

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

**Millî Reasürans Türk Anonim Şirketi
Unconsolidated Financial Statements as of
December 31, 2021 together with the
Independent Auditor's Report**



EY

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(Convenience translation of a 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
<p>Incurred But Not Reported Outstanding Claims Reserve</p>	
<p>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.</p> <p>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.</p>	<p>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.</p>



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<p>Valuation of investment properties and properties for own use and significant information disclosed</p>	
<p>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.</p>	<p>We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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.



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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

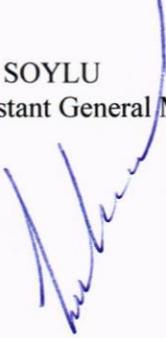
MİLLÎ REASÜRANS TÜRK ANONİM ŞİRKETİ**CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE
UNCONSOLIDATED FINANCIAL STATEMENT PREPARED AS OF DECEMBER 31, 2021**

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

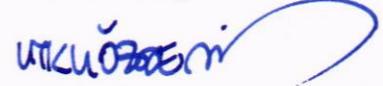
Şule SOYLU
Assistant General Manager



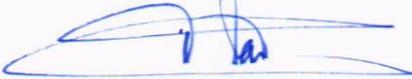
Özlem CİVAN
Assistant General Manager



Fikret Utku Özdemir
General Manager



Ertan TAN
Actuary
Registration No: 21



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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			
I- Current Assets	Note	Audited Current Period December 31, 2021	Audited Prior Period 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			
	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
II- Non-Current Assets			
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			
	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
IV- Long-Term Liabilities			
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*

	Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
I-TECHNICAL SECTION			
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, 2020
(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-TECHNICAL SECTION			
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 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 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	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I – Balance at the end of the previous year – December 31, 2020		660.000.000	-	99.474.796	-	(34.192.451)	155.933.971	37.967.890	800.332.082	312.510.614	103.813.987	2.135.840.889
II – Change in Accounting Standards (*)		-	-	-	-	-	-	-	-	-	-	-
III – Restated balances (I+II) – January 1, 2020		660.000.000	-	99.474.796	-	(34.192.451)	155.933.971	37.967.890	800.332.082	312.510.614	103.813.987	2.135.840.889
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		-	-	-	-	-	21.950.991	20.203.917	120.925.496	-	(163.510.236)	(429.832)
D- Change in the value of financial assets	15	-	-	184.597.765	-	-	-	-	-	-	-	184.597.765
E- Currency translation adjustments		-	-	-	-	13.025.795	-	-	-	-	-	13.025.795
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	348.598.908	-	348.598.908
I – Other reserves and transfers from retained earnings	38	-	-	-	-	-	17.060.060	-	-	(269.510.614)	252.450.554	-
J- Dividends paid	38	-	-	-	-	-	-	-	-	(43.000.000)	-	(43.000.000)
IV - Balance at the end of the period – December 31, 2020	15	660.000.000	-	284.072.561	-	(21.166.656)	194.945.022	58.171.807	921.257.578	348.598.908	192.754.305	2.638.633.525
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	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I – Balance at the end of the previous year – December 31, 2020		660.000.000	-	284.072.561	-	(21.166.656)	194.945.022	58.171.807	921.257.578	348.598.908	192.754.305	2.638.633.525
II – Change in Accounting Standards (*)		-	-	-	-	-	-	-	-	-	-	-
III – Restated balances (I+II) – January 1, 2020		660.000.000	-	284.072.561	-	(21.166.656)	194.945.022	58.171.807	921.257.578	348.598.908	192.754.305	2.638.633.525
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		-	-	-	-	-	12.737.001	24.940.395	203.254.624	-	(192.220.459)	48.711.561
D- Change in the value of financial assets	15	-	-	(256.054.379)	-	-	-	-	-	-	-	(256.054.379)
E- Currency translation adjustments		-	-	-	-	63.166.265	-	-	-	-	-	63.166.265
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	548.965.648	-	548.965.648
I – Other reserves and transfers from retained earnings	38	-	-	-	-	-	19.027.365	-	17.000.000	(305.598.908)	269.571.543	-
J- Dividends paid	38	-	-	-	-	-	-	-	-	(43.000.000)	-	(43.000.000)
IV - Balance at the end of the period – December 31, 2020	15	660.000.000	-	28.018.182	-	41.999.609	226.709.388	83.112.202	1.141.512.202	548.965.648	270.105.389	3.000.422.620

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.

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 General information (continued)

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).

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 General information (continued)

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.

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.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Accounting in hyperinflationary countries (continued)

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 policies 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.

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 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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 be 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.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.6 Accounting policies, changes in accounting estimates and errors (continued)

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*.

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 Mİltaş 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 Summary of significant accounting policies (continued)

2.3 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to 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.

2 Summary of significant accounting policies (continued)

2.5 Tangible assets

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 Summary of significant accounting policies (continued)

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).

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.

2. Summary of significant accounting policies (continued)

2.8 Financial Assets (continued)

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.

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 Summary of significant accounting policies (continued)

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:

Name	December 31, 2021		December 31, 2020	
	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

2 Summary of significant accounting policies (continued)

2.13 Capital (continued)

Sources of the capital increases during the year

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.

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 Summary of significant accounting policies (continued)

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

Statutory 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.

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.

2 Summary of significant accounting policies (continued)

2.18 Income taxes (continued)

Deferred tax (continued)

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 Summary of significant accounting policies (continued)

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 “Millî Reasürans Türk Anonim Şirketi Emekli ve Sağlık Sandığı Vakfı (“Millî 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 “Millî Reasürans Türk Anonim Şirketi Memurları Emekli ve Sağlık Sandığı (“Millî 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.

2 Summary of significant accounting policies (continued)

2.19 Employee benefits (continued)

Pension and other post-retirement obligations (continued)

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:

- Technical deficit rate of 9,80% shall be used in the actuarial calculation of the value in cash, and
- 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.

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 Summary of significant accounting policies (continued)

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.

2 Summary of significant accounting policies (continued)

2.21 Revenue recognition (continued)

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.

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.

2 Summary of significant accounting policies (continued)

2.22 Leasing transaction (continued)

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 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.

(Currency: Turkish Lira (TL))

2 Summary of significant accounting policies (continued)

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 Summary of significant accounting policies (continued)

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.

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 Communiqué 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.

(Currency: Turkish Lira (TL))

2 Summary of significant accounting policies (continued)

2.25 Outstanding claims reserve (continued)

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.

2 Summary of significant accounting policies (continued)

2.25 Outstanding claims reserve (continued)

In accordance with the “Circular numbered 2020/11 on Making Amendments on Communiqué 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.

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.

(Currency: Turkish Lira (TL))

2 Summary of significant accounting policies (continued)

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.

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 Summary of significant accounting policies (continued)

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.

2 Summary of significant accounting policies (continued)

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 Summary of significant accounting policies (continued)

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.

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.

2 Summary of significant accounting policies (continued)

2.32 The new standards, amendments and interpretations (continued)

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..

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.

2 Summary of significant accounting policies (continued)

2.32 The new standards, amendments and interpretations (continued)

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.

(Currency: Turkish Lira (TL))

2 Summary of significant accounting policies (continued)

2.32 The new standards, amendments and interpretations (continued)

IFRS 17 - The new Standard for insurance contracts

The POA issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 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. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

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.

2 Summary of significant accounting policies (continued)

2.32 The new standards, amendments and interpretations (continued)

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.

(Currency: Turkish Lira (TL))

2 Summary of significant accounting policies (continued)

2.32 The new standards, amendments and interpretations (continued)

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.

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.

4 Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

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:

Branches	Gross total claims liability (*)	December 31, 2021	
		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

Branches	Gross total claims liability (*)	December 31, 2020	
		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).

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 Management of insurance and financial risk (continued)

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.

4 Management insurance and financial risk (continued)

4.2 Management of financial risk (continued)

Credit risk (continued)

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

(Currency: Turkish Lira (TL))

4 Management insurance and financial risk (continued)

4.2 Management of financial risk (continued)

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.

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.

4 Management of insurance and financial risk (continued)

4.2 Management of financial risk (continued)

Liquidity risk (continued)

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.

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.

(Currency: Turkish Lira (TL))

4 Management of insurance and financial risk (continued)

4.2 Management of financial risk (continued)

Market risk (continued)

Foreign currency risk (continued)

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

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

4 Management of insurance and financial risk (continued)

4.2 Management of financial risk (continued)

Market risk (continued)

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.

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			Total
	Level 1	Level 2	Level 3	
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.

(Currency: Turkish Lira (TL))

4 Management of insurance and financial risk (continued)

4.2 Management of financial risk (continued)

Market risk (continued)

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
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.

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

4 Management of insurance and financial risk (continued)

4.2 Management of financial risk (continued)

Gain and losses from financial assets

<i>Gains and losses recognized in the statement of income, net:</i>	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

<i>Gains and losses recognized in the statement of equity, net:</i>	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

(Currency: Turkish Lira (TL))

4 Management of insurance and financial risk (continued)

4.2 Management of financial risk (continued)

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.

6 Tangible assets (continued)

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.

(Currency: Turkish Lira (TL))

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).

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.

8 Intangible assets (continued)

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

	January 1, 2020	Additions	Foreign currency translatio n 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	Participatio n 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.

(Currency: Turkish Lira (TL))

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:

	December 31, 2021	December 31, 2020
Reinsurance assets		
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.

	December 31, 2021	December 31, 2020
Reinsurance liabilities		
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)

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			Net book value
	Nominal value	Cost	Fair 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			Net book value
	Nominal value	Cost	Fair 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

11 Financial assets (continued)

As of December 31, 2021, the details of the Company's held for trading assets are as follows

	December 31, 2021			Net book value
	Nominal value	Cost	Fair value	
Investment funds TL	125.071.511	159.626.370	159.626.370	159.626.370
Investment funds EUR	63.032.262	84.376.756	84.376.756	84.376.755
Total	188.103.773	244.003.126	244.003.126	244.003.125
	December 31, 2020			Net book value
	Nominal value	Cost	Fair value	
Investment funds TL	183.929.766	190.742.811	190.742.811	190.742.811
Total	183.929.766	190.742.811	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

Details of the financial assets issued by related parties of the Company's are as follows:

	December 31, 2021			Net book value
	Nominal value	Cost	Fair 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			Net book value
	Nominal value	Cost	Fair 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

11 Financial assets (continued)

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

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.

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:

Name	December 31, 2021		December 31, 2020	
	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.

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.

15 Equity (continued)

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

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

(Currency: Turkish Lira (TL))

15 Equity (continued)

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

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 (<i>Note 10</i>)	(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 (<i>Note 4.2</i>)	(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 (<i>Note 10</i>)	(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

(Currency: Turkish Lira (TL))

17 Insurance liabilities and reinsurance assets (continued)

As of December 31, 2021, and 2020, movements of the insurance liabilities and related reinsurance assets are presented below:

Unearned premiums reserve	December 31, 2021		
	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

Unearned premiums reserve	December 31, 2020		
	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

Outstanding claims reserve	December 31, 2021		
	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

Outstanding claims reserve	December 31, 2020		
	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

17 Insurance liabilities and reinsurance assets (continued)

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.

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.

17 Insurance liabilities and reinsurance assets (continued)

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.

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

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	December 31, 2020
	Deferred tax assets / (liabilities)	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)

22 Retirement benefit obligations

Employees of the Company are the members of “Millî Reasürans Türk Anonim Şirketi Emekli ve Sağlık Sandığı Vakfı (“Millî 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.

(Currency: Turkish Lira (TL))

22 Retirement benefit obligations (continued)

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 Institution, 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.

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

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”.

(Currency: Turkish Lira (TL))

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.

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
<i>Corporate tax expense:</i>		
Corporate tax provision	(128.897.591)	(29.030.769)
<i>Deferred taxes:</i>		
Origination and reversal of temporary differences	23.899.257	7.274.347
Total income tax expense / (income)	(104.998.334)	(21.756.422)

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	
		Tax rate (%)		Tax rate (%)
Profit before taxes	653.963.982		370.355.330	
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.

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.

(Currency: Turkish Lira (TL))

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

45 Related party transactions (continued)

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

(Currency: Turkish Lira (TL))

45 Related party transactions (continued)

	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

45 Related party transactions (continued)

	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..

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.)