

The company measures the lease liability based on the present value of the lease payments that were not paid at the actual start of the lease.

The lease payments, which are included in the measurement of the lease liability at the actual start of the lease, consist of the following payments to be made for the right of use of the underlying asset during the lease term and which were not paid at the actual start of the lease:

(a) fixed payments,

(b) variable lease payments based on an index or ratio, the first measurement of which was made using an index or ratio at the actual beginning of the lease,

(c) amounts expected to be paid by the company under residual value commitments

(d) if the company is reasonably confident that it will exercise the option to purchase, the price at which the option is used and

(e) penalty payments for termination of the lease if the lease term indicates that the company will exercise an option to terminate the lease.

Variable lease payments that are not linked to an index or ratio are recorded as expenses in the period in which the event or condition that triggered the payment occurs

The company sets the revised discount rate for the remainder of the lease period as this rate if the implied interest rate on the lease can be easily determined; if it cannot be easily determined as the alternative borrowing rate at the date of the company's reassessment.

After the actual start of the lease, the company measures the lease liability as follows:

(a) increases the book value to reflect the interest on the lease obligation, and

(b) reduces the book value to reflect the lease payments made.

In addition, a change in the fixed lease payments is essentially the lease or a change in the assessment of the option to purchase the underlying asset in case of a change in the value of finance lease liabilities is measured again.

Right-of-use assets calculated regarding to lease liabilities are accounted in "Tangible Assets" located in balance sheet.

Interest expense on lease liabilities and depreciation expense of right-of-use asset are accounted in "Investment Management Expenses (inc. interest)" and "Depreciation and Amortisation Expenses" respectively.

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

Assets subject to operational leasing	Contract Period (Year)	Discount Rate - TL (%)
Buildings	10 years	5,25-24,42

2.23 Dividend distribution

It is decided in Ordinary General Assembly Meeting of the Company held on March 30, 2021, from the net profit of the period amounting to TL 348.598.908 resulting from the activities of the Company for the year 2020, TL 43.000.000 will be paid to the shareholders as cash dividends, after the legal reserves are set aside, and the remaining amount will be paid to the shareholders according to the Tax Procedure Law. Within the framework of the provisions of Article 325/A of the Law and Article 10 of the Corporate Tax Law, it has been decided to allocate TL 17.000.000 of funds for the purchase of venture capital investment fund participation shares, and the remaining amount will be set aside as previous year's profit, and TL 42.986.569 of it. paid in cash and TL 13.431 has been recognized in due to shareholders account under short term liabilities. Circular No. 2016/22 Amending the Circular No. 2016/22 on the Discounting of Net Cash Flows Arising from Outstanding Claims Provisions published on December 30, 2021(2021/30) and Article 7 of the Circular No. 2016/22, has been changed to "Net cash flows as of the financial reporting period date It is discounted to the cash value, taking into account the rate of 14%.". Due to the related change, 14% rate has been taken into account in discounting the net cash flows arising from outstanding claims provision. Added to the 13th article of the same circular, "The positive difference arising within the scope of changing the discount rate in this direction cannot be used for a year following the year in which the change was made." Due to the statement, the positive difference of TL 77.595.800 in the discount amount as of December 31, 2021 shall not be used in the profit distribution.

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2.24 Unearned premiums reserve

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 August 7, 2007 dated Official Gazette and put into effect starting from January 1, 2008, the reserve for unearned premiums represents the proportions of the gross written premiums 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. Nonetheless;

Unearned premium reserves are calculated on the basis of 1/8 for reinsurance and retrocession transactions that are not subject to basis of day or 1/24 due to application limitations,

For commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions are also provided as unearned premium reserves.

In line with the Communiqué on Technical Reserves, the calculation of unearned premium reserve is performed as follows by the Group: for proportional reinsurance contracts, on the basis of 1/8 over the ceded premiums for treaty and facultative contracts, for commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves and for non-proportional reinsurance contracts, on the basis on day by considering beginning and ending of the contracts. The Company calculates reserve for unearned premiums for ceded premium as retrocedant on the same basis.

Unearned premiums reserve is calculated for all insurance contracts except for the contracts for which the mathematical reserve is provided. Unearned premiums reserve is also calculated for the annual premiums of the annually renewed long term insurance contracts.

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 August 7, 2007 dated Official Gazette and put into effect starting from 1 January 2008, the reserve for unearned premiums represents the proportions of the gross written premiums 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, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions are also provided as unearned premium reserves.

Since the Communiqué on Technical Reserves was effective from January 1, 2008, the Republic of Turkey Ministry of Treasury and Finance issued July 4, 2007 dated and 2007/3 numbered "Circular to Assure the Compliance of the Technical Reserves of Insurance, Reinsurance and Pension Companies With the Insurance Law No.5684" ("Compliance Circular") to regulate the technical provisions between the issuance date and enactment date of the Communiqué on Technical Reserves. In accordance with the Compliance Circular, it is stated that companies should consider earthquake premiums written after June 14, 2007 in the calculation of the reserve for unearned premiums while earthquake premiums were deducted in the calculation of the reserve for unearned premiums before. Accordingly, the Company has started to calculate reserve for unearned premiums for the earthquake premiums written after June 14, 2007, while the Company had not calculated reserve for unearned premiums for the earthquake premiums written before June 14, 2007

According to the 2009/9 Numbered Circular Related to Application of Technical Reserves issued on March 27, 2009 which published by Republic of Turkey Ministry of Treasury and Finance reserve for unearned premiums is calculated by taking into account that all polices become active at 12:00 at noon and end at 12:00 at noon.

According to the Communiqué on Technical Reserves, for the calculation of unearned premium reserves of foreign currency indexed insurance agreements, foreign currency selling exchange rates announced by Turkish Central Bank will be used, unless there is a specified exchange rate in the agreement.

According to the "Communiqué 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 Official Gazette no 27655 dated July 28, 2010; there is no change in the calculation of reserve for unearned premiums for reinsurance companies.

As of the reporting date, the Group has provided unearned premiums reserve amounting to TL 6.754.872.769 (December 31, 2020: TL 4.737.678.184) and reinsurer share in unearned premiums reserve amounting TL 1.563.331.963 (December 31, 2020: TL 1.089.324.598) Furthermore, unearned premiums reserve includes Social Security Institution ("SSI") share amounting to TL 119.827.872 (December 31, 2020: TL 94.034.856).

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2.25 Outstanding claims reserves

Claims are recorded in the year in which they occur, based on reported claims or on the basis of estimates when not reported. Outstanding claims reserve represents the estimate of the total reported costs of notified claims on an individual case basis at the reporting date as well as the corresponding handling costs. Incurred but not reported claims ("IBNR") are also provided.

Claims incurred before the accounting periods but reported subsequent to those dates are considered as incurred but not reported ("IBNR") claims.

December 5, 2014 dated "Circular regarding Outstanding Claims Reserve (2014/16)" and 2010/12 numbered "Circular regarding actuarial chain ladder method"of Republic of Turkey Ministry of Treasury and Finance is abolished except Article 9 and 10. According to circular that explains ACML measurement method, insurance and reinsurance companies calculate ACML with six different methods as "Standard Chain, Damage/Premium, Cape Cod, Frequency/Intense, Munich Chain and Bornhuetter-Ferguson.

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 Republic of Turkey Ministry of Treasury and Finance according to Article 11 of Actuaries Regulation. Actuary of Anadolu Sigorta selects the correct factors for the actuarial analysis and to write back and to calculate the damage growth factors.

In the compulsory traffic branch the physical and bodily damages, and in the General Responsibility branch the employer's liability, medical injury compensation, professional liability and other liability branches are being analyzed separately.

The Company's actuary uses 9% which is the latest statutory rate of interest in the Official Gazette for the discount process in accordance with "General Instructions Regarding The Cash Flow From Outstanding Claim Reserves And Their Discounts" numbered 2016/22 which regulates the processes involving the discount of cash flow from outstanding claims reserve.

Anadolu Sigorta has used the gradual transition curve which was published by the Republic of Turkey Ministry of Treasury and Finance "General Instructions Regarding to the Changes in the General Instructions Regarding Outstanding Claim Reserves (2014/16)" which was published in February 29th, 2016 with the number 2016/11. The company has used these gradual transition curve with 100% accuracy and has reflected the calculations on the official statements as of December 31, 2016 and has continued to use same method in the current period.

Anadolu Sigorta, according to Provisional Article 12 of the Regulation on the Amendment of the Regulation on Tariff Implementation Principles in the Compulsory Motor Insurance for Compulsory Liability for Land Vehicles, published in the Official Gazette dated July 11, 2017 and numbered 30121, the "Risk Insured Pool" has been established for those vehicle groups with high damage frequencies. In this context, the premiums and damages related to the traffic insurance policies issued within the scope of the pool starting on April 12, 2017 have started to be shared among insurance companies within the framework of the principles determined by the Undersecretariat of Turkish Motor Vehicle Office.

"Summary Actuarial Evaluation Report with respect to Final Claim/Premium Range of Risky Insurance", shared by TMTB, was based while calculating IBNR for pool portfolio, transferred and taken over in scope of the pooling application in question of Anadolu Sigorta.

After the change in legislation, by the Turkish Motor Vehicles office (TMTB) within the scope of monthly declarations, accounting records were created on premiums, damages and commission amounts transferred the pool and transferred to the pool according to its share, and also accounting was made for the amounts for the period not yet communicated by the Turkish Motor Vehicles office.

Except for the life branch, outstanding claims reserves consists of claims are recorded in the year in which they occur, based on reported claims and the difference between the result of the actuarial chain ladder method whose content and application criteria stated by the Republic of Turkey Ministry of Treasury and Finance and reported but not settled claims are considered as incurred but not reported ("IBNR") claims. Actuarial chain ladder method may be differentiated by the Republic of Turkey Ministry of Treasury and Finance for reinsurance companies due to their special conditions.Methods for the calculation of provision for incurred but not reported claims are determined by the Republic of Turkey Ministry of Treasury and Finance in the life-branch. The ACML methods selected for each branch is provided in the following section.

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The Group could not perform big claim elimination by Box Plox.

	December 31, 2021		December 31, 2020	
Branches	Milli Reasürans	Anadolu Sigorta	Milli Reasürans	Anadolu Sigorta
Fire and Natural Disasters	Standard Chain	Standard Chain	Standard Chain	Standard Chain
General Damages(*)	Standard Chain	Standard Chain	Standard Chain	Standard Chain
General Liability(**)	Standard Chain	Cape Cod	Standard Chain	Cape Cod
Land Vehicles Liability	Standard Chain	Cape Cod	Standard Chain	Cape Cod
Marine	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Sea Vehicles	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Land Vehicles	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Casualty	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Health	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Air Vehicles	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Legal Protection	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Sea Vehicles Liabilities	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain	Sector Average (Insurance Association of Turkey 09/2020)	Standard Chain
Air Vehicles Liability	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain	Sector Average (Insurance Association of Turkey 09/2020)	Standard Chain
Fidelity Guarantees	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain	Sector Average (Insurance Association of Turkey 09/2020)	Standard Chain
Financial Losses	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain	Sector Average (Insurance Association of Turkey 09/2020)	Standard Chain
Credit	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain	Sector Average (Insurance Association of Turkey 09/2020)	Standard Chain
Life	Sector Average (Insurance Association of Turkey 09/2021)	-	Sector Average (Insurance Association of Turkey 09/2020)	-
Facultative Third Party Liability	-	Standard Chain	-	Standard Chain

(*) Two separate calculations have been made as agriculture and non-agriculture subbranches. (Milli Reasürans T.A.Ş.).

(**) In accordance with the "Circular numbered 2020/11 on Making Amendments on Communique regarding Provision for Outstanding Claim Files numbered 2014/16" which has been published by Republic of Turkey Ministry of Treasury and Finance on December 7, 2020 and entered into force as of its publication date, an additional calculation is made in terms of Compulsory Financial Liability Insurance regarding Medical Malpractice sub-branch and calculation is made in terms of other sub-branches under General Liability through excluding Compulsory Financial Liability Insurance regarding Medical Malpractice.

In accordance with the "Circular numbered 2020/11 on Making Amendments on Communique regarding Provision for Outstanding Claim Files numbered 2014/16" which has been published by Republic of Turkey Ministry of Treasury and Finance on December 7, 2020 and entered into force as of its publication date, IBNR amount is required to be separately calculated for the "Compulsory Financial Liability Insurance regarding Medical Malpractice" sub-branch included under General Liability main branch. In this scope, an additional calculation is made for Compulsory Financial Liability Insurance regarding Medical Malpractice and calculation is made for other sub-branches under General Liability insurance through excluding Compulsory Financial Liability Insurance regarding Medical Malpractice and calculated amounts are recognized on legal books As of December 31, 2021.

Anadolu Sigorta, The Constitutional Court has cancelled "general conditions" in the articles of the Highway Traffic Law No. 2918, which are subject to branch of third party liability for motor vehicles, due to unconstitutional. As of December 31, 2021, effect of the cancellation decision has been analysed and reflected in the amount of incurred but not reported claims.

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The Company, as a reinsurance company, selects data, adjustments, applicable methods and development factors by itself over the data obtained from insurance companies on a branch basis via actuarial methods. According to the article 11 clause 5 of "Circular on Actuarial Report for Non-Life Insurance Branch" dated 6 November 2008, selections and results should be assess in detail in actuarial report by the actuary.

The Company does not have sufficient data for ships, aircraft liability, Fidelity Guarantees, financial losses, credits and life branches. Furthermore, claim development tables have irregular distribution for the aforementioned branches. Therefore, the Company prefers to use sector average in the actuarial chain ladder method.

According to December 5, 2014 dated "Circular regarding Outstanding Claims Reserves (2014/16)" of Republic of Turkey Ministry of Treasury and Finance, the Company constitutes data by taking base of acceptance year rather than Casualty period for the reason of characteristic of reinsurance operations in course of ACML calculation and calculates ACML once in a year as of yearend. The methods indicated in the table are calculated according to paid claim.

Anadolu Sigorta, In accordance with the Communiqué on the Amendment of the Communiqué on the Procedures and Principles of the Contribution of the Institution in the Compulsory Financial Liability Insurance for Medical Malpractice Law, published in the Official Gazette dated October 7, 2017 and numbered 30203, the Compulsory Financial Liability Insurance for Medical Malpractice the rules for premium and damage sharing have been established. Türk Reasürans A.Ş. has been appointed of such transactions has been indefinitely.

In this context, premiums and claims related to the policies issued as of October 1, 2017 have been started to be allocated among the insurance companies within the framework of the principles determined by the Undersecretariat.

Anadolu Sigorta became a part of Türk Reasürans A.Ş. Accounting records have been created over the premium, damage and commission amounts transferred to the pool within the scope of the monthly receipts finalized and forwarded by the Company, and also the amounts belonging to the period whose receipt has not been sent yet, have been reflected in the financial statements.

During the calculation of ACLM, the recourse and salvage amounts to be deducted according to the method determined by the Ministry must be calculated over the collected amounts (including the interest income collected together with the recourse incomes and the litigation costs incurred for the collection of this receivable and attorney fees). When calculating the aforementioned amounts, only the recourse and salvage collections for which compensation was paid within the period subject to the calculation should be taken into account and associated with the period in which they were collected in the table.Salvage and subrogation income which will be deducted in the calculation of ACML stated by the Under secretariat should be based on collected amount (collected amount includes interest income over salvage and subrogation income, expertise, consultant and lawsuit expenses). Collections are taken into account according to their collection period.

According to the letter dated January 12, 2012 and numbered B.02.1.HZN.0.10.03.01/854 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, determination of final claims for the last business year used in IBNR calculation has been changed as at December 31, 2011. Accordingly, the final premium amount earned for the last business year is determined by considering premium development factors since premiums may be accrued in the following years under the terms of the agreements. Based on the calculated final premium amount of the last business year, unearned premium reserves and earned premiums are determined. Aforementioned earned premium amount is multiplied by the average of claim/premium ratio of the previous years to determine final claims amount of the last business year. IBNR is calculated by subtracting the paid and reported claims of the last business year from the final claims amount determined by the aforementioned method. In addition, IBNR amounts reported by sedan companies are taken into consideration and in order to prevent duplicate provision; paid claims, outstanding claims reserve and premiums of reported claims are excluded from the data set used in the calculation of IBNR. The Company determined final IBNR amount by adding reported IBNR amounts to IBNR amounts calculated from the data prepared in accordance with the principals mentioned above.In accordance with December 5, 2014 dated and 2014/16 numbered "Circular for Outstanding Claims Reserve" of Republic of Turkey Ministry of Treasury and Finance, ACML calculation should be on main branch. However, as at December 31, 2012, the Company has calculated ACML reserve for General Losses main branch as two separate subbranches namely agriculture and non-agriculture branches. Because, Agriculture and Engineering subbranches under General Losses main branch have different characteristics in conversion process of outstanding losses to paid losses, IBNR calculation of General Losses branch produces unreliable and improper results. The Company applied to Republic of Turkey Ministry of Treasury and Finance on January 17, 2013 with letter numbered 300, so as to receive permission to calculate IBNR reserve for General Losses branch as agriculture and non-agriculture subbranches separately.

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Republic of Turkey Ministry of Treasury and Finance has given permission the Company in order to calculate IBNR reserve for General Losses within two subbranches with the letter dated January 28, 2013 and numbered 24179134. As of December 31, 2021, and 2020, the Company recognised the amount that arose due to change in calculation method for IBNR on General Losses branch.

With the Circular 2017/7 announced by the Republic of Turkey Ministry of Treasury and Finance regarding "the discount of net cash flow from outstanding claim files". Since the discount of "Land Vehicle Liability" and "General Liability" branches have become compulsory, according to the Article 1 of the circular, this is considered as a change of accounting policies and financial statements have been retrospectively restated. Companies are able to discount net cash flow from outstanding claim files according to the methods outlined by the circular. As of 31 December 2021, the amounts found as a result of the relevant method change are reflected in the records.

However, with the "Circular No. 2021/30 Amending the Circular No. 2016/22 on Discounting the Net Cash Flows Arising from Outstanding Claims" published on 30 December 2021, the rate used as 9% in the discounting of net cash flows is 14% as of 31 December 2021. arranged as In addition, according to the 13th article of the Circular no 2016/22, "The differences between the periods due to the change in the discount rate will be considered as a change in the estimation method, and the financial statements should be prepared within this framework and the effect of this change on the financial statements should be explained in the footnotes of the financial statements." With the effect of the said regulation, the discount amount calculated as of 31 December 2021 has increased by TL 77.595.800.

As of 31 December 2021, Anadolu Sigorta calculated the net discount amount against outstanding claims as 2.264,265.104 TL (31 December 2020: 1.189.385.664 TL). If the discount rate was continued to be used as 9% without making the relevant change, it has been calculated that the net discount amount in the outstanding claims provision as of 31 December 2021 would have been TL 1.634.815.301.

Added to the 13th article of the circular, "The positive difference that arises within the scope of changing the discount rate in this direction cannot be used for a year following the year in which the change was made." Due to the statement, the positive difference of 629.449.804 TL in the discount amount as of 31 December 2021 cannot be used in profit distribution.

As of the reporting date, as a result of actuarial chain ladder method; Milli Reasürans except Singapore branch recorded 100% of additional negative IBNR amounting to 322.137.338 (31 December 2020: TL 296.857.614 negative IBNR). As of the reporting date, TL 75.178.484 (31 December 2020: TL 32.287.960) of IBNR provision is recorded for Singapore branch.

In accordance with "Circular Related to Information on Calculation of Incurred But Not Reported Claims Reserve" and dated November 26, 2011, companies may decrease their outstanding claims reserve balances based on the winning ratio of the sub-branches calculated from the last five years claims. Winning ratio used for decreasing in outstanding claims reserves could not exceed 25% (15% for the new sub-branches which do not have five year data). The company did not make any discounts regarding the claim files as of 31 December 2021 (31 December 2020: None).

2.26 Mathematical reserves

In accordance with the Communiqué on Technical Reserves, companies operating in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal Casualty insurance contracts. Actuarial mathematical reserves, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Company meets in future and current value of premiums paid by policyholder in future (prospective method).

Mathematical reserves are recorded based on the data sent by ceding companies.

2.27 Unexpired risk reserves

In accordance with the Communiqué on Technical Reserves, while providing unearned premiums reserve, in each accounting period, the companies should perform adequacy test covering the preceding 12 months due to the probability that future claims and compensations of the outstanding policies may be in excess of the unearned premiums reserve already provided. In performing this test, it is required to multiply the unearned premiums reserve, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (outstanding claims reserve, net at the end of the period + claims paid, net -outstanding claims reserve, net at the beginning of the period) to earned premiums (written premiums, net + unearned premiums reserve, net at the beginning of the period -unearned premiums reserve, net at the end of the period).

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According to the "Communiqué 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 Official Gazette no 28356 dated 17 July 2012; besides the net unexpired risk reserves detailed in the above, gross unexpired risk reserve is also calculated. The test is performed on main branch basis and in case where the net and gross expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the unearned premiums reserve of that main branch is added to the reserves of that branch. Difference between the gross and net amount is represents reinsurer's share. Premiums paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. In order to eliminate the misleading impact of change in calculation method of outstanding claims reserves, outstanding claims reserves of the previous period is calculated by the new method and the amount calculated by the new method as outstanding claims reserves at the beginning of the period is used for calculation of reserve for unexpired risk.

Unexpired risks reserve is calculated on the basis of main branches, within the context of circular of Republic of Turkey Ministry of Treasury and Finance, numbered 2012/15 and dated December 10, 2012.

According to the Circular numbered 2011/18, the Company excluded both the premiums and claims transferred to SSI from calculation of reserve for unexpired risks in Land Vehicles Third Party Liability, Compulsory Third Party Liability Insurance for Road Passanger Transportation and Compulsory Road Passenger Transportation Personal Casualty branches.

According to the Circular numbered 2015/30, the opening outstanding claims reserve amount used in the determination of the expected loss premium ratio, which is set for outstanding risk reserves calculation is redefined in a manner consistent with the current period As of December 31, 2021.

In addition to the method stated above with the circular numbered 2019/5 of the Ministry of Treasury and Finance, it is reported that the calculation of the unexpired risk reserves for all branches can be made by the following method.

Net and gross unexpired risk reserves is calculated by multiplying the exceeding portion of the expected discounted claim/premium ratio with the net and gross unearned premiums reserve of that main branch is added to the reserves of that branch in case where the net and gross expected discounted claim/premium ratio that is calculated on the basis of Casualty year and by including indirect reinsurance contracts is higher than 85%.

Anadolu Sigorta, the subsidiary of the Company, In the amendment made with the circular numbered 2020/1 of the Ministry of Treasury and Finance, if a separate calculation is made for the works where 100% of the direct production is transferred to the pools established in Turkey, 100% of the gross claim/premium rate and 85% of the gross damage premium rate for other works. If it is higher than the ratio, the URR calculation is made.

In Anadolu Sigorta, the subsidiary of the Company, the DERK calculation method has been changed as follows, pursuant to the Circular No. 2021/31 of the Insurance and Private Pensions Regulation and Supervision Agency, published on 30 December 2021:

"The 95% rate used for the calculation method of unexpired risk reserves, which is included in the third paragraph of Article 6 of the Regulation, is used as 100% in the third party liability for motor vehicles (MTPL) branch.

In case the calculation method of unexpired risk reserves, specified in the Circular on the Provision for Ongoing Risks numbered 2019/5 is used, due to the 4th article of the same Circular for the third party liability for motor vehicles (MTPL) branch ;

1. *If a separate calculation is made for the works where 100% of the direct production is transferred to the pools established in Turkey, the gross damage premium rate used as 100% is 105%, the gross damage premium rate used for other works as 85% is 90%,*
2. *If a separate calculation is not made for the works where 100% of the direct production is transferred to the pools established in Turkey, the 85% used is used as 90%."*

The result of the URR calculation made by the company for the Risky Insured Pool and TKU Pool, which are included in this scope, are given below:

	December 31, 2021		December 31, 2020	
	Gross URR	Net URR	Gross URR	Net URR
RSH - Received	13.124.721	13.124.721	25.571.927	25.571.927
Motor Vehicles Liability - Non pool	152.523.905	136.918.350	-	-
TKU Pool - Received	15.448.935	15.448.935	10.497.890	10.497.890
General Liability - Non pool	113.397.022	58.101.662	24.470.753	13.343.728
Total	**294.494.583**	**223.593.668**	**60.540.570**	**49.413.545**

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With the Circular 2017/7 announced by Republic of Turkey Ministry of Treasury and Finance regarding "the discount of net cash flow from outstanding claim files". Since the discount of "Land Vehicle Liability" and "General Liability" branches have become compulsory, according to the Article 1 of the circular, this is considered as a change of accounting policies and financial statements have been retrospectively restated. Companies are able to discount net cash flow from outstanding claim files according to the methods outlined by the circular.

According to the related test, as at the reporting date, the Group has provided net unexpired risk reserves amounting to TL 443.068.357 in the accompanying consolidated financial statements (December 31, 2020: TL 118.215.672).

The net effect of Anadolu Sigorta, circulars numbered 2021/30 and 2021/31 is TL 76.062.393 and TL 36.934.281 and a total of TL 112.996.674 . If the calculation had been made without making changes in the relevant circulars, it was calculated that the net amount of provision for continuing risks would have been TL 373.524.623.

In order to ensure the elimination of misleading impact, caused by the amended outstanding claims reserve calculation method, on unexpired risk reserve, outstanding claims reserve of previous period is also calculated by the new method and amount, calculated based on aforementioned new method, is used in unexpired risk reserves account as the provision for carry-over outstanding claims reserve.

2.28 Equalization reserves

In accordance with the Communiqué on Technical Reserves put into effect starting from January 1, 2008, the companies should provide equalization provision in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Equalization provision, started to be provided in 2008, is calculated as 12% of net written premiums 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. The companies should provide equalization provision up to reaching 150% of the highest premium amount written in a year within the last five years. 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. Claims payments are deducted from first year's equalization provisions by first in first out method.

With the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué 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", ceded premiums of earthquake and credit for non-proportional reinsurance contracts covered multiple branches should be calculated according to percentage of premiums of those branches within the total premiums unless the Company is determined any other methods. Share of earthquake and credit premium of written premiums for non-proportional reinsurance contracts is based on share of earthquake and credit premiums of proportional reinsurance contracts. In accordance with the Communiqué on Technical Reserves, the Company considers 11% of net death premium (including damage payments) as earthquake premium and 12% of that amount is calculated as equalization provision since the Company not having sufficient data for calculation. 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.

Equalization provisions are presented under "other technical reserves" within long term liabilities in the accompanying consolidated financial statements. As at the reporting date, the Group has recognized equalization provision amounting to TL 578.375.138 (December 31, 2020: TL 440.273.432).

As of December 31, 2021, the Group has deducted TL 22.336.820 (December 31, 2020: TL 12.134.835) from equalization provision in consequence of realized earthquake losses.

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2.29 Related parties

Parties are considered related to the Group if;

(a) Directly, or indirectly through one or more intermediaries, the party:
- Controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
- Has an interest in the Group that gives it significant influence over the Group; or
- Has joint control over the Group;

(b) The party is an associate of the Group;
(c) The party is a joint venture in which the Group is a venturer;
(d) The party is member of the key management personnel of the Group 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
(g) The party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

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.

2.30 Earnings 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 the outstanding shares used in this calculation is found by considering the retrospective effects of the outstanding shares distributions.

2.31 Subsequent events

Post-balance sheet events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

2.32 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the unconsolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2021. 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 as at January 1, 2021are 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 (RFR, amending th e followings. The amendments are effective for periods beginning on or after January 1, 2021. Earlier application is permitted.

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.

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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.

Relief from discontinuing hedging relationships

- 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.

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 amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Amendments to TFRS 16 - Covid-19 Rent Related Concessions

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 to extend the exemption to include concessions that cause a decrease in rental payments due on or before June 30, 2022.

Tenants will apply this change in annual accounting periods beginning on or after April 1, 2021. Early application is permitted.

Overall, the company does not expect a 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 up to the date of issuance of the unconsolidated financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the unconsolidated financial statements and disclosures, when the new standards and interpretations become effective.

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

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Amendments to TFRS 3 - Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. 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. The amendments issued to TFRS 3 which are effective for periods beginning on or after January 1, 2022 and must be applied prospectively. 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 (March 2018). The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

Amendments to TAS 16 - Proceeds before 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. The amendments issued to TAS 16 which are effective for periods beginning on or after January 1, 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 transition relief for the first time adopters.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

Amendments to TAS 37 - Onerous contracts - Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after January 1, 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively 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). Earlier application is permitted.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will enter into force for annual periods beginning on or after 1 January 2023, and early application is permitted for entities that have applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers on or before this date. According to the amendments published by POA in December 2021, enterprises have the option to "overlap classification" in order to eliminate possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented when TFRS 17 is applied for the first time.The Company is in the process of assessing the impact of the standard on financial position and performance of the Company.

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 January 1, 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 Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

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Amendments to TAS 8- Definition of Accounting Estimates

In August 2021, POA published amendments to TAS 8 that introduce a new definition for "accounting estimates". The amendments published for TAS 8 are valid for annual accounting periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, the amended standard clarifies that the effects of a change in input or a change in a measurement technique on the accounting estimate are changes in accounting estimates unless they result from a correction for prior period errors. The previous definition of change in accounting estimate indicated that changes in accounting estimates could result from new information or new developments. Therefore, such changes are not considered as corrections of errors. This aspect of the definition has been preserved by the POA. Changes will apply to accounting estimates or accounting policy changes that occur on or after the effective date, with early application permitted.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA published amendments to TAS 1 in order to provide guidance and examples to help businesses apply materiality estimates to accounting policy disclosures. The amendments published in TAS 1 are valid for annual accounting periods beginning on or after 1 January 2023. Due to the lack of a definition of the term "significant" in TFRS, POA has decided to replace this term with "significant" in the context of disclosing accounting policy information. 'Significant' is a term defined in TFRS and is widely understood by users of financial statements according to POA. In assessing the materiality of accounting policy information, entities need to consider both the size of transactions, other events or conditions, and their nature. In addition, examples of situations in which the entity may consider accounting policy information to be important are included.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

Amendments to TAS 12 - Deferred Tax on assets and liabilities arising from a single transaction

In August 2021, POA published amendments to TAS 12 that narrows the scope of the initial recognition exemption and thus ensures that the exemption is not applied to transactions that result in equal taxable and deductible temporary differences. Amendments to TAS 12 are valid for annual accounting periods beginning on or after 1 January 2023. Given applicable tax law, the amendments clarify that where payments on a liability are tax-deductible, whether such deductions are attributed to the recognized liability (and interest expense) or tax-related asset component (and interest expense) is a matter of jurisdiction. This judgment is important in determining whether there is any temporary difference in initial recognition of the asset and liability. Changes apply to transactions that occur at or after the beginning of the earliest period presented comparatively. In addition, at the beginning of the earliest comparative period presented, deferred tax asset (provided there is sufficient taxable income) and deferred tax liability are recognized for all deductible and taxable temporary differences related to leases and decommissioning, restoration and similar liabilities.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

Annual Improvements - 2018-2020 Cycle

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 tto measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *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.

Improvements are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted for all.

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

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3 Significant accounting estimates and requirements

The notes given in this section are provided to addition/supplement the commentary on the management of insurance risk note 4.1 - Management of insurance risk and note 4.2 - Financial risk management.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

Note 4.1 - Management of insurance risk
Note 4.2 - Financial risk management
Note 7 - Investment properties
Note 9 - Investments in subsidiaries
Note 10 - Reinsurance assets/liabilities
Note 11 - Financial assets
Note 12 - Loans and receivables
Note 17 - Insurance contract liabilities and reinsurance assets
Note 17 - Deferred acquisition costs
Note 19 - Trade and other payables and deferred income
Note 21 - Deferred income taxes
Note 23 - Provision for other liabilities and charges

Evaluation of the impact of the Covid 19 pandemic on Company activities

Covid-19 pandemic in Turkey as well as all over the world and has affected all areas of life significantly. In addition to the health threat it posed, the epidemic caused financial fluctuations whose impact was felt on a global scale. Countries have announced economic measures one after another in order to reduce the negative effects of the virus epidemic on economies. With the onset of the virus as of March 2020 in our country, many measures have been taken in social life and in the field of economy. In addition to the measures that regulate social life according to the epidemic, support packages were announced to the sectors that are likely to be adversely affected by the epidemic by reducing interest rates in the field of economy.

As of December 31, 2021, it is observed that the pandemic process has not adversely affected the financial performance of our Company. In addition to these data, when our financial indicators are considered as a whole, it is considered that our activities have a sustainable structure. On the other hand, in order to ensure that our operational activities are not interrupted, necessary measures are taken for our personnel to work remotely and our practices are shaped in parallel with the developments in the pandemic process. In this process, there were no disruptions in operations and information technologies due to remote working.

Evaluation of the effect of Covid 19 pandemic on the subsidiary of the Company Anadolu Sigorta

Covid 19 pandemic brought economical problems with it in global scale. Within this scope to reduce the negative effects in question economical precautions are started to be implemented by many countries. In our country, with the first coronavirus case seen in March and the increasing number of cases, many measures have been taken in the field of social life and economy. In addition to the measures that regulate social life according to the epidemic, support packages to reduce the negative effects of the epidemic have been announced in the field of economy.

When the pandemic is evaluated in terms of our sector due to the decrease in traffic density and postponement of health claims, claim payments in the motor vehicles, motor vehicle third party liability and health branches, and marketable securities profits are monitored.

As of December 31, 2021, the pandemic has negatively affected the financial performance of the Company. When the premium production compared to 2020 in non-life insurance sector, there was an increase of 28.5% in 2021. During the pandemic period, there was no significant increase in the net damage amount and policy cancellations.

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As of December 2021, claims in the health branch increased by 42.3%. Due to the controlled return to normal life and when the results of the relevant branch are examined, it has been decided not to set aside additional provisions.

When we analyse our investment income, the balanced distribution of our securities portfolio is considered as another important factor that prevents our assets from being exposed to high stress during the pandemic process. In line with these data, when our financial indicators are considered as a whole, it is considered that our activities and profitability level have a sustainable structure.

On the other hand, necessary precautions have been taken for our personnel to work remotely and our practises have been shaped in this direction not to disrupt our operational activities. In this period, there was no disruption caused by remote working in the fields of customer relations, operations and information technologies. In addition, our customer service is maintained without interruption from all contact points including our call center and digital channels.

4 Management of insurance and financial risk

4.1 Management of insurance risk

Objective of managing risks arising from insurance (reinsurance) contracts and policies used to minimize such risks

Reinsurance risk is defined as a possibility of financial loss due to inappropriate and insufficient application of reinsurance techniques in the activities of taking insurance contract responsibility partially or completely.

Potential risks that may be exposed in transactions are described, classified and managed based on the requirements set out in the Company's "Regulative Framework on the Risk Management Activities, Risk Management Policies and Implementation Procedures and Principles of the Risk Management" issued by the approval of the Board of Directors.

The main objective of the "Regulative Framework on the Risk Management Activities, Risk Management Policies and Implementation Procedures and Principles of the Risk Management" 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.

Reinsurance risk is measured by quantitative methods and kept under pre-specified limits based on the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" updated and approved annually by the Board of Directors.

Reinsurance risk is monitored regularly according to criteria described in the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" policy and results are analysed by the Risk Committee and reported to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability

Objective of managing risks arising from insurance contracts and policies used to minimize such 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 Group and coverage portion transfers to policyholders and transfer conditions.

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 tolerance is determined by Board of Directors by considering the Groups long-term strategies, equity resources, potential returns and economical expectations, and it is presented by risk limitations. Authorization limitations during policy issuing include authorizations for risk acceptances granted based on geographical regions in relation to unacceptable special risks or pre-approved acceptable special risks, insurance coverage to agencies, district offices, technical offices, assistant general managers and top management in the policy issuance period and authorizations for claim payment granted to district offices, claim management administration, automobile claims administration and Claim Committee established by the managing director and assistant managing director in the claim payment period.

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Whatsoever, 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 Group can tolerate from the related insurance transactions. On the other hand, decision to be made on risk acceptance will be possible by transferring the coverage to the reinsurers and/or coinsurers and considering the terms of the insurance policy.

In order to avoid destructive losses over Group's financial structure, company transfers the exceeding portion of risks assumed over the Group'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

Sensitivity to insurance risk

Insurance risks do not generally have significant unrecoverable losses in the course of ordinary transactions, except for risks associated with earthquake and other catastrophic risks. Therefore, there is a high sensitivity to earthquake and catastrophic risks.

The case of potential claims' arising from earthquake and other catastrophic risks exceeding the maximum limit of the excess of loss agreements, such risks are treated as the primary insurance risks and are managed based on the precautionary principle. Maximum limit of excess of loss agreements is determined based on the worst case scenario on the possibility of an earthquake in terms of its severity and any potential losses incurred in accordance with the generally accepted international earthquake models.

Insurance risk concentrations

The Group's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

	December 31, 2021		
Branches	Gross total claims liability (*)	Reinsurance share of total claims liability	Net total claims liability
Land Vehicles	1.318.818.317	(4.582.733)	1.314.235.584
Land Vehicles Liabitily	1.680.196.544	(411.160.437)	1.269.036.107
Fire and Natural Disasters	1.221.426.828	(193.200.666)	1.028.226.162
Health	906.344.373	(45.284.704)	861.059.669
General Losses	776.261.208	(64.852.537)	711.408.671
General Liability	179.024.789	(19.579.288)	159.445.501
Sea Vehicles	179.076.835	(55.126.088)	123.950.747
Marine	110.895.792	(30.824.421)	80.071.371
Financial Losses	129.052.017	(50.649.961)	78.402.056
Casualty	40.324.538	(2.827.260)	37.497.278
Air Vehicles	17.114.776	(5.000.394)	12.114.382
Life	11.946.157	(1.830.418)	10.115.739
Credits	5.140.078	(877.077)	4.263.001
Breach of trust	2.848.855	(263.754)	2.585.101
Air Vehicles Liability	410.248	(118.482)	291.766
Legal Protection	181.420	-	181.420
Sea Vehicles Liability	75	-	75
Total	6.579.062.850	(886.178.220)	5.692.884.630

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	December 31, 2020		
Branches	Gross total claims liability (*)	Reinsurance share of total claims liability	Net total claims liability
Land Vehicles	908.889.970	(2.631.714)	906.258.256
Land Vehicles Liabitily	1.165.767.103	(269.972.050)	895.795.053
Fire and Natural Disasters	940.369.820	(158.681.964)	781.687.856
Health	573.596.008	(27.476.952)	546.119.056
General Losses	575.606.131	(54.120.165)	521.485.966
General Liability	151.999.159	(17.735.646)	134.263.513
Sea Vehicles	134.620.558	(36.502.132)	98.118.426
Marine	72.734.760	(15.062.376)	57.672.384
Casualty	33.706.699	(3.067.045)	30.639.654
Sea Vehicles Liability	57.807.756	(33.998.643)	23.809.113
Air Vehicles	166.591.587	(148.035.805)	18.555.782
Life	11.471.676	(3.304.640)	8.167.036
Air Vehicles Liability	5.642.962	(802.508)	4.840.454
Credits	4.265.608	(667.916)	3.597.692
Breach of trust	2.622.715	(152.399)	2.470.316
Legal Protection	421.233	-	421.233
Financial Losses	150	-	150
Total	4.806.113.895	(772.211.955)	4.033.901.940

(*) Total claims liability includes outstanding claims reserve (paid).

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

In the current year, there are no material changes in the assumptions of measurement of insurance assets and liabilities.

4.2 Management of financial risk

Introduction and overview

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

- credit risk
- liquidity risk
- market risk

The Group is subject to credit risk, market risk (foreign currency risk, interest rate risk and price risk in relation with financial investments) and liquidity risk due to assets and liabilities. The Group's exposure to each of the above risks is assessed according to "Application Principles in Respect of Risk Limits".

The Group monitors its receivables by obtaining comprehensive information about the debtors and debtors' activities. The risk over investment portfolio is managed by measuring and reporting the market risk daily, reassessing the results validity and applying different scenario analyses. The Group's exposure to each of the above risks is measured by Internal Control and Risk Management Service independently, reported to Board of Directors and units of İş Bankası through the Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if counterparties (parties issued financial instrument, insurance companies, reinsurance companies and other debtors) having business relationship with the Group fails to meet its contractual obligations. The Group manages this credit risk by regularly assessing reliability of the counterparties.

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Credit risk is measured by both quantitative and qualitative methods and the weighted reinsurers in retrocession programs, credit ratings of them that indicate their financial strengths and their financial positions are analysed.

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Group's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of the reinsurance contract.

Doubtful receivables are monitored quarterly.

In addition, concentration of the investment portfolio is assessed quarterly.

The results evaluated by the Risk Committee and reported regularly to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

Net book value of the assets that is exposed to credit risk is shown in the table below.

	December 31, 2021	December 31, 2020
Cash and cash equivalents *(Note 14)* (*)	5.116.876.177	4.869.356.934
Receivables from main operations *(Note 12)*	4.294.808.607	2.737.409.366
Financial assets and financial investments with risks on policyholders *(Note 11)*(**)	8.836.894.794	5.292.019.331
Reinsurer share in outstanding claims reserves *(Note 10), (Note 17)*	2.957.988.891	2.179.921.969
Income accruals *(Note 12)*	169.041.598	209.572.327
Other prepaid expenses (***)	40.832.751	29.736.496
Other receivables *(Note 12)*	27.518.720	23.269.996
Prepaid taxes and funds *(Note 12)*	58.682.491	44.338.424
Other current asset *(Note 12)*	3.037.253	211.124
Total	**21.505.681.282**	**15.385.835.967**

(*) Cash on hands balance amounting to TL 103.408 are not included (December 31, 2020: TL 76.079).

(**) Equity shares amounting to TL 493.172.581 are not included (December 31, 2020: TL 501.858.456).

(***) TL 37.634.324 is the advance amount given by the Group. (December 31, 2020: TL 26.661.018).

December 31, 2021 and 2020, the aging of the receivables from main operations and related provisions are as follows:

	December 31, 2021		December 31, 2020	
	Gross amount	Provision	Gross amount	Provision
Not past due	3.896.445.522	-	2.375.615.368	-
Past due 0-30 days	290.746.378	(4.797.001)	279.536.920	(2.022.721)
Past due 31-60 days	29.416.323	(1.848.701)	29.515.455	(19.386.963)
Past due 61-90 days	15.716.450	(3.291.157)	26.160.907	(1.660.569)
More than 90 days(*)	714.636.669	(642.215.876)	539.556.798	(489.905.829)
Total	**4.946.961.342**	**(652.152.735)**	**3.250.385.448**	**(512.976.082)**

(*) As per the February 3, 2005 dated and B.02.1.HM.O.SGM.0.3.1/01/05 numbered Circular issued by the Republic of Turkey Ministry of Treasury and Finance, in case where subrogation is subject to claim/legal action, related subrogation amount is recognized as doubtful receivables and allowance for doubtful receivables is provided by the same amount in the financial statements. Related amounts are presented in "More than 90 days" line in the above table.

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The movements of the allowances for impairment losses for receivables from main operations during the period are as follows:

	December 31, 2021	December 31, 2020
Provision for receivables from insurance operations at the beginning of the year	488.231.639	389.407.396
Collections during the period *(Note 47)*	(726.805)	(44.534)
Impairment losses provided during the period *(Note 47)*	2.456.437	2.151.009
Impairment losses provided for subrogation - salvage receivables during the period *(Note 47)*	95.804.170	90.315.114
Valuation of doubtful receivables *(Note 47)*	28.484.958	6.402.654
Provision for receivables from insurance operations at the end of the year	614.250.399	488.231.639

The movements of the allowances for impairment losses for other receivables are as follows:

	December 31, 2021	December 31, 2020
Provision for other receivables at the beginning of the year	(832.788)	(754.788)
Collections during the period *(Note 47)*	-	-
Provision for impairment allocated during the period (Note 47)	(228.541)	(78.000)
Provision for other receivables at the end of the year	(1.061.329)	(832.788)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as a result of the imbalance between the Group's cash inflows and outflows in terms of maturity and volume.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

In respect of this risk which is measured by quantitative methods, any liquidity deficit is observed via the maturity analysis of assets and liabilities in the statement of balance sheet. Furthermore, liquidity structure of the Group is monitored by using the following basic indicators in respect of liquidity ratios:

- Liquid Assets/Total Assets
- Liquidity Ratio
- Current Ratio
- Premium and Reinsurance Receivables/Total Assets

The results evaluated by the Risk Committee and reported regularly to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

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Management of the liquidity risk

The Group considers the maturity match between asset and liabilities for the purpose of avoiding liquidity risk and ensure that it will always have sufficient liquidity to meet its liabilities when due.

Maturity distribution of monetary assets and liabilities:

December 31, 2021	Book value	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Assets						
Cash and cash equivalents	5.116.960.019	2.536.128.008	2.421.765.236	118.228.812	40.837.963	-
Financial assets and financial investments with risks on policyholders(*)	8.836.894.794	1.110.807.808	536.920.915	488.705.204	825.503.635	5.874.957.232
Receivables from main operations	4.294.808.607	325.818.931	976.931.120	1.131.150.500	306.486.324	1.554.421.732
Other receivables and current assets	301.292.588	249.180.253	4.824.034	28.053.544	18.889.709	345.048
Total monetary assets	**18.549.956.008**	**4.221.935.000**	**3.940.441.305**	**1.766.138.060**	**1.191.717.631**	**7.429.724.012**
Liabilities						
Financial liabilities	389.506.210	117.453.125	31.076.748	181.499.967	4.033.225	55.443.145
Payables arising from main operations	1.761.423.525	558.634.193	157.094.353	283.045.708	732.175.461	30.473.810
Due to related parties	583.728	583.728	-	-	-	-
Other liabilities	196.778.372	103.607.823	76.828.510	-	16.342.039	-
Insurance technical reserves (**)	8.647.449.233	454.970.188	780.642.561	506.926.991	686.963.252	6.217.946.241
Provisions for taxes and other similar obligations	212.288.501	134.859.709	77.428.792	-	-	-
Provisions for other risks and expense accruals	297.489.442	61.873.779	17.590.467	-	100.034.647	117.990.549
Total monetary liabilities	**11.505.519.011**	**1.431.982.545**	**1.140.661.431**	**971.472.666**	**1.539.548.624**	**6.421.853.745**

(*) Equity shares amounting to TL 493.172.581 are not included.

(**) Provisions for outstanding claims are subject to maturity distribution, taking into account the estimated payment dates, and all of the provisions for outstanding claims are presented under current liabilities in the accompanying consolidated financial statements. Provisions for outstanding claims that could not be distributed consistently are shown in the "more than 1 year" column.

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December 31, 2020	Book value	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Assets						
Cash and cash equivalents	4.869.424.993	2.505.767.470	1.947.322.152	361.601.219	54.734.152	-
Financial assets and financial investments with risks on policyholders(*)	5.292.019.331	1.177.819.167	442.930.344	235.528.155	325.096.576	3.110.645.089
Receivables from main operations	2.737.409.366	244.660.418	822.869.228	624.073.156	135.964.638	909.841.926
Other receivables and current assets	307.984.794	283.667.140	2.483.938	19.319.578	2.187.206	326.932
Total monetary assets	13.206.838.484	4.211.914.195	3.215.605.662	1.240.522.108	517.982.572	4.020.813.947
Liabilities						
Financial liabilities	58.754.871	252.481	504.962	757.443	1.514.885	55.725.100
Payables arising from main operations	980.870.480	312.446.406	101.635.861	156.540.917	396.953.704	13.293.592
Due to related parties	224.447	224.447	-	-	-	-
Other liabilities	136.517.896	65.093.838	60.046.656	-	11.377.402	-
Insurance technical reserves (**)	6.385.328.207	316.255.677	585.835.983	392.728.647	543.202.447	4.547.305.453
Provisions for taxes and other similar obligations	78.146.382	78.146.382	-	-	-	-
Provisions for other risks and expense accruals	214.042.781	43.573.632	20.892.588	-	67.892.342	81.684.219
Total monetary liabilities	7.853.885.064	815.992.863	768.916.050	550.027.007	1.020.940.780	4.698.008.364

(*) Equity shares amounting to TL 501.858.456 are not included.

(**) Provisions for outstanding claims are subject to maturity distribution, taking into account the estimated payment dates, and all of the provisions for outstanding claims are presented under current liabilities in the accompanying consolidated financial statements. Provisions for outstanding claims that could not be distributed consistently are shown in the "more than 1 year" column.

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 Group'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.

Foreign currency risk

The Group is exposed to foreign currency risk through insurance and reinsurance transactions in foreign currencies.

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the reporting periods, foreign currency assets balances evaluated by the Central Bank of Republic of Turkey's ("TCMB") exchange buying rates and the liabilities balances evaluated by the TCMB exchange selling rates. Differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of income.

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

December 31, 2021	US Dollar	Euro	Other currencies	Total
Assets:				
Cash and cash equivalents	328.755.849	327.035.564	99.231.469	755.022.882
Financial assets and financial investments with risks on policyholders	5.319.979.824	632.265.575	-	5.952.245.399
Receivables from main operations	1.359.979.579	463.521.950	547.212.377	2.370.713.906
Total foreign currency assets	**7.008.715.252**	**1.422.823.089**	**646.443.846**	**9.077.982.187**
Liabilities:				
Payables arising from main operations	(3.453.872.230)	(660.656.397)	(71.197.246)	(4.185.725.873)
Insurance technical reserve(*)	(109.127.512)	(13.483.559)	(270.897.303)	(393.508.374)
Financial Liabilities	(3.473.100.234)	(662.188.119)	(3.234.894)	(4.138.523.247)
Total foreign currency liabilities	**(7.036.099.976)**	**(1.336.328.075)**	**(345.329.443)**	**(8.717.757.494)**
Net financial position	**(27.384.724)**	**86.495.014**	**301.114.403**	**360.224.693**

December 31, 2020	US Dollar	Euro	Other currencies	Total
Assets:				
Cash and cash equivalents	369.842.503	871.399.712	17.550.673	1.258.792.888
Financial assets and financial investments with risks on policyholders	2.822.423.120	305.096.009	-	3.127.519.129
Receivables from main operations	709.983.476	225.066.788	339.148.850	1.274.199.114
Total foreign currency assets	**3.902.249.099**	**1.401.562.509**	**356.699.523**	**5.660.511.131**
Liabilities:				
Payables arising from main operations	(308.611.765)	(95.059.214)	(26.460.549)	(430.131.528)
Insurance technical reserve(*)	(767.302.439)	(300.700.771)	(300.480.850)	(1.368.484.060)
Financial liabilities	(2.211.365.385)	(1.037.827.549)	-	(3.249.192.934)
Total foreign currency liabilities	**(3.287.279.589)**	**(1.433.587.534)**	**(326.941.399)**	**(5.047.808.522)**
Net financial position	**614.969.510**	**(32.025.025)**	**29.758.124**	**612.702.609**

(*) According to the "Communiqué 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 Official Gazette no 27655 dated July 28, 2010; foreign currency denominated claims provisions evaluated by the Central Bank of the Republic of Turkey's spot sales rates.

In order to evaluate the table above, the TL equivalents of the relevant foreign currency amounts are shown. If no exchange rate is specified, foreign currency technical reserves are valued at theTCMB's selling rate of foreign currency as of December 31, 2021, while other foreign currency transactions are accounted at the prevailing exchange rates on the date of the transaction, and as of the end of the reporting period, active items in foreign currency at the TCMB buying rates and liabilities as of December 31, 2021. It is valued with the TCMB selling rates.

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

	End of the period (Buying)		End of the period (Selling)		Average	
	US Dollar	Euro	US Dollar	Euro	US Dollar	Euro
31 December 2021	13,3290	15,0867	13,3530	15,1139	8,8557	10,4408
31 December 2020	7,3405	9,0079	7,3537	9,0241	7,0034	8,0140

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Exposure to foreign currency risk

A 20 percent depreciation of the TL against the following currencies As of December 31, 2021 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below (December 31, 2020: 20 percent depreciation of the TL). This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 20 percent appreciation of the TL against the following currencies, the effect will be in opposite direction.

	December 31, 2021		December 31, 2020	
	Profit or loss	Equity(*)	Profit or loss	Equity(*)
US Dollar	(5.476.945)	(5.476.945)	122.993.902	122.993.902
Euro	17.299.003	17.299.003	(6.405.005)	(6.405.005)
Others	60.222.881	60.222.881	5.951.625	5.951.625
Total, net	72.044.939	72.044.939	122.540.522	122.540.522

(*) Equity effect also includes profit or loss effect of 20% depreciation of TL against related currencies (December 31, 2020: 20% depreciation of TL).

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 reporting date; the interest rate profile of the Group's interest earning financial assets and interest bearing financial liabilities are detailed as below:

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets with fixed interest rates:	*11.852.882.496*	*8.338.748.369*
Cash at banks *(Note 14)*(*)	3.868.387.140	4.007.128.416
Available for sale financial assets - Private sector bonds *(Note 11)*	3.416.179.119	1.915.793.014
Available for sale financial assets - Government bonds *(Note 11)*	1.985.467.702	926.457.441
Cash deposited to insurance and reinsurance companies *(Note 12)*	631.657.233	397.198.168
F.V. held to maturity - government debt securities (Note 11)	329.943.241	322.276.101
Held for trading financial assets - other *(Note 11)*	479.673.282	54.114.245
Held-to-maturity financial assets - private sector debt securities (Note 11)	1.141.574.778	715.780.984
Financial assets with variable interest rate:	*906.451.254*	*363.728.340*
Available for sale financial assets - Private sector bonds *(Note 11)*	882.362.938	340.231.872
Available for sale financial assets - Government bonds *(Note 11)*	24.088.316	23.496.468
Financial liabilities:		
Financial liabilities with fixed interest rate:	*389.506.210*	*58.754.871*
Expense Accruals From Derivative Contracts *(Note 20)*	326.794.945	-
Payables from operating leases *(Note 34)*	62.711.265	58.754.871

(*) Demand deposits amounting to TL 144.016.023 are not included (December 31, 2020: TL 90.349.000).

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Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies.

The Group has classified its financial assets as held for trading or available for sale, As at the reporting date, available for sale financial assets and financial assets held for trading are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying consolidated financial statements.

Group 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 Group. This distinction brings about a fair value measurement classification generally as follows:

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

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

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires the utilization of observable market data, if available.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Available for sale financial assets *(Note 11)* (*)	6.785.851.089	143.627.229	-	6.929.478.318
Financial assets held for trading *(Note 9)*	828.950.976	99.127.990	-	928.078.966
Financial assets to be held to maturity (Note 11)	1.471.518.019			1.471.518.019
Associates	-	395.748.095	-	395.748.095
Subsidiaries	-	3.992.980	-	3.992.980
Total financial assets	9.086.320.084	642.496.294		9.728.816.378
Tangible assets:				
Investment properties *(Note 6)*	-	635.476.000	-	635.476.000
Owner occupied properties *(Note 6)*	-	256.634.240	-	256.634.240
Total tangible assets	-	892.110.240	-	892.110.240
Total	9.086.320.084	1.534.606.534		10.620.926.618

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	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Available for sale financial assets *(Note 11)* (*)	3.822.019.091	512.127.114	-	4.334.146.205
Financial assets held for trading *(Note 9)*	372.949.587	47.692.962	-	420.642.549
Financial assets to be held to maturity (Note 11)	1.038.057.085	-	-	1.038.057.085
Associates	-	336.397.607	-	336.397.607
Subsidiaries	-	3.796.088	-	3.796.088
Total financial assets	5.233.025.763	900.013.771	-	6.133.039.534
Tangible assets:				
Investment properties *(Note 6)*	-	532.918.500	-	532.918.500
Owner occupied properties *(Note 6)*	-	198.426.240	-	198.426.240
Total tangible assets	-	731.344.740	-	731.344.740
Total	5.233.025.763	1.631.358.511	-	6.864.384.274

(*) As of December 31, 2021, securities that are not publicly traded amounting to TL 992.072 (December 31, 2020: TL 1.031.948) have been measured at cost.

Equity share price risk

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a decline in index.

The effect on Group income as a result of 10% change in the fair value of equity instruments held as held for trading financial assets (traded at İstanbul Stock Exchange) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows (excluding tax effect):

	December 31, 2021		December 31, 2020	
	Profit or loss	Equity(*)	Profit or loss	Equity(*)
Financial assets held for trading	(5.534.272)	(5.534.272)	(2.975.448)	(2.975.448)
Available for sale financial assets	-	(43.683.779)	-	(47.107.203)
Total, net	(5.534.272)	(49.218.051)	(2.975.448)	(50.082.651)

(*) Equity impact includes impact of change of conjectural interest rates on income statement.

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Gain and losses from financial assets

Gains and losses recognized in the statement of income, net:	December 31, 2021	December 31, 2020
Income from derivative transactions	1.808.979.313	787.297.521
Interest income from bank deposits	593.147.319	354.970.495
Foreign exchange gains	3.822.076.685	1.112.174.319
Interest income from available-for-sale financial assets	226.125.665	127.162.085
Income from participates	146.997.494	110.657.245
Income from investment funds reclassified as available for sale financial assets	236.423.276	96.729.941
Income from equity shares classified as held for trading financial assets	36.991.428	33.099.883
Income from investment funds reclassified as held for trading financial assets	116.041.312	40.222.452
Income from equity shares	58.920.201	34.236.406
Income from subsidiaries	148.939	63.549
Interest income from repos	160.753	50
Gains transferred from the statement of equity to the statement of income on disposal of available for sale financial assets (*Note 15)*	251.244.060	100.066.628
Interest income from debt securities classified as held to maturity financial investments	94.636.714	56.474.517
Other	7.093.015	5.806.771
Investment income	**7.398.986.174**	**2.858.961.862**
Loss from valuation of financial assets	(2.037.569)	(3.920.793)
Loss from derivative transactions	(3.017.776.367)	(776.356.453)
Investment management expenses (including interest)	(31.565.502)	(19.235.674)
Loss from disposal of financial assets	(97.064.043)	(57.271.018)
Foreign exchange losses	(843.340.003)	(608.836.954)
Investment expenses	**(3.991.783.484)**	**(1.465.620.892)**
Investment income, net	**3.407.202.690**	**1.393.340.970**

Financial gains and losses recognized in equity, net:	December 31, 2021	December 31, 2020
Fair value changes in available for sale financial assets *(Note 15)*	(4.810.318)	284.664.373
Gains transferred from the statement of equity to the statement of income on disposal of available for sale financial assets (*Note 15)*	(251.244.060)	(100.066.628)
Total	**(256.054.378)**	**184.597.745**

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Capital management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by the Republic of Turkey Ministry of Treasury and Finance
- To safeguard the Company's ability to continue as a going concern

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; the Company measured its minimum capital requirement as TL 980.075.804 (December 31, 2020: TL 719.335.487) As of December 31, 2021. As of December 31, 2021, and 2020, the capital amount of the Company presented in the unconsolidated financial statements are TL 3.000.442.620 and 2.638.633.525 respectively and capital surplus of the Company is amounting to TL 1.975.351.761 (December 31, 2020: TL 1.813.120.282) according to the communiqué.

As of June 30, 2021, required equity amount determined in calculations over consolidated financial statements of Company's subsidiary Anadolu Sigorta, is amounted TL 2.682.124.849. As of 30 June 2021, the amount of raw equity in Anadolu Sigorta's unconsolidated financial statements is TL 419.709.967 above the required equity amount calculated in accordance with the regulation.

5 Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business segment

Financial information of the Group is presented on life and non-life basis in the accompanying consolidated financial statements.

Geographical segment

The main geographical segment which the Group operates is Turkey. Hence, the Group has not disclosed report on geographical segments.

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6 Tangible assets

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

	January 1, 2021	Addition	Foreign currency translation effect(*)	Disposals	Transfers	Valuation differences	December 31, 2021
Cost:							
Investment properties *(Note 7)*	532.918.500	-	-	-	-	102.557.500	635.476.000
Buildings for own use	198.426.240	386.023	-	(645.000)	-	58.466.977	256.634.240
Machinery and equipment	92.149.319	30.384.338	-	(4.307.259)	-	-	118.226.398
Furniture and fixtures	27.217.474	3.134.253	1.432.218	(451.445)	-	-	31.332.500
Land Vehicles	7.033.036	-	795.337	-	-	-	7.828.373
Other tangible assets (including leasehold improvements)	30.451.919	2.963.069	- -	- (158.683)	-	-	33.256.305
Leased tangible assets	3.858.074	-	-	-	-	-	3.858.074
Operating Lease Buildings	66.535.309	13.972.868	2.491.466	(9.845.035)	-	-	73.154.608
Ongoing investments(**)	-	5.924.030		-			5.924.030
	958.589.871	56.764.581	4.719.021	(15.407.422)	-	161.024.477	1.165.690.528
Accumulated depreciation:							
Buildings for own use	1.284.646	921.219	-	(13.564)	-	(1.911.420)	280.881
Machinery and equipment	67.779.244	15.238.382	-	(4.279.387)	-	-	78.738.239
Furniture and fixtures	19.576.827	2.378.741	1.373.936	(122.341)	-	-	23.207.163
Land Vehiclesss	2.852.972	1.436.310	238.120	-	-	-	4.527.402
Other tangible assets (including leasehold improvements)	24.142.098	2.097.382	-	(144.311)	-	-	26.095.169
Leased tangible assets	3.858.074	-	-	-	-	-	3.858.074
Operating Lease Buildings	15.642.897	9.277.264	1.113.838	(4.744.526)	-	-	21.289.473
	135.136.758	31.349.298	2.725.894	(9.304.129)	-	(1.911.420)	157.996.401
Net book value	823.453.113						1.007.694.127

(*) Foreign currency translation effect resulted from Singapore Branch.

(**) The costs related to heating and cooling group renewal in the investment in ongoing invesments.

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

	January 1, 2020	Addition	Foreign currency translation effect(*)	Disposals	Transfers	Valuation Differences	December 31, 2020
Cost:							
Investment properties *(Note 7)*	482.776.000	-	-	-	-	50.142.500	532.918.500
Buildings for own use	195.012.000	823.740	-	(208.000)	-	2.798.500	198.426.240
Machinery and equipment	91.841.231	4.842.705	-	(4.534.617)	-	-	92.149.319
Furniture and fixtures	22.434.892	4.744.853	333.799	(296.070)	-	-	27.217.474
Land Vehicles	6.919.173	974.897	202.973	(1.064.007)	-		7.033.036
Other tangible assets (including leasehold improvements)	28.826.269	1.627.487	-	(1.837)	-	-	30.451.919
Leased tangible assets	3.858.074	-	-	-	-	-	3.858.074
Operating Lease Buildings	61.499.995	4.342.511	692.803	-	-	-	66.535.309
	893.167.634	17.356.193	1.229.575	(6.104.531)	-	52.941.000	958.589.871
Accumulated depreciation:							
Buildings for own use	726.874	881.207	-	(13.915)	-	(309.520)	1.284.646
Machinery and equipment	59.615.955	12.669.645	-	(4.506.356)	-	-	67.779.244
Furniture and fixtures	17.763.834	1.781.762	324.416	(293.185)	-	-	19.576.827
Land Vehiclesss	2.165.780	1.391.360	164.772	(868.940)	-	-	2.852.972
Other tangible assets (including leasehold improvements)	22.399.857	1.744.078	-	(1.837)	-	-	24.142.098
Leased tangible assets	3.858.074	-	-	-	-	-	3.858.074
Operating Lease Buildings	7.266.342	7.935.326	441.229	-	-	-	15.642.897
	113.796.716	26.403.378	930.417	(5.684.233)	-	(309.520)	135.136.758
Net book value	779.370.918						823.453.113

(*) Foreign currency translation effect resulted from Singapore Branch.

As of 31 December 2021 and 31 December 2020, the Group's real estates, some of which are for investment purposes and some for use, are valued at their fair value and are valued in this context. The appraisal reports for these real estates were prepared by the CMB licensed real estate appraisal company in December 2021 for Anadolu Sigorta and in September 2021 for Milli Reasürans. There is no mortgage on the Group's real estate for use. Milli Re's real estate for use was revalued as of September 2021, and the appraisal reports for these real estates were prepared in September 2021 by a real estate appraisal company licensed by the CMB..

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As of December 31, 2021, the fair values (excluding VAT) and net carrying values of buildings for own use are presented below:

Owner occupied land and buildings	Expertise date	Expertise value	Net Book Value (December 31, 2021)	Net Book Value (December 31, 2020)
Headquarter	September 2021	234.955.000	234.710.806	178.902.180
İzmir Regional Headquarter	December 2021	10.480.000	10.452.348	9.494.289
Adana Regional Headquarter	December 2021	3.310.000	3.306.772	2.942.774
Lefkoşe Cyprus Branch	December 2021	7.244.000	7.239.810	4.346.962
Adana Office	December 2021	414.000	413.093	591.972
Other	December 2021	210.000	230.530	863.417
Total		256.613.000	256.353.359	197.141.594

Fair value measurement

The fair values of self-used land and buildings were determined by market comparison technique. The fair value measurement of owner occupied land and buildings is classified as Level 2.

As of December 31, 2021, and 2020, there is no mortgage on Group's tangible assets.

7 Investment properties

Additions and disposals for investment properties is given "6- Tangible Assets" note in table of current period movement of tangible assets.

Investment properties are started to be presented by fair value method As of December 31, 2021 and 2020 on balance sheet and the Company's investment properties gained TL 50.142.500 amount of value in 2020 in the context of expertise report prepared by independent professional valuation specialists authorized by Capital Markets Board. For the year ended December 31, 2021, the Group has rental income from investment properties amounting to TL 102.557.500 (December 31, 2020: TL 20.661.395).

As of December 31, 2021, inflation adjusted cost and carrying amounts of the Company's investment properties are amounting to TL 635.476.000 (December 31, 2020: TL 532.918.500)

Property based value of expertise report (excluding VAT) and fair values of investment properties are as follows. Expertise reports regarding these properties are prepared by independent professional valuation specialists authorized by CMB in September 2019. There is no mortgage on Group's investment properties.

As of December 31, 2021, and 2020, details of investment properties and the fair values are as follows:

	December 31, 2021 Net book value	December 31, 2020 Net book value	Date of expertise report	Value of expertise report
Operating Center Rental Offices	265.345.000	212.300.000	September 2021	265.345.000
Suadiye Fitness Center	48.770.000	45.840.000	September 2021	48.770.000
Tunaman Garage	182.925.000	155.075.000	September 2021	182.925.000
Villa Office Block	52.850.000	45.600.000	September 2021	52.850.000
Çifteler Land	6.000	6.000	September 2021	6.000
Other buildings	85.580.000	74.097.500	September 2021	85.580.000
Net book value	635.476.000	532.918.500		635.476.000

Fair value measurement

The fair values of investment properties were determined by market comparison technique. The fair value measurement of owner occupied land and buildings is classified as Level 2.

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8 Intangible Assets

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

	January 1, 2021	Additions	Transfers	Foreign currency translation effects(*)	Disposals	December 31, 2021
Cost:						
Other intangible assets	325.342.220	19.091.943	80.582.381	128.815	-	425.145.359
Goodwill	9.121.309	96.260.406	(80.582.381)	-	-	24.799.334
Advances given for intangible assets(**)	16.250.000	-	-	-	-	16.250.000
	350.713.529	**115.352.349**	**-**	**128.815**	**-**	**466.194.693**
Accumulated amortization:						
Other intangible assets	193.489.327	70.618.233	-	95.737	-	264.203.297
	193.489.327	**70.618.233**	**-**	**95.737**	**-**	**264.203.297**
Net book value	**157.224.202**					**201.991.396**

(*) Foreign currency translation effect resulted from Singapore Branch.

(**) IFRS 17 has been given with reference to licensing-consultation and computer software.

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

	January 1, 2020	Additions	Transfers	Foreign currency translation effects(*)	Disposals	December 31, 2020
Cost:						
Other intangible assets	227.639.545	7.644.681	93.651.275	866.720	(4.460.001)	325.342.220
Goodwill	42.185.072	60.587.512	(93.651.275)	-	-	9.121.309
Advances given for intangible assets	16.250.000	-	-	-	-	16.250.000
	286.074.617	**68.232.193**	**-**	**866.720**	**(4.460.001)**	**350.713.529**
Accumulated amortization:						
Other intangible assets	145.530.086	51.552.459	-	866.783	(4.460.001)	193.489.327
	145.530.086	**51.552.459**	**-**	**866.783**	**(4.460.001)**	**193.489.327**
Net book value	**140.544.531**					**157.224.202**

(*) Foreign currency translation effect resulted from Singapore Branch.

9 Investments in associates

	December 31, 2021		December 31, 2020	
	Book value	Participation rate %	Book value	Participation rate %
Anadolu Hayat Emeklilik A.Ş.	395.748.095	21,00	336.397.607	21,00
Affiliates, net	**395.748.095**		**336.397.607**	
Miltaş Turizm Inşaat Ticaret Anonim Şirketi	3.992.980	78,00	3.796.088	77,00
Subsidiaries, net	**3.992.980**		**3.796.088**	
Total financial asset	**399.741.075**		**340.193.695**	

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Name	Total assets	Shareholders' equity	Retained earnings	Profit for the year	Audited	Period
Subsidiaries:						
Miltaş Turizm Inşaat Ticaret AŞ	5.688.344	5.119.204	8.636	190.948	Not Audited.	31 December 2021
Associates*:*						
Anadolu Hayat Emeklilik AŞ (consolidated)	51.499.992.517	1.884.514.731	108.600.909	699.988.065	Audited.	31 December 2021

In the current period TL 146.997.494 (December 31, 2021: 110.657.245) of income is obtained from associates and TL 148.939 of income is obtained from subsidiaries (December 31, 2020: TL 63.549) through equity accounted consolidation method.

10 Reinsurance assets and liabilities

As of December 31, 2021, and 2020, outstanding reinsurance assets and liabilities of the Group in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	December 31, 2021	December 31, 2020
Unearned premiums reserves, ceded (Note 17)	1.563.331.963	1.089.324.599
Outstanding claims reserve, ceded (Note 4.2), (Note 17)	2.957.988.891	2.179.921.969
Receivables from reinsurance companies (Note 12)	467.249.577	261.679.932
Cash deposited to reinsurance companies	631.657.238	397.198.168
Total	5.620.227.669	3.928.124.668

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2021	December 31, 2020
Payables to the reinsurers related to premiums written *(Note 19)*	1.243.712.653	622.634.390
Deferred commission income *(Note 19)*	202.730.004	135.727.041
Cash deposited by reinsurance companies	7.358.088	5.458.061
Commission payables to the reinsurers related to written premiums *(Note 19)*	8.390.642	-
Total	1.462.191.387	763.819.492

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

	December 31, 2021	December 31, 2020
Premiums ceded during the period *(Note 17)*	(3.329.771.438)	(2.445.366.365)
Unearned premiums reserve, ceded at the beginning of the period *(Note 17)*	(1.089.324.599)	(868.053.967)
Unearned premiums reserve, ceded at the end of the period *(Note 17)*	1.563.331.963	1.089.324.599
Earned premiums, ceded *(Note 17)*	**(2.855.764.074)**	**(2.224.095.733)**
Claims paid, ceded during the period *(Note 17)*	886.178.220	772.211.955
Outstanding claims reserves, ceded at the beginning of the period *(Note 17)*	(2.179.921.969)	(1.507.010.830)
Outstanding claims reserves, ceded at the end of the period *(Note 17)*	2.957.988.891	2.179.921.969
Incurred claims, ceded *(Note 17)*	**1.664.245.142**	**1.445.123.094**
Commission income accrued from reinsurers during the period *(Note 32)*	385.906.303	287.174.537
Deferred commission income at the beginning of the period *(Note 19)*	135.727.041	109.664.368
Deferred commission income at the end of the period *(Note 19)*	(202.730.004)	(135.727.041)
Commission income earned from reinsurers *(Note 32)*	**318.903.340**	**261.111.864**
Changes in unexpired risk reserves, reinsurers' share *(Note 17)*	**98.986.599**	**43.680.925**
Total, net	**(773.628.993)**	**(474.179.850)**

11 Financial assets

As of December 31, 2021, and 2020, the Group's financial assets are detailed as follows:

	December 31, 2021	December 31, 2020
Available for sale financial assets	6.937.424.930	4.342.132.693
Financial assets held for trading	928.078.966	420.642.549
Impairment loss on available for sale financial assets	1.471.518.019	1.038.057.085
Impairment in value of financial assets (-)	(6.954.540)	(6.954.540)
Total	**9.330.067.375**	**5.793.877.787**

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As of December 31, 2021, and 2020, the Group's financial assets held for trading are detailed as follows:

	December 31, 2021			
	Nominal value	Cost	Fair value	Book value
Debt instruments:				
Other TL	-	479.103.135	479.673.281	479.673.281
	-	479.103.135	479.673.281	479.673.281
Non-fixed income financial assets:				
Investment funds TL	-	191.086.615	299.397.911	299.397.911
Investment funds EUR		63.032.262	84.376.756	84.376.756
Equity shares	-	34.919.176	55.342.715	55.342.715
Derivative guarantees	-	7.007.053	9.288.303	9.288.303
	-	296.045.106	448.405.685	448.405.685
Total financial assets held for trading	-	775.148.241	928.078.966	928.078.966

	December 31, 2020			
	Nominal value	Cost	Fair value	Book value
Debt instruments:				
Other TL	-	54.089.810	54.114.245	54.114.245
	-	54.089.810	54.114.245	54.114.245
Non-fixed income financial assets:				
Investment funds		223.246.721	273.173.933	273.173.933
Equity shares		21.340.238	29.754.475	29.754.475
Derivative guarantees		61.319.726	63.599.896	63.599.896
		305.906.685	366.528.304	366.528.304
Total financial assets held for trading		359.996.495	420.642.549	420.642.549

As of December 31, 2021, and 2020, the Group's available for sale financial assets are detailed as follows:

	December 31, 2021			
	Nominal value	Cost	Fair value	Book Value
Debt instruments:				
Government bonds - TL	1.381.716.740	1.220.705.372	1.155.385.162	1.155.385.162
Government bonds - USD	209.312.910	412.603.919	520.647.054	520.647.054
Government bonds - EUR	163.092.000	283.141.231	333.523.802	333.523.802
Private sector bonds - USD	3.116.939.583	3.317.796.056	3.467.190.557	3.467.190.557
Private sector bonds- TL	753.706.825	742.405.526	763.369.122	763.369.122
Private sector bonds - EUR	75.433.500	74.415.148	74.936.919	74.936.919
Impairment loss on private sector bonds			(6.954.540)	(6.954.540)
		6.051.067.252	6.308.098.076	6.308.098.076
Non-fixed income financial assets:				
Equity shares		238.492.481	437.829.866	437.829.866
Investment funds		152.825.735	184.542.448	184.542.448
		391.318.216	622.372.314	622.372.314
Total available for sale financial assets		6.442.385.468	6.930.470.390	6.930.470.390

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	December 31, 2020			
	Nominal value	Cost	Fair value	Book Value
Debt instruments:				
Government bonds - TL	591.504.806	567.215.973	578.550.705	578.550.705
Government bonds - USD	170.721.375	272.024.093	306.498.483	306.498.483
Private sector bonds - TL	14.537.742	50.277.544	64.904.721	64.904.721
Private sector bonds- USD	1.466.274.469	1.549.459.382	1.690.656.573	1.690.656.573
Private sector bonds - EUR	566.060.000	555.152.544	572.322.853	572.322.853
Impairment loss on private sector bonds			(6.954.540)	(6.954.540)
		2.994.129.536	3.205.978.795	3.205.978.795
Non-fixed income financial assets:				
Investment funds		186.213.078	472.103.981	472.103.981
Equity shares		589.464.968	657.095.377	657.095.377
		775.678.046	1.129.199.358	1.129.199.358
Total available for sale financial assets		3.769.807.582	4.335.178.153	4.335.178.153

All debt instruments presented above are traded in the capital markets, As of December 31, 2021, equity shares classified as available for sale financial assets with a carrying amount of TL 992.072 are not publicly traded (December 31, 2020: TL 1.031.948).

There is no debt security issued during the period or issued before and paid during the period by the Group.

Value increases in financial assets including equity shares classified as available for sale financial assets and subsidiaries for the last 3 years (including tax effects):

Year	Change in value increase	Total increase in value
2021	(256.054.378)	28.018.183
2020	184.597.745	284.072.561
2019	137.867.758	99.474.816

As of December 31, 2021, and 2020 the Group's held to maturity financial assets portfolio are detailed as follows:

	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds - USD	193.270.500	183.060.487	194.882.716	190.515.144
Government bonds - EUR	133.653.075	135.010.836	137.300.143	139.428.097
Private sector bonds - USD	1.149.892.830	1.087.955.022	1.143.972.754	1.141.574.778
Total held to maturity financial assets		1.406.026.345	1.476.155.613	1.471.518.019

	December 31, 2020			
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds - USD	106.437.250	100.814.428	113.170.388	103.096.481
Government bonds - EUR	214.919.486	215.932.705	221.860.155	219.179.621
Private sector bonds - USD	730.577.944	695.113.138	751.985.979	715.780.983
Total held to maturity financial assets		1.011.860.271	1.087.016.522	1.038.057.085

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As of December 31, 2021, and 2020, the movement of the financial assets is presented below:

	December 31, 2021			
	Trading	Available-for-Sale	Held to maturity	Total
Balance at the beginning of the period	420.642.549	4.335.178.153	1.038.057.085	5.793.877.787
Acquisitions during the period	612.070.482	15.765.943.347	-	16.378.013.829
Disposals (sale and redemption)	(730.037.032)	(15.317.942.351)	(303.407.858)	(16.351.387.241)
Change in the fair value of financial assets	601.686.722	54.702.285	-	656.389.007
Change in amortized cost of the financial assets	-	1.847.947.238	736.868.792	2.584.816.030
Bonus shares acquired	23.716.245	244.641.718	-	268.357.963
Balance at the end of the period	928.078.966	6.930.470.390	1.471.518.019	9.330.067.375

	December 31, 2020			
	Trading	Available-for-Sale	Held to maturity	Total
Balance at the beginning of the period	159.450.716	2.240.654.126	-	2.400.104.842
Acquisitions during the period	1.186.197.579	3.438.909.525	939.370.372	5.564.477.476
Disposals (sale and redemption)	(1.030.171.284)	(2.165.909.707)	(96.797.056)	(3.292.878.047)
Change in the fair value of financial assets	105.165.538	517.626.648	-	622.792.186
Change in amortized cost of the financial assets	-	260.612.248	195.483.769	456.096.017
Bonus shares acquired	-	43.285.313	-	43.285.313
Balance at the end of the period	420.642.549	4.335.178.153	1.038.057.085	5.793.877.787

Details of the financial assets issued by related parties of the Group are as follows:

	December 31, 2021			
	Nominal value	Cost	Fair value	Book value
Available for sale financial assets - Investment funds	101.957.587	141.128.226	171.415.425	171.415.425
Available for sale financial assets - Private sector bonds	394.251.825	382.337.119	386.564.161	386.564.161
Available for sale financial assets - Private sector bonds	258.584.875	323.176.383	340.292.712	340.292.712
Financial assets held for trading - Investment funds	50.820.215	141.084.477	235.476.922	235.476.922
Available for sale financial assets - Equity shares	-	61.871.244	104.398.469	104.398.469
Financial assets held to maturity - Bonds	466.781.580	454.396.713	461.614.653	469.932.162
Total		1.503.994.162	1.699.762.342	1.708.079.851

	December 31, 2020			
	Nominal value	Cost	Fair value	Book value
Available for sale financial assets - Private sector bonds	249.800.000	242.267.052	247.006.728	247.006.728
Available for sale financial assets - Private sector bonds	274.294.130	345.092.297	373.603.758	373.603.758
Available for sale financial assets - Investment funds	18.109.391	223.246.721	273.173.933	273.173.933
Available for sale financial assets - Investment funds	120.369.810	349.955.709	400.926.647	400.926.647
Available for sale financial assets - Equity shares	-	61.871.244	157.594.734	157.594.734
Financial assets held for trading - Bonds	323.914.244	316.334.308	333.297.510	324.113.258
Total	-	1.538.767.331	1.785.603.310	1.776.419.058

As of December 31, 2021, and 2020, there is no financial assets blocked in favour of the Republic of Turkey Ministry of Treasury and Finance as a guarantee for the insurance activities.

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12 Loans and receivables

	December 31, 2021	December 31, 2020
Receivables from main operations *(Note 4.2)*	4.294.808.607	2.737.409.366
Prepaid taxes and funds *(Note 19), (Note 4.2)*	27.518.720	23.269.996
Income accruals *(Note 4.2)*	169.041.598	209.572.327
Other receivables *(Note 4.2)*	58.682.491	44.338.424
Other current assets *(Note 4.2)*	3.037.253	211.124
Total	4.553.088.669	3.014.801.237
Short-term receivables	4.426.988.027	2.850.540.383
Medium and long-term receivables	126.100.642	164.260.853
Total	4.553.088.669	3.014.801.236

As at December 31, 2021 and 2020, receivables from main operations are detailed as follows:

	December 31, 2021	December 31, 2020
Receivables from insurance companies	197.350.065	147.013.858
Receivables from reinsurance companies *(Note 10)*	467.249.577	261.679.932
Receivables from agencies, brokers and intermediaries	109.364.567	72.411.442
Total receivables from reinsurance operations, net	773.964.209	481.105.232
Receivables from agencies, brokers and other intermediaries	2.178.274.951	1.379.824.798
Receivables from insurance and reinsurance companies	430.432.842	66.508.000
Long term receivable which is bank guarantee and three months credit card	42.690.388	323.669.240
Salvage and subrogation receivables *(Note 2.21)*	142.555.437	88.399.103
Receivables from policyholders	133.135.883	25.449.268
Total receivables from insurance operations, net	2.927.089.501	1.883.850.409
Cash deposited to insurance and reinsurance companies *(Note 4.2)*	631.657.233	397.198.168
Provisions for receivables from insurance operations - subrogation receivables *(Note 2.21)*	(37.902.336)	(24.744.443)
Doubtful receivables from main operations - premium receivables	102.222.152	72.007.562
Provision for doubtful receivables from main operations - premium receivables	(102.222.152)	(72.007.562)
Doubtful receivables from insurance operations - subrogation receivables	512.028.247	416.224.077
Provisions for doubtful receivables from insurance operations - subrogation receivables	(512.028.247)	(416.224.077)
Receivables from main operations	4.294.808.607	2.737.409.366

As of December 31, 2021, and 2020, mortgages and collaterals obtained for receivables are disclosed as follows:

	December 31, 2021	December 31, 2020
Mortgage notes	99.845.138	96.436.638
Letters of guarantees	162.734.100	135.183.316
Other guarantees	131.947.292	85.078.544
Government bonds and treasury bills	73.656	2.873.656
Total	394.600.186	319.572.154

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Provisions for overdue receivables and receivables not due yet

a) Receivables under legal or administrative follow up (due): TL 102.222.152 for main operations (December 31, 2020: TL 72.007.562) and TL 1.061.329 (December 31, 2020: TL 832.788) for other receivables.
b) Provision for premium receivables (due): None (December 31, 2020: None).
c) Provision for subrogation receivables: TL 549.930.583 (December 31, 2020: TL 440.968.520).

The Company's receivables from and payables to shareholders, associates and subsidiaries are detailed in *Note 45 - Related party transactions.*

The details of the receivables and payables denominated in foreign currencies and foreign currency rates used for the translation are presented in *Note 4.2- Financial risk management.*

13 Derivative financial assets

As of December 31, 2021, the Group has derivative financial instruments recognized in the financial assets held for trading amounting to TL 9.288.303 (December 31, 2020: TL 63.599.896).

As of December 31, 2021, the Group has accounted in income accruals and other financial liabilities amounting to TL 145.419.619 (December 31, 2020: TL 183.754.467) that is increase in value while there is TL 326.794.946 impairment balance under the other financial liabilities account (December 31, 2020: None) due to forward foreign currency agreement.

14 Cash and cash equivalents

As of December 31, 2021, and December 31, 2020, the details of the cash and cash equivalents are as follows:

	December 31, 2021		December 31, 2020	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Cash on hand	103.408	76.079	76.079	117.671
Cheques received	-	400.138	400.138	240.000
Bank deposits	4.012.403.163	4.097.477.416	4.097.477.416	5.803.536.011
Cheques given and payment orders	(19.566)	(8.020)	(8.020)	(35.083)
Bank guaranteed credit card receivables with maturities less than three months	1.104.473.014	771.479.380	771.479.380	587.341.970
Cash and cash equivalents in the balance sheet	**5.116.960.019**	**4.869.424.993**	**4.869.424.993**	**6.391.200.569**
Bank deposits - blocked(*)	(272.352.942)	(836.221.606)	(836.221.606)	(467.204.688)
Time deposits with maturities longer than 3 months	(180.310.274)	(145.142.438)	(145.142.438)	(2.191.076.064)
Interest accruals on banks deposits	(26.751.424)	(16.704.794)	(16.704.794)	(11.488.428)
Cash and cash equivalents presented in the statement of cash flows	**4.637.545.379**	**3.871.356.155**	**3.871.356.155**	**3.721.431.389**

(*) As of December 31, 2021, cash collateral amounting to TL 226.986.014 is kept in favour of the T.C. Sigortacılık ve Özel Emeklilik Düzenleme ve Denetleme Kurumuand Finance and ve 45.366.428 is kept in favour of Agricultural Insurance Pool as a guarantee for the insurance activities of Anadolu Sigorta..

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

	December 31, 2021	December 31, 2020
Foreign currency denominated bank deposits		
- time deposits	619.358.056	1.179.927.143
- demand deposits	135.592.241	78.824.641
Bank deposits in Turkish Lira		
- time deposits	3.249.029.084	2.827.201.273
- demand deposits	8.423.782	11.524.359
Bank deposits	4.012.403.163	4.097.477.416

15 Equity

Paid in Capital

The shareholder having direct or indirect control over the shares of the Company is İş Bankası Group having 87.60% of outstanding shares. As of December 31, 2021, and 2020, the shareholding structure of the Company is presented below:

	December 31, 2021		December 31, 2020	
Name	Shareholding amount(TL)	Shareholding rate (%)	Shareholding amount(TL)	Shareholding rate (%)
Türkiye İş Bankası A.Ş.	578.177.926	87,60	578.177.926	87,60
Groupama Hayat A.Ş.	38.809.894	5,88	38.809.894	5,88
Ankara Doğal Elektrik Üretim ve Ticaret A.Ş.	22.240.456	3,37	22.240.456	3,37
T.C. Ziraat Bankası A.Ş.	16.430.944	2,49	16.430.944	2,49
Other	4.340.780	0,66	4.340.780	0,66
Paid in capital	660.000.000	100,00	660.000.000	100,00

As of December 31, 2021, the issued share capital of the Group is TL 660.000.000 (December 31, 2020: TL 660.000.000) and the share capital of the Group consists of 66.000.000.000 (December 31, 2020: 66.000.000.000 shares) issued shares with TL 0,01 nominal value each. There are no privileges over the shares of the Group.

There are not any treasury shares held by the Group itself or by its subsidiaries or associates.

There are not any treasury shares issued which will be subject to sale in accordance with forward transactions and contracts.

Equity method consolidation

As of December 31, 2021, and 2020, in the accompanying consolidated financial statements of the Group, Anadolu Hayat, 21% and Miltaş, 78% of shares is owned by the Group are consolidated by using the equity method.

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 entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity'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.

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The movements of legal reserves are as follows:

	December 31, 2021	December 31, 2020
Legal reserves at the beginning of the period	**194.945.022**	**155.933.995**
Transfer from profit	31.764.366	39.011.027
Legal reserves at the end of the period	**226.709.388**	**194.945.022**

As of December 31, 2021, and 2020, "Other Reserves and Retained Earnings" includes extraordinary reserves, sales profits to be capitalized and buildings for own use revaluation differences.

As at December 31, 2021 and 2020, "Other Reserves and Retained Earnings" are detailed as below:

	December 31, 2021	December 31, 2020
Other profit reserves	21.913.243	23.673.789
Extraordinary reserves	823.206.149	692.870.924
Other capital reserves	220.553.428	167.674.813
Sales profits to be capitalized	24.729.869	24.431.260
Other earnings and losses	(5.965.389)	(4.294.111)
Private funds	(71.060.154)	(71.060.154)
Subsidiary capital correction	57.074.903	16.900.903
Total	**1.070.452.049**	**850.197.424**

Other capital reserves

According to TAS 16 - "Property Plant and Equipment", property, plant and equipment are initially recorded at cost and can be subsequently measured at their fair values. The Company has started to show based on the revaluation model by measuring over fair value as of the third quarter of 2015 by making changes in the use of the property which is measuring the cost model in the financial statements before.

In accordance with tax legislation, 75% of profits from sales of participation shares and 50% of profits from sales real estates included in the assets of companies is exempt from corporate tax provided that it is classified under a special fund for full five years. The exempt gains cannot be transferred to another account other than a capital increase or cannot be withdrawn from the entity for five years.

Anadolu Sigorta, As of December 31, 2021, the tax exempt which obtained thanks to sale of participation shares and real estate in 2010, 2011, 2013, 2014, 2015, 2016 and 2017 years respectively, amounting to TL 8.081.516, TL 80.025, TL 647.763, TL 920.272, TL 2.541.500, TL 15.094 and TL 838.049 and real estate revaluation funds of 2018, 2019, 2020 and 2021 the profit not subject to distribution for 2018, 2019, 2020 and 2021 are classified as other capital reserves.

Milli Reasürans, according to expertise reports, fair value of property for use is calculated as TL 234.955.000 and revaluation differences amounting to TL 218.374.872 is recognized in 'Other Capital Reserves' account under equity as TL 196.537.385 with net tax effect in financial statements As of December 31, 2021 (December 31, 2020: TL 146.070.394). As of 31 December 2020, Non-Distributable Profit amount recognized according to the equity method is TL 24.016.043. (December 31, 2020: TL 21.604.419).

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Extraordinary reserves

The movement of extraordinary reserves is as follows:

	December 31, 2021	December 31, 2020
Extraordinary reserves at the beginning of the period	692.870.924	588.605.356
Transfer from profit	130.335.225	104.265.568
Extraordinary reserves at the end of the period	823.206.149	692.870.924

Subsidiary capital correction

On September 30, 2010, the Company purchased 35.53% shares of Anadolu Sigorta Anonim Şirketi with nominal value of TL 177.650.110 from İş Bankası amounting to TL 248.710.154. As Anadolu Sigorta and the Company are under common control and when information transfer and structure is considered, Anadolu Sigorta is accepted as a part of the Company's operations. This subsidiary under common control is recorded at cost in the financial statements. In the business combination of subsidiary under common control, the purchasing company is not obliged to, but has the permission to reflect the effects of business combination the prior year financial statements. In business combinations under common control, shares are transferred from one company to the other in the same group and independent third parties are not included in the transaction and purchasing price is not determined on fair value, the application is determined by the management's decision. The Company management decided not to reflect the effects of the business combination in the comparative financial statements. The difference between purchase price and net asset value amounting to TL (71.060.049), is recorded under "Subsidiary Capital Correction" account under equity.

Special funds (reserves)

As of December 31, 2021, a fund of TL 17.000.000 has been allocated to receive venture capital investment fund participation shares from the 2020 period profit in accordance with the provisions of Article 325/A of the Tax Procedure Law and Article 10 of the Corporate Tax Law. Special funds accounted according to the equity method is amounting to TL 40.074.90 (December 31, 2020: 16.900.903).

The movements of special funds are as follows:

	December 31, 2021	December 31, 2020
Special funds at the beginning of the period	16.900.903	-
Transfer from profit	17.000.000	-
Girşim Sermayesi Yatırım Fonu	-	16.900.903
Accounted according to the equity method	23.174.000	-
Special funds at the end of the period	57.074.903	16.900.903

Other profit reserves

In accordance with the July 4, 2007 dated and 2007/3 numbered Compliance Circular issued by the Republic of Turkey Ministry of Treasury and Finance, it was stated that the companies would not further provide earthquake provision for the year 2007. However, it was also stated that earthquake provisions provided in previous periods (earthquake provision in the financial statements as at December 31, 2006) should be transferred to the reserve accounts under equity in accordance with the 5th Temporary Article of the Insurance Law. The companies had to transfer total amount of provisions, including earthquake provisions reserved as at December 31, 2006 and related gains obtained from investment of these amounts, to the account called as "549.01 - transferred earthquake provisions" which would be opened as at September 1, 2007 within Uniform Chart of Account and the reserves amount should not be subject to dividend distribution or should not be transferred to other accounts.

Company's subsidiary Anadolu Sigorta A.Ş. Within the scope of this circular, earthquake claim provision amounting to TL 96.036.157 in total, including the earthquake claim provisions set aside in its financial statements as of 31 December 2006 and the income obtained from the investment of this amount, has been shown in the other profit reserves account in the financial statements. 51,846.111 TL of this amount was used for capital increase in 2010. As of 31 December 2020, by adding the total net (9.390.252) TL, which is the actuarial loss and gain amount resulting from the re-measurement of the net benefit debt defined in accordance with TAS 19, and as a result of the consolidation, the balance of the account became 32.721.044 TL by adding the amount of (2.078.750) TL.

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According to revision on TAS 19, actuarial profit and losses that recognized in income statement in termination indemnity calculation before, is recognized in "Other Profit Reserves" account under equity in current period financial statements. As of December 31, 2021, TL (5.965.389) (31 December 2020: TL (4.294.111)), of actuarial gains and losses, which are presented in profit or loss is presented under "other profit reserves". As of 31 December 2021, other profit reserves amount recognized according to the equity method is TL 21.913.242 (December 31, 2020: TL 23.673.789).

Profit for the period that is extraneous from the distribution

In accordance terms of tax legislation 50% portion of the gains from sales real estate and 75% portion of the gains from subsidiaries are exempt from corporate tax on condition that it has kept in a special fund account at least five years. Exempt gains cannot be transferred to another account except to add capital or in any way cannot be withdrawn from the business in five years. In the direction of sector announcement made by Treasury dated October 27, 2008 and numbered 2008/41, for the year ended December 31, 2016, the Company categorized the TL 23.723.323 profit on sale from the sale of the properties realized on April 10, 2015 under the company's equity as "sales profits to be capitalized" and "other capital reserves" under the equity for the current period. As of 31 December 2021, sales profits to be capitalized amount recognized according to the equity method is TL 844.463 (December 31, 2020: TL 707.937) As of December 31, 2021, TL 162.083, which corresponds to 75% of the income obtained from the sale of the subsidiary realized by the Company as of December 14, 2020, has been classified in the Non-Distributable Period Profit. There is no amount of Profit for the Period that cannot be distributed. (December 31, 2020: 583.131).

Statutory reserves

After the allocation of first legal reserves and first dividend to shareholders, reserve for natural disasters and catastrophe might be allocated, if deemed necessary, based on the suggestion of the Board of Directors and decision of the General Assembly. As of December 31, 2021, total funds allocated is amounting TL tutarı 83.112.202 (December 31, 2020: TL 58.171.807), and there's not any fund allocated from current period profit in current period.

Foreign currency translation differences

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. As at December 31, 2021, foreign currency translation reserve amounting to TL 41.999.609 loss (December 31, 2020: TL 21.166.656 loss) stems from Singapore Branch whose functional currency is US Dollars.

Valuation of financial assets

As of December 31, 2021, and 2020, changes in fair values that stem from securities classified as available for sale financial assets that present share in capital and associates are detailed as below:

	December 31, 2021	December 31, 2020
Fair value reserves at the beginning of the period	**284.072.561**	**99.474.816**
Change in the fair value during the period *(Note 4.2)*	(137.102.926)	290.512.327
Deferred tax effect *(Note 4.2)*	69.481.593	(25.861.280)
Net gains transferred to the statement of income *(Note 4.2)*	(251.244.060)	(100.066.628)
Deferred tax effect *(Note 4.2)*	62.811.015	20.013.326
Fair value reserves at the end of the period	**28.018.183**	**284.072.561**

16 Other reserves and equity component of discretionary participation

As of December 31, 2021, and 2020, other reserves are explained in detail in Note 15 - Equity above.

As of December 31, 2021, and 2020, the Group does not hold any insurance or investment contracts which contain a DPF.

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17 Insurance contract liabilities and reinsurance assets

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Company. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Company makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into consolidated financial statements as mentioned in Note 2 - *Summary of significant accounting policies.*

As of December 31, 2021, and 2020 technical reserves of the Group' are as follows:

	December 31, 2021	December 31, 2020
Unearned premiums reserves, gross	6.754.872.769	4.737.678.185
Unearned premiums reserves, ceded *(Note 10)*	(1.563.331.963)	(1.089.324.599)
Unearned premiums reserves, SSI share	(119.827.872)	(94.034.856)
Unearned premiums reserves, net	5.071.712.934	3.554.318.730
Outstanding claims reserve, gross	11.605.438.124	8.565.250.176
Outstanding claims reserve, ceded *(Note 10)*	(2.957.988.891)	(2.179.921.969)
Outstanding claims reserve, net	8.647.449.233	6.385.328.207
Unexpired risk reserves	601.264.091	177.424.807
Unexpired risk reserves, ceded	(158.195.734)	(59.209.135)
Unexpired risk reserves, net	443.068.357	118.215.672
Equalization reserves, net(*)	578.375.138	440.273.432
Other technical reserves, net	578.375.138	440.273.432
Life mathematical reserves	-	13.014
Bonuses and Discount	-	4.000.000
Total technical reserves, net	14.740.605.662	10.502.149.055
Short-term	14.159.877.830	10.059.955.305
Medium and long-term	580.727.832	442.193.750
Total technical reserves, net	14.740.605.662	10.502.149.055

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As of December 31, 2021, and 2020, movements of the insurance liabilities and related reinsurance assets are presented below:

	December 31, 2021			
Unearned premiums reserve	Gross	Ceded	SSI Share	Net
Unearned premiums reserve at the beginning of the period	4.737.678.185	(1.089.324.599)	(94.034.856)	3.554.318.730
Written premiums during the period	12.972.968.425	(3.329.771.438)	(209.441.766)	9.433.755.221
Earned premiums during the period	(10.955.773.841)	2.855.764.074	183.648.753	(7.916.361.017)
Unearned premiums reserve at the end of the period	**6.754.872.769**	**(1.563.331.963)**	**(119.827.869)**	**5.071.712.934**

	December 31, 2020			
Unearned premiums reserve	Gross	Ceded	SSI Share	Net
Unearned premiums reserve at the beginning of the period	3.899.597.423	(868.053.967)	(74.462.604)	2.957.080.852
Written premiums during the period	9.636.641.512	(2.445.366.365)	(170.100.697)	7.021.174.450
Earned premiums during the period	(8.798.560.751)	2.224.095.734	150.528.445	(6.423.936.572)
Unearned premiums reserve at the end of the period	**4.737.678.184**	**(1.089.324.598)**	**(94.034.856)**	**3.554.318.730**

	December 31, 2021		
Outstanding claims reserves	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	8.565.250.176	(2.179.921.969)	6.385.328.207
Claims reported during the period and changes in the estimations of outstanding claims reserves provided at the beginning of the period	9.619.250.798	(1.664.245.142)	7.955.005.656
Claims paid during the period	(6.579.062.850)	886.178.220	(5.692.884.630)
Outstanding claims reserve at the end of the period	**11.605.438.124**	**(2.957.988.891)**	**8.647.449.233**

	December 31, 2020		
Outstanding claims reserves	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	6.595.436.311	(1.507.010.830)	5.088.425.481
Claims reported during the period and changes in the estimations of outstanding claims reserves provided at the beginning of the period	6.775.927.760	(1.445.123.094)	5.330.804.666
Claims paid during the period	(4.806.113.895)	772.211.955	(4.033.901.940)
Outstanding claims reserve at the end of the period	**8.565.250.176**	**(2.179.921.969)**	**6.385.328.207**

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Total amount of guarantee that should be placed by the Group for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets

As the Company is a reinsurance company, there is not any guarantee that should be placed. The details given below are the amounts of guarantees for Anadolu Sigorta A.Ş.

	December 31, 2021		
	Should be placed(*)	Placed	Book value
Non-life:			
Bank deposits *(Note 14)*	-	830.741.091	830.741.091
Financial assets	-	226.986.014	226.980.086
Total	894.041.616	1.057.727.105	1.057.721.177

	December 31, 2020		
	Should be placed(*)	Placed	Book value
Non-life:			
Bank deposits *(Note 14)*	-	836.221.106	836.221.106
Total	591.659.902	836.221.106	836.221.106

(*) Insurance companies and pension companies, which are carrying out activities in life insurance and personal accident insurance branches, are required to allocate their guarantees within two months following capital adequacy calculation periods in accordance with article 7 of Regulation on Financial Structure of Insurance and Reassurance Companies and Pension Companies, regulating allocating and releasing of guarantees. Companies issue capital adequacy statement twice in June and December periods in accordance with "Regulation on Measurement and Review of Capital Adequacy of Insurance and Reassurance and Pension Companies" and submit such statements to Ministry of Treasury and Finance within 2 months.

Total amount of insurance risk on a branch basis

Total amount of insurance risk on branch basis for non-life insurance branch is not kept by the Group.

Group's number of life insurance policies, additions, disposals during the year and the related mathematical reserves

None.

Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period

None.

Distribution of mathematical reserves for life insurance policyholders who left the Group's portfolio as individual or group during the period

None.

Pension investment funds established by the Group and their unit prices

None.

Number and amount of participation certificates in portfolio and circulation

None.

Portfolio amounts in terms of number of new participants, left or cancelled participants, and existing participants for individuals and groups

None.

Valuation methods used in profit share calculation for saving life contracts with profit sharing

None.

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Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups

None.

Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups which were transferred from other insurance companies during the year

None.

Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio to private pension portfolio during the year

None.

Distribution of individual and group participants which were cancelled or transferred to other insurance companies in terms of their numbers and gross and net contributions

None.

Profit share distribution rate of life insurances

None.

Deferred commission expenses

The Group capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As of December 31, 2021, short-term prepaid expenses amounting to TL 1.047.686.045 (December 31, 2020: TL 737.789.750) consist of deferred acquisition cost; deferred commission expenses amounting to TL 956.239.676 (December 31, 2020: TL 661.636.162) and other prepaid expenses amounting to TL 91.446.369 (December 31, 2020: TL 76.153.588). Long-term prepaid expenses amounting TL 1.281.781 (December 31, 2020: TL 2.167.444) are composed of other prepaid expenses.

	December 31, 2021	December 31, 2020
Deferred commission expenses at the beginning of the period	661.636.162	555.184.994
Commissions accrued during the period *(Note 32)*	1.491.127.525	1.458.942.174
Commissions expensed during the period	(1.196.524.011)	(1.352.491.006)
Deferred commission expenses at the end of the period	956.239.676	661.636.162

(*) Commission expenses accounted under reinsurance commissions are included.

Individual pension funds

None.

18 Investment contract liabilities

None.

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19 Trade and other payables and deferred income

	December 31, 2021	December 31, 2020
Financial payables	389.506.210	58.754.871
Payables from main operations	1.761.423.525	980.870.480
Other payables	196.778.372	136.517.896
Short/long term deferred income and expense accruals	333.738.596	231.208.040
Taxes and other liabilities and similar obligations	212.288.501	78.146.382
Due to related parties *(Note 45)*	583.728	224.447
Total	2.894.318.932	1.485.722.116
Short-term liabilities	2.808.385.630	1.416.703.424
Long-term liabilities	85.933.302	69.018.692
Total	2.894.318.932	1.485.722.116

As of December 31, 2021, other payables amounting to TL 196.778.372 (December 31, 2020: TL 136.517.896) consist of treatment cost payables to SSI amounting to TL 68.451.361 (December 31, 2020: TL 45.849.975) payables to Tarsim and DASK and outsourced benefits and services amounting to TL 111.984.975 (December 31, 2020: TL 78.890.696) and deposits and guarantees received amounting to TL 16.342.036 (December 31, 2020: 11.777.540).

Payables arising from main operations of the Group As of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Payables to reinsurance companies *(Note 10)*	1.243.712.653	622.634.390
Payables to agencies, brokers and intermediaries	130.981.175	91.095.216
Cash deposited by insurance and reinsurance companies	8.385.787	6.898.890
Total payables arising from reinsurance and insurance operations	1.383.079.615	720.628.496
Payables arising from other operating activities	378.343.910	260.241.984
Payables arising from main operations	1.761.423.525	980.870.480

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2021	December 31, 2020
Taxes paid during the period	287.355.697	173.403.945
Corporate tax liabilities	(306.101.998)	(129.065.521)
Corporate tax assets, net	(18.746.301)	44.338.424

Total amount of investment incentives which will be benefited in current and forthcoming periods

None.

20 Financial liabilities

	31 December 2021	31 December 2020
Expense accruals arising from derivative contracts (Note 13) (*)	326.794.945	-
Payables from operating leases (Note 34) (**)	62.711.265	58.754.871
Short-term	7.268.119	3.029.771
Medium and long-term	55.443.146	55.725.100
Total	389.506.210	58.754.871

(*) The company accrue expense from derivative contracts As of December 31, 2021. 326.794.945 (December 31, 2020: None).

(**) As of December 31, 2021, the Group's operating leases are explained in the *Note 34 - Financial Costs.*

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21 Deferred taxes

As of December 31, 2021, and 2020, deferred tax assets and liabilities are attributable to the following:

	December 31, 2021	December 31, 2020
	Deferred tax assets/(liabilities))	Deferred tax assets/(liabilities))
Unexpired risk reserves	83.542.839	66.200.287
Provision for the pension fund deficits	17.798.632	21.175.193
Equalization reserves	101.905.722	23.643.134
Provisions for employee termination benefits	20.599.702	13.912.211
Other provisions	12.909.747	9.892.432
Subrogation provision	8.717.537	4.948.889
Discount of receivables and payables	3.599.122	2.087.204
TAS adjustment differences in depreciation	(507.293)	123.787
Profit commission accruals	1.382.294	(18.888)
Subrogation receivables from third parties	(4.767.444)	(4.178.574)
Valuation differences in financial assets	(15.208.269)	(66.990.503)
Time deposits	(10.382.015)	(5.783.669)
Other	(20.467.086)	(13.976.045)
Valuation of real estate	(84.532.815)	(68.628.739)
Deferred tax assets/(liabilities), net	**114.590.673**	**(17.593.281)**

As of December 31, 2021, the Group does not have deductible tax losses. (December 31, 2020: None.)

Movement of deferred tax assets As of December 31, 2021 and 2020 are given below:

	December 31, 2021	December 31, 2020
Opening balance at January 1	**(17.593.281)**	**29.791.639**
Recognized in profit or loss	92.278.186	(6.193.250)
Recognized in equity	64.587.120	(25.453.192)
Cancellation corporate tax provision(*)	(24.681.352)	(15.738.478)
Closing balance at December 31	**114.590.673**	**(17.593.281)**

(*) Cancellation of corporate tax provision is included in deferred tax income.

22 Retirement benefit obligations

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Emekli ve Sağlık Sandığı Vakfı ("Milli Reasürans Pension Fund") and the employees of Anadolu Sigorta are the members of Anadolu Anonim Türk Sigorta Şirketi Memurları Emekli Sandığı ("Pension Fund of Anadolu Anonim Türk Sigorta Şirketi") which has been founded in accordance with the Article 20 of the Social Securities Act No: 506.

As per the provisional article No: 23 of the Banking Law No: 5411, pension funds of the banks which were established within the framework of Social Security Institution Law, should be transferred to the Social Security Institution within three years after the publication of the prevailing Banking Law enacted on November 1, 2005. However, the said article of the Banking Law has been vetoed by the President on November 2, 2005 and the execution of the article was ceased based on the Supreme Court's decision numbered E.2005/39, K.2007/33 and dated March 22, 2007 effective from March 31, 2007. Supreme Court asserted possible losses on acquired rights of employees of pension fund as reason for cancellation decision.

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Following annulment of the temporary Article 23 of the Banking Law, the new law "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" was published in the Official Gazette dated May 8, 2008 and came into force. The new law requires transfer of the participants or beneficiaries of pension funds to Social Security Institution as at the effective date of the Act within 3 years and prescribe the extension period of the transfer as maximum of two years upon the order of the Cabinet. Accordingly, the three-year period expired on May 8, 2011 was extended to the May 8, 2013. On March 8, 2012, "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" numbered 28227, was published on Official Gazette and 4th article of this act changed "two years" phrase as "four years" which takes part on second sentence of first clause of 20th article of the code numbered 5510. Also, under the scope of Decree of the Council of Ministers numbered 2013/4617 was published on Official Gazette numbered 28636, on May 3, 2013 and 20th temporary article of the Social Security Laws numbered 506 banks, insurance and reinsurance companies, chambers of commerce, stock markets or participants of pension funds and salary or income provided ones and their shareholders' transfer duration has been extended one year to the Social Security Institution by Decree of the Council of Ministers.

Under the scope of Decree of Turkish Ministry of Labour and Social Security numbered 174, according to 20th temporary article of the Social Security Laws numbered 5510, the Council of Ministers postpone transfer of the funds until May 8, 2015 with the decision of The Council of Ministers dated February 24, 2015.

Lastly, first paragraph of temporary 20th article of 5510 numbered Law, article 51 of the law regarding changing of several laws and delegated legislations and the law of occupational health and safety which are published in April 23, 2015 dated Official Gazette is changed as following.

"Council of minister is entitled to determine the Social Security Intuition's turnover date for banks, assurance and reinsurance companies, chamber of commerce and industry, stock markets or pension fund' partnerships that is constituted by them for union employees along with monthly income endowed people and their rights holder within the scope of 506 numbered law' provisional 20. Article. Pension fund contributors as of the transfer date and considered insured by the first paragraph of Article 4 of this law.

In accordance with the Act, as of the transfer date, present value of the liabilities will be determined by considering the income and expense of the pension fund.

On the other hand, the application made on June 19, 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on March 30, 2011.

As per the temporary sub article No: 20 of the Article 73 of the above mentioned law also includes the following:

a) technical deficit rate of 9.8% shall be used in the actuarial calculation of the value in cash, and
b) uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by the entities who transfer the funds.

In accordance with the law; after fund affiliates along with monthly salary and/or revenue endowed people and their rights holder transfer to Social Security Intuition, these people' uncovered social rights and payments is paid, even if it is written in the foundation's obligation which they are belong to, by funds and fund affiliate's employer institutions.

The benefits stated in the settlement deeds of pension fund but not subject to transfer will continue to be covered by the pension funds.

The technical financial position of the Milli Reasürans Pension Fund is audited by the registered actuary in accordance with the Article 21 of the Insurance Law and Actuary Act. As per the calculations based on the above mentioned assumptions, actuarial and technical deficit amounting to TL 102.998.511 (December 31, 2020: TL 69.561.055) is accounted as "Provision for pension fund deficits" in the accompanying consolidated financial statements.

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An actuarial report has been obtained from registered actuary regarding calculation of the amount to be paid to the Social Security Institution by the Company in accordance with the new law. The CSO 1980 mortality table for December 31,2020 and the TSI 2013 mortality table for December 31, 2021 9.8% of technical deficit interest rate are taken into account in the calculation of the said technical deficit. No real increase/decrease is anticipated in salary and health expenses. The health benefits to be paid will be considered by the Group management due to the changes in the Social Security Institution legislation and other regulations. As of December 31, 2021, and 2020, technical deficit from pension funds comprised the following.

	December 31, 2021	December 31, 2020
Net present value of total liabilities other than health	(238.855.340)	(176.277.838)
Net present value of insurance premiums	64.386.463	42.294.833
Net present value of total liabilities other than health	**(174.468.877)**	**(133.983.005)**
Net present value of health liabilities	(28.428.461)	(20.228.903)
Net present value of health premiums	35.160.105	23.199.132
Net present value of health liabilities	**6.731.644**	**2.970.229**
Pension fund assets	**64.738.722**	**61.451.721**
Amount of actuarial and technical deficit	**(102.998.511)**	**(69.561.055)**

Plan assets are comprised of the following items:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	46.206.290	47.150.065
Associates	16.823.239	12.431.247
Other	1.709.193	1.870.409
Total plan assets	**64.738.722**	**61.451.721**

Up to date, as per the actuarial calculation performed, there has not been any deficit in Anadolu Anonim Türk Sigorta Şirketi Memurları Emekli Sandığı and Anadolu Sigorta has made no payment for this purpose. It is believed that the assets of this institution are adequate enough to cover its total obligations; therefore, this shall not constitute any additional liability on Anadolu Sigorta.

23 Provision for other liabilities and expense accruals

As of December 31, 2021, and 2020, the provisions for other risks are disclosed as follows:

	December 31, 2021	December 31, 2020
Provision for pension fund deficits *(Note 22)*	102.998.511	69.561.055
Provision for employee termination benefits	58.186.518	45.465.115
Provision for unused vacation	5.532.364	3.997.046
Total provision for other risks	**166.717.393**	**119.023.216**

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Movement of provision for employee termination benefits during the period is presented below:

	December 31, 2021	December 31, 2020
Provision at the beginning of the period	45.465.115	38.340.411
Interest cost *(Note 47)*	7.679.100	4.380.388
Service cost *(Note 47)*	4.458.468	4.015.240
Payments during the period *(Note 47)*	(5.132.994)	(4.865.371)
Actuarial gain/loss	5.716.829	3.594.447
Provision at the end of the period	58.186.518	45.465.115

24 Net insurance premium revenue

Net insurance premium revenue for non-life branches is presented in detailed in the accompanying consolidated statement of income.

25 Fee revenue

None.

26 Investment income

Investment income is presented in Note 4.2 - *Financial risk management*.Net income accrual on financial asset

Net realized gains on financial assets are presented in Note 4.2 - *Financial risk management*.

27 Net accrual income of financial assets

Presented in "Note 4.2 - Financial Risk Management".

28 Assets held at fair value through profit or loss

Presented in "*Note 4.2* - Financial Risk Management".

29 Insurance rights and claims

	December 31, 2021	December 31, 2020
Claims paid, net off reinsurers' share	(5.692.884.630)	(4.033.901.940)
Changes in outstanding claims reserves, net off reinsurers' share	(2.262.121.026)	(1.296.902.726)
Changes in unearned premium reserves, net off reinsurers' share	(1.517.394.204)	(597.237.878)
Change in equalization reserves	(138.101.706)	(82.445.465)
Change in life mathematical reserves, net off reinsurers' share	13.014	25.677
Exchange in return for bonuses and discounts, deducting the reinsurer share	(324.852.685)	(44.388.442)
Changes in unexpired risks reserves, net off reinsurers' share	(4.000.000)	(4.000.000)
Total	(9.939.341.237)	(6.058.850.774)

30 Investment contract benefits

None.

31 Other expenses

The allocation of the expenses with respect to their nature or function is presented in Note 32 - *Expenses by nature* below.

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32 Operating expenses

For the years ended December 31, 2021 and 2020, the operating expenses are disclosed as follows:

	December 31, 2021	December 31, 2020
Commission expenses *(Note 17)*	1.481.038.028	1.157.562.296
Commissions to the intermediaries accrued during the period (Note 17)	1.740.351.880	*1.256.127.553*
Changes in deferred commission expenses (Note 17)	(259.313.852)	*(98.565.257)*
Employee benefit expenses *(Note 33)*	412.355.419	326.590.288
Foreign exchange losses	162.979.104	100.278.632
Administration expenses	207.179.776	151.872.827
Commission income from reinsurers *(Note 10)*	(318.903.340)	(261.111.864)
Commission income from reinsurers accrued during the period (Note 10)	(385.906.303)	*(287.174.537)*
Change in deferred commission income (Note 10)	67.002.963	*26.062.673*
Advertising and marketing expenses	29.783.284	15.465.393
Outsourced benefits and services	35.188.441	29.339.763
Commission expenses from reinsurance transactions (Note 10)	220.024.696	194.928.710
Commissions from reinsurance transactions during the period (Note 10)	255.314.358	202.814.621
Change in deferred reinsurance commission expenses (Note 10)	(35.289.662)	(7.885.911)
Other	14.188.953	10.198.239
Total	**2.243.834.361**	**1.725.124.284**

33 Employee benefit expenses

As of December 31, 2021, and 2020, employee benefit expenses are disclosed as follows:

	December 31, 2021	December 31, 2020
Wages and salaries	295.557.164	233.992.274
Employer's share in social security premiums	87.269.226	66.754.858
Pension fund benefits	7.137.463	6.743.408
Other	22.391.566	19.099.748
Total *(Note 32)*	**412.355.419**	**326.590.288**

34 Financial costs

As of December 31, 2021, interest expense arising from the leases that the Group has subject to TFRS 16 Leasing Standards amounting to TL 12.848.980 has accounted under "Investment Management Expenses - Including Interest"; amortization expense amounting to TL 9.277.263 has been accounted under "Depreciation and Amortization Expense" accounts (January 1 - December 31, 2020: 7.935.328).

As of December 31, 2021, discounted repayment plans for the Group's operating leases are as follows (December 31, 2020: 58.754.871):

	Operating lease repayments -TL
Up to 1 year	7.268.119
1 - 2 years	5.014.672
2 - 3 years	6.200.070
3 - 4 years	7.744.237
4 - 5 years	9.629.489
Over 5 years	26.854.678
Total	**62.711.265**

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35 Income tax

Income tax expense in the accompanying consolidated financial statements is as follows:

	December 31, 2021	December 31, 2020
Current tax expense provision:		
Corporate tax provision	(306.101.998)	(129.065.521)
Deferred taxes:		
Origination and reversal of temporary differences	92.278.186	(6.193.250)
Total income tax expense/(income)	(213.823.812)	(135.258.771)

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended December 31, 2021 and 2020 is as follows:

	2021		2020	
Profit before taxes	697.150.226	Tax rate (%)	634.616.315	Tax rate (%)
Taxes on income per statutory tax rate	238.229.801	25,00	153.373.050	22,00
Tax exempt income	(104.577.884)	(10,97)	(77.579.552)	(11,13)
Non-deductible expenses	80.171.895	8,41	59.465.273	8,53
Total tax expense recognized in consolidated profit or loss	213.823.812	22,44	135.258.771	19,40

36 Net foreign exchange gains

Net foreign exchange gains are presented in Note 4.2 - *Financial Risk Management* above.

37 Earnings per share

Earnings per share are calculated by dividing Group's net profit of the year to the weighted average number of shares.

	2021	2020
Net profit/loss for the period	487.295.000	344.161.542
Weighted average number of shares	66.000.000.000	66.000.000.000
Earnings/losses per share (TL)	0,00738	0,00528

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38 Dividends per share

Dividend distribution policy of the Company stated its Articles of Association are as follows:

Net profit for the year presents remaining amount of total income of the year after deducting operating expenses, amortisation, provisions, taxes and other similar obligations and prior year losses if any. Net profit is divided and distributed in accordance with order as follows.

- 5% of legal reserve is divided from annual net profit, until it reaches 20% of share capital.
- Amounts described by a and b clauses of 2nd paragraph of 519th article of the Turkish Commercial Law will be added to general legal reserves, after legal limit is reached.
- 10% of the remaining net profit amount is distributed to shareholders, as first dividend.
- If the company has acquired his share, according to 520th article of the Turkish Commercial Law, legal reserve is divided to meet the acquiring amount.
- Reserve for natural disasters and catastrophe might be allocated, if deemed necessary, based on the suggestion of the Board of Directors and decision of the General Assembly,
- After the allocation of first legal reserves, first dividend to shareholders and statutory reserves, up to 3% of the remaining amount not exceeding three-wages is distributed to personnel.
- After the allocation of above mentioned reserves and dividends, second dividend to shareholders might be allocated, based on the suggestion of the Board of Directors and decision of the General Assembly.
- According to c clause of 2nd paragraph of 519th article of the Turkish Commercial Law, 10% of total amount distributed to people have share of profit will be added to general legal reserves.
- The fate of remaining amount will be determined by the General Assembly.

Judgements of 3rd paragraph of 519th article of Turkish Commercial Law are reserved.

Other legal reserves cannot be divided, profit cannot be transferred to next year and share of profit cannot be distributed to workers, unless legal reserves have to be divided according to laws and first dividend for shareholders is divided, in accordance with the Articles of Association.

At the Ordinary General Assembly Meeting of the Company held on March 30, 2021, from the net profit of the period amounting to TL 348.598.908 resulting from the activities of the Company for the year 2020, TL 43.000.000 will be paid to the shareholders as cash dividends, after the legal reserves are set aside, and the remaining amount will be paid to the shareholders according to the Tax Procedure Law. Within the framework of the provisions of Article 325/A of the Law and Article 10 of the Corporate Tax Law, it has been decided to allocate 17.000.000 TL of funds for the purchase of venture capital investment fund participation shares, and the remaining amount will be set aside as previous year's profit, and the profit distribution has been realized within the period.

Paid dividend amount is reflected to financial statements as liability in the period it is declared by the Company.

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39 Cash generated from operations

The cash flows from operating activities are presented in the accompanying consolidated statement of cash flows.

40 Convertible bond

None.

41 Redeemable preference shares

None.

42 Risks

In the normal course of its operations, the Group is exposed to legal disputes, claims and challenges, which mainly stem from its insurance operations. The necessary income/expense accruals for the revocable cases against/on behalf of the Group are provided under outstanding claims reserves in the accompanying consolidated financial statements.

As of December 31,2021, total amount of the claims that the Group face is TL 2.765.800.932 in gross (December 31, 2020: TL 1.976.464.629). The Group provided outstanding claims reserves in the consolidated financial statements by considering collateral amounts.

As of December 31, 2021, ongoing lawsuits prosecuted by the Company's subsidiary Insurance Company against the third parties amounting TL 727.251.158 (December 31, 2020: TL 521.063.482).

An examination related to payments made for Company's liabilities in frame of related regulations to "Milli Reasürans Türk Anonim Şirketi Mensupları Yardımlaşma Sandığı Vakfı" that established by Milli Reasürans Türk Anonim Şirketi in accordance with the Turkish Commercial and Civil Laws is realized by Tax Inspection Board inspectors. As a result of this investigation, a tax audit report is issued for the periods 2007, 2008, 2009, 2010 and 2011 with the claim that liability amounts shall be taxed at cost principle and be taxable for income tax withholding and stamp tax.

Legal process has been started for the years 2007, 2008, 2009, 2010, 2011 and the later years and the payment regarding to the revenue authorities was paid. As of the report date, there is no recognized provision.

43 Commitments

Details of the guarantees given by the Group in non-life insurance branches are shown in Note 17.

44 Business combinations

None.

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45 Related party transactions

For the purpose of the accompanying consolidated 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.

The related party balances As of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Türkiye İş Bankası AŞ	1.438.643.235	1.023.519.055
Other	6.995	3.914
Banks	**1.438.650.230**	**1.023.522.969**
Investment funds founded by İş Portföy Yönetimi A.Ş. *(Note 11)*	336.783.288	653.088.912
Bond issued by Türkiye Sınai Kalkınma Bankası A.Ş. *(Note 11)*	450.083.288	348.295.405
Eurobond issued by Türkiye İş Bankası *(Note 11)*	65.623.332	90.460.138
Equity shares of the related parties *(Note 11)*	104.398.469	157.594.734
Bond issued by Türkiye İş Bankası *(Note 11)*	385.074.032	359.941.473
Investment funds founded by İşbank AG *(Note 11)*	-	21.011.668
Bond issued by İş Faktoring A.Ş. *(Note 11)*	66.800.600	73.819.194
Bond issued by İş GYO A.Ş. *(Note 11)*	29.663.400	67.265.664
Bond issued by İş Finansal Kiralama A.Ş. *(Note 11)*	90.561.586	-
Bond funds founded by İş Yatırım Menkul Değerler A.Ş *(Note 11*	82.980.050	-
Bond issued by Maxim Girişim Sermayesi Portföy Yönetimi A.Ş. *(Note 11)*	70.109.059	-
Eurobond issued by Türkiye Sınai Kalkınma Bankası A.Ş.*(Note 11)*	26.002.746	-
Bond issued by Yatırım Finansman Menkul Değerler A.Ş. *(Note 11)*	-	4.941.870
Financial assets	**1.708.079.850**	**1.776.419.058**
Türkiye İş Bankası A.Ş.	859.363.271	581.782.070
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	43.392.683	9.979.614
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	13.139.525	6.421.163
Groupama Sigorta A.Ş.	3.071.478	97.516
Anadolu Hayat Emeklilik A.Ş.	1.463.682	1.025.618
İstanbul Umum Sigorta A.Ş.	204.952	188.991
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	34.541	-
HDI Sigorta A.Ş.	29.177	-
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	13.960	2.398.064
Halk Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	-	8.505.261
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	-	3.869.428
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	-	2.887.098
Güven Sigorta T.A.Ş.	-	12.903
Ziraat Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	-	3.834
Receivables from main operations	**920.713.269**	**617.171.560**
Türkiye İş Bankası A.Ş.	21.542.515	12.735.885
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	4.908.866	9.338
Halk Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	3.682.479	-
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	2.423.749	-
Allianz Sigorta A.Ş.	2.239.632	3.347.558
Şişecam Sigorta Aracılık Hizmetleri AŞ	2.178.297	1.090.820
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	1.049.153	-
Anadolu Hayat Emeklilik A.Ş	343.679	-
Ziraat Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	230.976	-
Axa Sigorta A.Ş.	216.841	3.116.280
Güven Sigorta T.A.Ş.	131.943	69.749
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	128.493	181.993
Groupama Sigorta A.Ş.	48.426	48.697
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	40.407	42.916
İstanbul Umum Sigorta A.Ş.	29.152	29.063
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	-	766.597
HDI Sigorta A.Ş.	-	448.088
Payables from main operations	**39.194.608**	**21.886.984**
Due to personnel	390.747	63.042
Due to shareholders	177.824	152.744
Due to other related parties	15.157	8.661
Due to related parties	**583.728**	**224.447**

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No guarantees have been taken against receivables from related parties.

There are no doubtful receivables and payables from/to shareholders, subsidiaries and joint ventures.

There are no guarantees, commitments, guarantee letters, advances and endorsements given in favor of shareholders, associates and subsidiaries.

The transactions with related parties during the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Türkiye İş Bankası A.Ş.	1.391.736.145	987.292.140
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	358.925.841	137.358.307
Groupama Sigorta A.Ş	32.408.505	22.097.082
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	30.972.838	22.181.679
Anadolu Hayat Emeklilik A.Ş.	9.890.858	9.090.574
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	3.802.753	5.211.904
Allianz Sigorta A.Ş	2.969.313	330.895
Axa Sigorta A.Ş	1.766.571	1.152.343
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	1.248.386	26.019.942
HDI Sigorta A.Ş.	1.027.354	1.038.334
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	370.054	87.838.414
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	32.975	86.340
Ziraat Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	-	365.790
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	-	41.418
Güven Sigorta TAŞ	(25)	9
Halk Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	(8.679.894)	23.941.512
Premium received	1.826.471.674	1.324.046.683
Groupama Sigorta A.Ş	29	(221)
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	21	(59)
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	12	(132)
Axa Sigorta A.Ş	12	(181)
Güven Sigorta TAŞ	4	(51)
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	4	(58)
HDI Sigorta A.Ş.	2	(26)
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	-	(53)
Premiums ceded	84	(781)
Groupama Sigorta A.Ş.	(1)	1.480
Axa Sigorta A.Ş.	-	889
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	-	727
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	(1)	684
Güven Sigorta T.A.Ş.	-	319
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	-	290
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	-	172
HDI Sigorta A.Ş.	-	135
Commissions received	(2)	4.696
Türkiye İş Bankası A.Ş.	134.308.673	98.355.253
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	96.542.640	36.089.545
Groupama Sigorta A.Ş	7.050.112	4.796.889
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	6.519.385	4.595.495
Allianz Sigorta A.Ş	771.961	61.371
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	551.977	2.193.956
Axa Sigorta A.Ş	458.553	(419.305)
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	359.376	21.636.463
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	340.695	6.647.073
Anadolu Hayat Emeklilik A.Ş.	228.024	472.126
HDI Sigorta A.Ş.	158.832	147.631
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	13.757	29.290
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	-	13.534
Güven Sigorta TAŞ	(3)	1
Halk Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	(2.162.687)	10.537.322
Commissions given	245.141.295	185.156.644

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Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	135.167.046	48.811.098
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	46.071.219	25.945.370
Groupama Sigorta A.Ş	12.270.280	25.177.964
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	6.913.248	4.653.469
Halk Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	5.299.653	1.207.892
Axa Sigorta A.Ş	5.158.676	3.600.235
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	3.100.838	1.856.069
Anadolu Hayat Emeklilik A.Ş.	2.468.395	1.073.700
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	2.336.941	5.066.497
HDI Sigorta A.Ş.	1.625.247	592.766
Ziraat Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	346.969	783.101
Güven Sigorta TAŞ	336.309	333.116
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	255.887	554.216
Allianz Sigorta A.Ş	(96.447)	1.840.091
Claims paid	221.254.261	121.495.584
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	64.190	39.139
Groupama Sigorta A.Ş	55.695	53.276
Axa Sigorta A.Ş.	42.349	46.964
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	36.284	23.712
Güven Sigorta T.A.Ş	31.074	29.973
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	30.669	31.194
İstanbul Umum Sigorta A.Ş	12.756	11.387
Allianz Sigorta A.Ş	11.660	8.144
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	11.600	12.104
HDI Sigorta A.Ş.	2.272	3.267
Reinsurance’s share of claims paid	298.549	259.160
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	5.702.820	1.065.031
Anadolu Hayat Emeklilik A.Ş.	224.573	155.022
HDI Sigorta A.Ş.	117.039	231.437
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	106.919	234.255
Groupama Sigorta A.Ş	35.676	1.637.379
Axa Sigorta A.Ş	29.316	474.276
Güven Sigorta T.A.Ş	22.629	40.214
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	18.960	39.013
Allianz Sigorta A.Ş	9.530	20.090
İstanbul Umum Sigorta A.Ş	6.605	12.520
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	-	305.939
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	(7.237)	20.114
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	5.702.820	1.065.031
Other income	6.266.830	4.235.290
İş Merkezleri Yönetim ve İşletim A.Ş. - bina hizmet gideri	8.461.968	8.142.498
İş Portföy Yönetimi - performans komisyonu	8.280.899	4.997.587
Yatırım Finansman Menkul Değerler - performans komisyonu	5.015.309	-
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	2.564.763	334.244
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	1.601.362	909.782
Allianz Sigorta A.Ş	1.480.960	575.098
Axa Sigorta A.Ş	1.255.485	931.864
İş Gayrimenkul Yatırım Ortaklığı A.Ş. - TFRS 16 faiz gideri	615.319	628.033
İş Portföy Yönetimi - yönetim komisyonu	549.536	452.471
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	212.818	178.306
Yatırım Finansman Menkul Değerler - yönetim komisyonu	191.524	142.120
HDI Sigorta A.Ş.	157.440	1.956
Anadolu Hayat Emeklilik A.Ş.	135.227	5.913
Groupama Sigorta A.Ş	27.618	80.987
Güven Sigorta A.Ş	1.538	32.613
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	765	28.764
İstanbul Umum Sigorta A.Ş	37	7.963
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	-	8.321
Other expenses	30.552.568	17.458.520

Millî Reasürans Türk Anonim Şirketi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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46 Subsequent events

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law" published on January 29, 2022, the companies that convert their foreign currencies or various gold resources into Turkish Lira and use the Turkish Lira assets thus obtained in deposits and participation accounts with a maturity of at least three months, interest, profit share and other incomes are exempted from corporate tax. On February 24, 2022, Anadolu Sigorta, the subsidiary of the company, made a currency-protected deposit of TL 72.060.000, with a maturity of 181 days from Türkiye İş Bankası, with a maturity of TL 7.206.000 from HSBC Bank, with a maturity of 181 days.. The amount of tax exemption that will occur within the scope of the said regulation has not been clarified yet. Changes made in tax laws after the reporting date are within the scope of "non-adjusting event after the reporting period" in accordance with IAS 10, and the period tax expense of the enterprise has been calculated without considering this Law amendment.

47 Other

Items and amounts classified under the "other" account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet

They are presented in the related notes above.

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 1% of the total assets

None.

Subrogation recorded in "Off-Balance Sheet Accounts

None.

Real rights on immovable and their values

None.

Explanatory note for the amounts and nature of previous years' income and losses

None.

Information about the other technical expenses in the income statement

The amounting to TL 193.012.692 (31 December 2020: TL 159.108.115) which is the part of other technical expenses in the income statement of amounting to TL 179.670.384 (31 December 2020: TL 146.566.440) is the assistance services, postponement of these amounts and their technical expenses.

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As of and for the year ended December 31, 2021 and 2020, details of discount and provision expenses are as follows:

	December 31, 2021	December 31, 2020
Provision expense for doubtful receivables *(Note 4.2)*	(126.709.931)	(98.850.793)
Provision for pension fund deficits *(Note 23)*	(33.437.457)	(16.344.100)
Provision expense for employee termination benefits *(Note 23)*	(7.004.574)	(3.530.257)
Provision expenses for unused vacation *(Note 23)*	(1.535.318)	(1.091.977)
Terminated provision income/(expense)	443.108	4.404.549
Other provision expenses *(Note 4.2)*	112.588	932.656
Provision expenses	(168.131.584)	(114.479.922)

	December 31, 2021	December 31, 2020
Rediscount income/(expense) from main operations receivables	50.920.765	37.292.018
Rediscount income/(expense) from main operations payables	(66.475.422)	(34.608.735)
Total of rediscounts	(15.554.657)	2.683.283

Fees for services received from Independent Auditor/Independent audit firm

	December 31, 2021	December 31, 2020
Independent audit fee for reporting period(*)	881.235	579.052
Fees for tax advisory service	-	-
Fee for other assurance services	-	-
Fees other than independent audit	-	-
Total	881.235	579.052

(*)As of December 31 2021, the audit fee received from Güney Bağımsız Denetim ve SMMM A.Ş is TL 189.900, and the audit fee received from other independent auditing companies is TL 491.599 (December 31, 2020: received from Güney Bağımsız Denetim ve SMMM A.Ş. The independent audit fee is TL 162.620 and the audit fee received from other independent audit companies is TL 255.836.)

CONTACT INFORMATION

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