

# 2021 ANNUAL REPORT



**Ray Sigorta A.Ş.**  
**The Period Of**  
**January 1, 2021 – December 31, 2021**



2021



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# CORPORATE PROFILE



Having left behind a past of 63 years in Turkish insurance industry, Ray Sigorta, through a premium production of TL 2.220.372.315 in 2021, ranked as the twelfth among non-life insurance companies with a market share of 2,54%.

As of the end of 2021, Ray Sigorta is manned by 303 employees in 8 Regional Directorates and 1 Call Center.

In 2021, it is supported by 1.633 agencies, 128 agency branches, Fibabanka branch, 93 brokers, 10 Broker branches and Bnp Paribas leasing company. Further with 1.396 contracted automobile service stations, 412 glazier shops and 3.665 contracted healthcare institutions, Ray Sigorta is successfully maintaining its value creating company vision in its industry.

## GENERAL INFORMATION ABOUT RAY SİGORTA

Company Name: Ray Sigorta Anonim Şirketi  
Trade Registry Number: 297257 - 0  
Mersis Number: 0734 – 0039 – 7980 - 0033  
Electronic Mail Address: info@raysigorta.com.tr  
Web Address: www.raysigorta.com.tr  
Registered Electronic Mail Address (KEP): raysigorta@hs03.kep.tr

Address of Registered Offices  
Cumhuriyet Mahallesi Haydar Aliyev Caddesi No: 28 34457  
Sarıyer/İstanbul  
Telephone Number: 0 212 363 25 00  
Facsimile Number: 0 212 299 48 49



# MANIFESTO



The seeds of trust are sown and planted in this land 63 years ago.  
At the first moment we bushed out, we were only a small sapling.

Yet we grew up and up by years.  
And we tightly and firmly held on to this land where we were born.  
Our roots hugged and dug down deep.  
So that everyone seeking trust may take a deep breath of fresh air,  
We sprouted at steep and sheer slopes, and  
Confronted and stood up against blustering winds.

And we harbored in our shadow in sunny days,  
And in our trunk in stormy and rough weather.

Then, seasons changed.  
Years passed by.  
As long as sun embraced and received us with open arms,  
our skyward growth never stopped.  
Both our branches and our roots are ever-grown unceasingly.  
We produced fruits.  
We dropped our leaves.  
But each dropping leaf is immediately replaced by a new one,  
And each broken branch is superseded by a stronger one.

We, as Ray Sigorta, always continued to a brand name of this land.  
And we are deep-rooted as a brand of trust all over our country.

And this is exactly what is expected from us as a company of trust  
born and deep-rooted in this land.

# REGIONAL DIRECTORATES BRANCH OFFICES:

## **Istanbul Anatolian Side Regional Directorate**

Merdivenköy Mah. Yumurtacı Abdibey Cad. Nur Sok. No: 1 A Blok  
Kat: 10 Ofis No: 94-95 İç Kapı No: 1004-1005 34732 Kadıköy/İstanbul  
Telephone: 0 216 411 16 06 Facsimile: 0 216 411 16 19

## **Istanbul European Side Regional Directorate**

Yeşilköy Mah. Atatürk Cad. Egs Business Park Blokları No: 12 B/1  
Blok Kat: 9 D: 323-324 34149 Bakırköy/İstanbul  
Telephone: 0 212 465 40 45 Facsimile: 0 212 465 04 75

## **Ankara (Central Anatolia) Regional Directorate**

Beştepe Mah. Yaşam Cad. Adalet Sok. Neorama İş Merkezi No: 13/A  
Kat: 4 D: 11-12-14-15-16 06560 Söğütözü-Yenimahalle/Ankara  
Telephone: 0 312 428 50 00 Facsimile: 0 312 428 50 49

## **İzmir (Aegean) Regional Directorate**

Adalet Mah. Manas Bulvarı Folkart Towers A Kule No: 47/B Kat: 36  
D: 3604 35530 Bayraklı/İzmir  
Telephone: 0 232 483 72 46 Facsimile: 0 232 489 86 05

## **Bursa (Marmara) Regional Directorate**

Konak Mah. Lefkoşe Cad. NM Ofis Park A Blok Kat: 3 No: 34-36  
16110 Nilüfer/Bursa  
Telephone: 0 224 211 28 27 Facsimile: 0 224 211 28 37

## **Adana (Southeastern Anatolia) Regional Directorate**

Cemalpaşa Mah. Atatürk Cad. Sapmaz İş Merkezi No: 48 K: 4  
D: 10-11 01120 Seyhan/Adana  
Telephone: 0 322 457 06 83 Facsimile: 0 322 454 77 61

## **Antalya (Mediterranean) Regional Directorate**

Deniz Mah. Konyaaltı Cad. Antmarin İş Merkezi No: 24 Kat: 6 07050  
Muratpaşa/Antalya  
Telephone: 0 242 247 20 25 Facsimile: 0 242 247 39 59

## **Malatya (East Anatolia ) Regional Directorate**

İsmetiye Mah. Mina Sok. Mehmet Ilıcak İş Merkezi No: 1 Kat: 4  
D: 30-31 44100 Battalgazi/Malatya  
Telephone: 0 422 503 11 40 Facsimile: 0 422 503 11 47



## OUR VISION

To be a pioneering insurance company that is reliable, solution-oriented, fast, digitally-transformed, profitable, and has a sustainable growth rate.

## OUR MISSION

To rank in the top 6 in non-life insurance segment as the best insurance company for its customers, business partners, stakeholders, employees and particularly its distribution channels.

## OUR VALUES

**We are ...**

A family,

Honest,

Respectful to ethical values,

Fair,

Transparent and participative,

Strong together,

Creative and productive,

With our focus on human value.





# FROM PAST TO PRESENT



**1958:** Founded as an initiative of national transportation companies (Turkish Airlines, Turkish Maritime Lines, State Railways, PTT).

**1992:** Privatized and sold to Doğan Holding.

**1997:** Listed in Istanbul Stock Exchange.

**2007:** 74.26% of its capital is acquired by TBIH Financial Services Group, an affiliate of VIG.

**2008:** Ray Sigorta added Vienna Insurance Group to its logo.

**2009:** The Company's partnership structure is designed as 84.26% held by VIG, 10% by Doğan Group, and 5.74% floating shares by more than 4,000 investors.

**2011:** Capital of the Company is arranged in such manner to result in 81.59% thereof being held by TBIH Services Group N.V, and 12.67% by Vienna Insurance Group (VIG) and 5.04% as free float.

**2018:** Ray Sigorta, as an indication of its brand value and brand power, is included among "Most Valuable 100 Brands of Turkey" with its "A+" degree as a result of 2018 survey of the international brand assessment agency Brand Finance.

**2019:** Ray Sigorta is awarded Great Place To Work Certificate as a result of the strong corporate culture and employee satisfaction assessment conducted by Great Place To Work Institute.

**2020:** Ray Sigorta is named by Great Place To Work Institute in the List of Best Employers of Turkey. In addition, ranking among the top three in non-life insurance category in the customer experience index survey conducted by Şikayetvar.com, the first and largest complaint platform of Turkey, Ray Sigorta is awarded A.C.E (Achievement in Customer Excellence) Award.

**2021:** As a result of the 2021 research of the international brand evaluation board Brand Finance, Ray Sigorta was once again ranked among the "100 Most Valuable Brands in Turkey" with an "A+" rating as one of the limited number of elementary companies. In this list, it managed to become the 6th Company that increased its brand value the most, with a change of 32.1% among all sectors. The Company ranked 12th among companies operating in non-life branches with a total premium production of TL 2.220.372.315 increasing its market share to 2.54% and announcing a profit of TL 68.315.828.

# STATEMENT OF LIABILITY

STATEMENT OF RESPONSIBILITY PURSUANT TO FINANCIAL REPORTS FOR THE PERIOD OF JANUARY 1, 2021 AND DECEMBER 31, 2021

RESOLUTION OF BOARD OF DIRECTORS ON APPROVAL OF FINANCIAL REPORTS

MEETING DATE : 22.02.2022

MEETING NO : 1608

RESOLUTION NO : 6379

We declare that we are responsible for the disclosed of,

The Balance Sheets, Statement of Income, Statement of Cash Flows, Statement of Changes in Shareholders' Equity together with the prepared notes  
Annual Report  
Corporate Governance Compliance Report and Corporate Governance Information Form

of Ray Sigorta A.Ş. for the period 01.01.2021 – 31.12.2021 , which have been prepared and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., in accordance with the Capital Markets Board's Communiqué Series II No: 14-1, the Financial Reporting Standards published by Public Oversight Accounting and the insurance legislation,

- Has been examined,
- Within the framework of information available in so far as its duties and responsibilities; the financial statements and interim report do not contain any misrepresentation of the facts on major issues, or any omissions that may be construed as misleading as of the date of the disclosure,
- Within the framework of information available in so far as its duties and responsibilities; The financial statements prepared in accordance with applicable financial reporting standards truthfully reflect the facts about the assets, liabilities, financial condition and profit and loss of the Company and also truthfully reflects, along with major risks and uncertainties that might be occurred, the progress and performance of the Company.

Yours sincerely,

**RAY SİGORTA ANONİM ŞİRKETİ**  
**HEAD OFFICE**

**Kemal BOZYİĞİT**  
Audit Committee and  
Corporate Governance  
Committee Chairman

**Kemal UZUNAKSU**  
Audit Committee  
Member

**Koray ERDOĞAN**  
Board of Directors  
Member, General  
Manager

**Derya ÖZTÜRK**  
Member of the Management  
Board, CFO

# CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Ray Sigorta A.Ş.

## 1. Opinion

We have audited the annual report of Ray Sigorta A.Ş. (the "Company") for the 1 January - 31 December 2021 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

## 2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

## 3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 22 February 2022 on the full set financial statements for the 1 January - 31 December 2021 period.

## 4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

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

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b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regard to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
  - the Company's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.
- When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

## 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited[consolidated] financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
ORIGINALLY ISSUED IN TURKISH  
Talar Gül, SMMM Partner  
İstanbul, 22 February 2022





Dear Shareholders,

2021 has been a year of influences of COVID-19 pandemic on both economic and social life all over the world. The pandemic has not only increased the concerns for the future, but also raised our perceptions against the probable risks of daily personal life and business life for everyone, thereby displaying once more the importance of insurance for protection of our beloveds and valuables.

Being one of the most important actors of the Turkish economy expected to close the year 2021 with 11 percent growth according to the global researches, insurance sector has already proven how quickly it can adapt itself to changes as a result of dramatic developments of the last two years. By recording a fairly successful performance in the year 2021 in spite of economic challenges and climate problems in addition to pandemic effects, the Turkish Insurance Sector has, according to the data published by the Insurance Association of Turkey, grown by 27.5 percent and exceeded 105.5 billion TL in total premium production, 87.5 billion TL portion of which was recorded in the non-life insurance branches we are operating in.

In the market dominated by a harsh competitive environment, we, as Ray Sigorta, are proud of closing the year 2021 with financial results above the sector average. Together with an overall growth of 30.65 percent, our premium production of TL 2.220.372.315 and our market share raised to 2.54 percent have further strengthened our already strong position in this sector. During the last four years in each of which we have upgraded our growth graph, we have put our signature under a success story by both reaching growth rates above the sector average and increasing our market share and our rank in the insurance sector. And we crown all these growth achievements with a sustainable profitability. The greatest indicator of this success is the trust shown to us by our business partners and our customers.

Having already completed its 63 years in insurance, Ray Sigorta will continue to achieve its sustainable growth objectives and to get stronger and stronger every day by further deepening in our insurance branches and products through solutions developed against new risks brought by the changing world of today.

In the name of Vienna Insurance Group Management and as the President of Ray Sigorta Board of Directors, I would like to express my gratitude to all our zealous employees setting their hearts on their jobs, and to all our business partners, customers and shareholders trusting us, for their contributions in successful closing of the year 2021.

With my best regards,

**Dr. Peter Thirring**

President of Board of Directors



Dear Stakeholders,

2021 has been a year shaped by COVID-19 pandemic, continuing to influence the whole world, and by actions and measures taken for fight against pandemic. In the year 2021, human health remained at the top of the agenda, and uncertainties created by the effects of pandemic continued to be the major topic of agenda of the global economy. However, gradual recovery of economy and improvement in global trade volume which started in the previous year continued also in the first quarter, and with the vaccination process speeding up, economic activities in the developed countries started to normalize in the second quarter, but economic recovery slowed down in the countries exposed to restrictions in access to vaccine. In the third quarter of 2021, global economic activities decelerating with new virus variants and lockdowns have lead to limitation of production in many market sectors, particularly automotive, white goods, electronics and computer, due to the chip crisis. According to October 2021 report of the International Monetary Fund (IMF), global economy has grown by 5.9% in the year 2021 over the previous year, and has entered the year 2022 in a weaker position than the past expectations. Apart from the pandemic and its influences, natural disasters, regional conflicts, rises in energy prices, problems in transportation processes, and social events reported in various different regions of the world, also including Turkey, have blocked out to which extent 2021 has been a year full of challenges and difficulties.

Aside from the steps taken for fight against pandemic in our country, such natural disasters as floods caused by excessive precipitation in Black Sea, and forest fires deeply affecting all of us, and dramatic fluctuations in exchange rates have left their mark on the year 2021. In spite of all of these challenges and difficulties, the Turkish economy has grown up by 7.4 percent over the same period of the previous year above the overall market expectations in the first quarter of the year 2021. Economy has grown up by a record rise of 22 percent in the second quarter of the year, and by 7.4 percent in the third quarter, thereby revealing that the economic recovery continued in a strong pace. The International Monetary Fund (IMF) has raised its 2021 annual growth forecast for the Turkish economy from 9 to 11 percent level in January.

In spite of effects of pandemic on our daily lives and business manners, we, as Ray Sigorta, have left behind a year of important commercial achievements. In 2021, we have put our signature on a performance above the insurance sector average, and grown up by 30.65 percent, with our total premium production reaching TL 2,220,372,315. Thus, we raised our market share to 2.54 percent, and our rank in the sector to the 12th.

Apart from our financial achievements, the year 2021 has been a year which reminded us once more that insurance

is not a business only comprised of figures. As a Company that is cognizant of the importance of cooperation and mutualisation, taking sides with the needy, and supporting its business partners in their hard times if and when needed, we are engaged in all support campaigns for our distribution campaigns as much as we could. By taking all health protection measures, within the realms of possibility, we visited our agencies region-by-region province-by-province, listened to their troubles, and assessed their demands. We continued to walk together with our more than 1,600 agencies. By producing new solutions fit to the needs of the current period, and through our personalized products, we contributed to the reach of insurance cover to more and more people and to the growth of our sector. In order to make sure that our customers may learn without loss of time whatever they want to learn about all products included in the wide product portfolio of Ray Sigorta, we deployed and put into use our web site renewed with a brand new design approach and in accordance with the recent global trends.

In the ‘Turkey’s Most Valuable Brands Report’ prepared by Brand Finance, an international brand rating agency, by considering a great many of criteria, after the year 2018, we have once more taken our part in the top 100 in the year 2021. Apart from being one of the limited number of elementary insurance companies included in the list, we have ranked the 6th Company increasing its brand value by a change of 32.1 percent among all sectors. We have also been named among the top three in A.C.E. (Achievement in Customer Excellence) Customer Satisfaction Performance Awards organized by Şikayetvar for identifying the brands achieving the highest customer satisfaction levels in Turkey.

The results achieved by us in a great many of fields with the support of our business partners and customers as well demonstrate that we have succeeded as a whole. With our growth rates recorded above the sector average, increasing market share, rising rank in the insurance sector, and sustainability profitability policy for the last four years, we have further strengthened and reinforced our already strong position in the sector, and we are proud of our steady and consistent performance in general.

With the strength taken from our past 63 years and from our main shareholder Vienna Insurance Group, we will continue to be one of the most valuable brands of Turkey and to make significant contributions to the development of our sector. I owe a great debt of gratitude to all our colleagues working hard in the growth of Ray Sigorta year by year, and to their families who do not refrain to support them, and to our distribution channels, to our business partners representing our Company, and to our customers, shareholders and directors who trust our Company as always.

With my best regards,

**Koray Erdoğan**

Member of Board of Directors and  
General Manager

# SHAREHOLDING STRUCTURE AND SUBSIDIARIES



As of 31.12.2021, shareholding structure of Ray Sigorta A.Ş. is as follows:

Shareholders	Percentage of Shares	Number of Shares	Amount of Shares (TL)
ATBIH GmbH.(*)	81,59%	13.304.862.688	133.048.626,88
Vienna Insurance Group (Wiener Staedtsche Versicherung AG)	12,67%	2.066.352.811	20.663.528,11
LVP Holding GmbH (*)	0,70%	114.573.400	1.145.734
Other (Publicly Traded) (**)	5,04%	821.196.701	8.211.967,01
<b>TOTAL</b>	<b>100,00%</b>	<b>16.306.985.600</b>	<b>163.069.856</b>

(\*) ATBIH GmbH and LVP Holding GmbH are affiliates of Vienna Insurance Group AG. Total share of VIG Group in the Company is 94.96%.

(\*\*) All of the free floating shares are listed and traded in Borsa İstanbul A.Ş. (Istanbul Stock Exchange).

Our Company is within the Registered Capital System pursuant to and under the capital markets laws and regulations. For the years 2019 - 2023, we have taken permission from the Capital Markets Board for a Registered Capital Ceiling of TL 200,000,000.

As of 31.12.2021, there are no privileges granted to share certificates representing our capital.

Neither the president and members of the Board of Directors, nor general manager and his assistants hold and own shares in the capital of our Company.

## Capital Increase:

During 2021, the paid-in capital of our Company has not changed. Our Company has made

its recent capital increase in 2011. At that time, our capital has been increased from TL 137,069,856 to TL 163,069,856 by an addition of TL 26,000,000 paid fully in cash.

Subsidiaries	Ray Sigorta's Participation in Capital (TL)	Ray Sigorta's Share in Capital (%)
Tarım Sigortaları Havuz İşletmesi A.Ş.	875.420,17	4,3478%
Risk Ekspert Risk ve Hasar Danışmanlık Hizmetleri Ltd.Şti.	15.000,00	30,00%



# SUMMARY FINANCIAL INFORMATION

SUMMARY FINANCIAL INDICATORS	2020	2021
TOTAL ASSETS	1.790.113.764	2.280.945.511
PAID-IN CAPITAL	163.069.856	163.069.856
SHAREHOLDERS' EQUITY	337.902.706	439.743.930
PREMIUMS WRITTEN	1.699.439.187	2.220.372.315
EARNED PREMIUMS – NET	605.593.405	800.378.161
CLAIMS INCURRED – NET	-398.816.123	-626.194.991
OTHER TECHNICAL REVENUES / EXPENSES – NET	-26.245.324	-14.442.064
OPERATING EXPENSES	-165.043.941	-234.095.849
CHANGE IN OTHER TECHNICAL RESERVES	-9.037.556	-15.040.810
INVESTMENT INCOME TRANSFERRED TO TECHNICAL PART	69.352.140	187.354.074
TECHNICAL PART BALANCE (TECHNICAL PROFIT)	75.802.601	97.958.521
NET PROFIT / LOSS	58.923.677	68.315.828

(THOUSAND TL)	Claims Incurred (Net)		Earned Premiums (Net)		Loss Ratio (Net)	
	2020	2021	2020	2021	2020	2021
FIRE	17.285	39.267	70.375	113.438	24,56%	34,62%
TCIP	0	0	0	0	0,00%	0,00%
MARINE	5.783	9.389	22.553	39.690	25,64%	23,66%
CASULTY	326.561	506.769	441.636	555.653	73,94%	91,20%
ENGINEERING	10.442	15.715	12.341	15.177	84,61%	103,54%
AGRICULTURE	23.546	39.478	40.747	58.764	57,79%	67,18%
HEALTH	15.199	15.577	17.942	17.657	84,71%	88,22%
TOTAL	398.816	626.195	605.593	800.378	65,86%	78,24%

(THOUSAND TL)	Technical Part Balance Technical Profit		Technical Part / Underwritten Premiums	
	2020	2021	2020	2021
FIRE	35.938	76.215	8,50%	13,29%
TCIP	-1.366	-1.609	-3,69%	-3,25%
MARINE	17.593	35.390	25,26%	31,62%
CASULTY	33.520	7.978	3,98%	0,70%
ENGINEERING	13.625	-15.087	7,10%	-9,14%
AGRICULTURE	10.346	16.976	13,33%	14,53%
HEALTH	-33.855	-21.905	-57,88%	-33,45%
TOTAL	75.803	97.959	4,46%	4,41%

(THOUSAND TL)	Premiums Written		Change %	Share %	
	2020	2021		2020	2021
FIRE	422.719	573.576	35,69%	24,87%	25,83%
TCIP	37.045	49.476	33,56%	2,18%	2,23%
MARINE	69.654	111.906	60,66%	4,10%	5,04%
CASULTY	841.963	1.138.018	35,16%	49,54%	51,25%
ENGINEERING	191.972	165.093	-14,00%	11,30%	7,44%
AGRICULTURE	77.597	116.828	50,56%	4,57%	5,26%
HEALTH	58.489	65.475	11,94%	3,44%	2,95%
TOTAL	1.699.439	2.220.372	30,65%	100,00%	100,00%

(THOUSAND TL)	Retention Premium		Change %	Retention Ratio %	
	2020	2021		2020	2021
FIRE	95.899	127.170	32,61%	22,69%	22,17%
TCIP	0	0	0,00%	0,00%	0,00%
MARINE	24.129	42.762	77,22%	34,64%	38,21%
CASULTY	486.084	645.430	32,78%	57,73%	56,72%
ENGINEERING	13.440	16.756	24,68%	7,00%	10,15%
AGRICULTURE	47.980	70.180	0,00%	61,83%	60,07%
HEALTH	19.355	20.939	8,18%	33,09%	31,98%
TOTAL	686.887	923.237	34,41%	40,42%	41,58%



# VIENNA INSURANCE GROUP COMPANY PROFILE

We focus on providing our customers in CEE with custom products and services tailored to their needs. Our strategy is geared towards long-term profitability and steady earnings growth, making us a reliable partner in rapidly changing times.

Over 25,000 employees work for Vienna Insurance Group, at around 50 companies in 30 countries. We develop insurance solutions in line with personal and local needs, which has made us the leader in the insurance industry in Central and Eastern Europe (CEE).

## EXPERTISE AND STABILITY

Vienna Insurance Group is an international insurance group headquartered in the Austrian capital. After the fall of the Iron Curtain in 1989, the Group expanded rapidly from a purely Austrian business into an international group. Vienna Insurance Group is synonymous with stability and expertise in providing financial protection against risks. Experience coupled with a focus on our core competence of providing insurance coverage, forms a solid and secure basis for the Group's 22 million-plus customers.

## FOCUS ON CENTRAL AND EASTERN EUROPE

Vienna Insurance Group places an emphasis on Central and Eastern Europe as its home market and pursues a long-term strategy in the markets where it is represented. The Group generates more than half of its total business volume in CEE and still sees scope for considerable growth in this region. The economic growth in CEE was on average twice as high as in Western Europe and the insurance density is still far below the EU average.

## LOCAL MARKET PRESENCE

For Vienna Insurance Group, protecting customers financially against risk is a responsibility. The Group pursues a local multi-brand strategy based on established local brands as well as local management. Ultimately, the Group's success and closeness to its customers is down to the strengths of each individual brand and local know-how.

## STRONG FINANCES AND CREDIT RATING

Vienna Insurance Group has an A+ rating with stable outlook from the well-known rating agency Standard & Poor's. The Vienna Insurance Group is listed in both Vienna and Prague. Wiener Städtische Versicherungsverein – a stable core shareholder with a long-term focus – owns around 70% of VIG's shares. The remaining shares are in free float.



# CHANGES IN APPLICABLE LAWS AND REGULATIONS MATERIAL AMENDMENTS MADE IN LAWS IN 2021

• **Circular on Implementation of Additional Article 6 of the Insurance Law no. 5684 (2021/1), and Circular (2021/11) Revising the Circular on Implementation of Additional Article 6 of the Insurance Law no. 5684 (2021/1)** By the Circular on Implementation of Additional Article 6 of the Insurance Law no. 5684 (2021/1) published by the Insurance and Private Pension Regulation and Supervision Agency on 12 February 2021, and the Circular (2021/11) Revising the Circular on Implementation of Additional Article 6 of the Insurance Law no. 5684 (2021/1) published on 27 July 2021, material amendments are made in the damages processes of insurance companies. The Damages Directorate of our Company has taken the necessary actions for adaptation to said amendments.

• **Regulation on Business Activities Considered as Insurance Activities and on Distance Contracts of Insurance** The Regulation on Business Activities Considered as Insurance Activities and on Distance Contracts of Insurance issued and published by the Insurance and Private Pension Regulation and Supervision Agency has been promulgated in the Official Gazette edition 31513 on 16 June 2021 with immediate effect. This Regulation determines the limits of insurance activities and of business activities not considered as insurance activities, and sets down the procedures and principles regarding insurance contracts enacted in favour of consumer, and insurance contracts entered into by non-face-to-face parties, and insurance covers provided in connection with sales of goods and services. After this Regulation, the Insurance and Private Pension Regulation and Supervision Agency has published its Circular on Business Activities Considered as Insurance Activities and on Distance Contracts of Insurance (2021/14) on 31 August 2021. Our Company has started to take actions for adaptation to both the related Regulation and the Circular associated therewith.

• **Regulation on Internal Systems in Insurance and Private Pension Sectors** The Regulation on Internal Systems in Insurance and Private Pension Sectors issued and published by the Insurance and Private Pension Regulation and Supervision Agency has been promulgated in the Official Gazette edition 31670 on 25 November 2021 with immediate effect. The published regulation contains important changes in terms of the internal systems of insurance companies. Accordingly, our Company has started to take actions for adaptation of itself to this new regulation.

• **General Conditions Amending the General Conditions of Highways Motor Vehicles Compulsory Financial Liability Insurance** The General Conditions Amending the General Conditions of Highways Motor Vehicles Compulsory Financial Liability Insurance issued and published by the Insurance and Private Pension Regulation and Supervision Agency has been promulgated in the Official Gazette edition 31513 on 16 June 2021 with immediate effect. By this document of General Conditions, material amendments have been made in damages processes of the General Conditions of Highways Motor Vehicles Compulsory Financial Liability Insurance. Accordingly, our Company's Damages Directorate has started to take actions for adaptation of itself to the amendments.

• **Special Risks Management Centre Operational Procedures and Principles Regulation** The Special Risks Management Centre Operational Procedures and Principles Regulation issued and published by the Insurance and Private Pension Regulation and Supervision Agency has been promulgated in the Official Gazette edition 31641 on 27 October 2021 with immediate effect. This Regulation sets down the operational procedures and principles of the Special Risks Management Centre founded to provide insurance cover for risks for which insurance or reinsurance cover cannot be procured from domestic or international markets or can be procured scarcely with difficulty, and for specific risks such as nuclear risks, and for risks required to be covered for public interests, and to found or coordinate the foundation of insurance or reinsurance pools, and to ensure cooperation between insurance and reinsurance companies, and to manage the pool, organisation or cooperation mechanisms built as above.

# HUMAN RESOURCES ACTIVITIES

Value given by us to our employees and value added by our employees to our Company are always in a cycle supporting and strengthening each other. Our objective is to ensure the effective planning, management and continuous development and improvement of human resources potential in this cycle, and to extract this existing potential, and to lead the potential of our employees in line with our objectives.

As a Company entitled to be named as a "Great Place to Work Certified" company on 18.11.2019 as a result of the "confidence index" measuring the confidence the employees have in the Company and the "workplace culture analysis" participated in by us for the first time with our human resources practices, which were organized by Great Place to Work Institute carrying out researches for more than 30 years on establishing corporate culture and the best workplaces all over the world, we were selected one of the best employers in "Turkey's Best Employers" survey organized by the institute for the eighth time in 2019. Thanks to this success, we received the title of "Best Employer of Turkey" as of 21.04.2021 in a survey we took part.

Due to the pandemic, we had to discontinue the "Breakfast with CEO" activities started to be organized in 2017 bringing our new workmates together with our Chief Executive Officer in quarterly periods, and expanded to include all our employees since 2019. Town Hall meetings have started to be organized since 2021 for keeping communication between our General Manager and employees alive at all times. Town Hall meetings the first being held on March 18, 2021, the second on July 13, 2021, and the third on December 7, 2021 will continue to be held at the end of each quarter of 2022.

We, as Ray Sigorta, experience the pride of being a Company performing the flexible fringe benefits practices in the most comprehensive and employee-oriented way in our sector. Our employees have the right to choose their fringe benefits themselves and shape them towards their personal needs for one year within the scope of an application unique in insurance sector and called "Allray't" started in 2019. This program continued by addition of a range of new fringe benefits put at the disposal of our employees in 2021.

Since it has become compulsory to work from home as a result of the pandemic coming into our lives in 2020, we, as Ray Sigorta, have also started to work Home Office since March 20, 2020, by adapting all our processes and taking due precautions. Since that date, we have ensured the Company's continuity working in the office with a minimum of time and personnel in line with the needs. This new working model is continued also in 2021. Furthermore, all our employees started to be paid net 500 TL of pandemic allowance as from March 2021 for the needs increasing at home as a result of this new working model. The first allowance payment was made in March 2021, including the allowance payments for January and February 2021 as well.

Our key priority in all our precautions and actions taken as above was to support our employees. Accordingly, we allowed all our employees to work from anywhere in Turkey they wish between June 1, 2021, and August 31, 2021, within a flexible working model called "Wherever you go, Ray'll come too."

Within the scope of this flexible working model, we supplied wireless modems to our employees working all around Turkey so as to avoid any probable internet problems. Our employees will continue to use these devices to prevent possible internet connectivity problems as long as they work from home.

We routinely met our employees with the participation of our OHS Expert and Workplace Doctor to convey them the most accurate information, and also included this information in our weekly HR emails shared with all our employees.

Recruitment Processes started to be carried out completely online in the second half of 2020 are continued online in 2021 as well.

We, as Ray Sigorta Human Resources Department, have been managing an objectivity and competency-based selection and placement process designed for placing right person in a right position in line with our vision, mission, and objectives, within the frame of our basic values. Accordingly, we have been organizing trainings of orientation and improvement to enable the employees to adapt themselves to our corporate structure and to build the required professional infrastructure for them after completion of their selection and placement process.

Our “Performance Management” process enabling our employees to work focusing on the same objectives in parallel with corporate objectives respectively includes the stages of targeting, monitoring, assessment, and feedback. With the help of this process, we aim to assess our employees objectively and ensure the effective and accurate implementation of system’s results such as promotion, wage, improvement, and career planning.

While implementing aforementioned processes,

- To raise customer-oriented leaders who can potently and sensitively plan the today and future of our Company within the frame of our vision and basic values,
- To behave towards our employees following the principle of equal opportunity eliminating the discrimination of language, religion, race, gender, ethnicity, and nationality,
- To create an environment safe, transparent, participatory and flexible, and enabling the continuous improvement of our employees,
- To protect the rights and social security of our employees and the balance between business and private life of our employees,
- To improve productivity by making a proper career planning for our employees within an objective performance assessment system.
- To enable our employees to improve themselves with in-house and external trainings in line with our vision and basic values,

represent the foundations of our Human Resources policy.

#### Personnel Training

Leadership 3.0 training program involving our 19 executives started in July 2021 with 360 Degrees Performance Reviews. The project will finish up in June 2022 upon 360 Degrees Performance Review which will be repeated after development studies and project feedback.

Carried out in target groups of 5 personnel each, the Employee Satisfaction Survey, volunteered by 30 employees from different levels of department and position, was performed in June 2021.

Stress Management, Relationship Management, and Problem Solving trainings chosen by our employees based on their needs and requests started in July 2021, and 10 sessions have so far been completed. Trainings will continue in 2022 with the remaining 7 sessions.

Our two employees attending the TSEV (Turkish Insurance Institute) 38. Period Basic Insurance Training Program have successfully graduated. Our one employee is still continuing the 39. Period Program.

These trainings both contributed to personal and career development of our employees and created an opportunity to enhance the interaction among employees during home office process. At least one member of Human Resources team attended to all trainings. This way we tried to create a more comfortable environment for our employees to spontaneously meet the needs of them that may arise during the trainings.

Human Resources Department is informed by VIG (Vienna Insurance Group) every year about the “mobility” programs. Detailed information of these programs is shared with all employees by Human Resources with an announcement. Duration of each program can vary between minimum 2 days and maximum 3 months according to the type of program. Programs are held in Vienna where the VIG is located or in the affiliates of VIG in other countries.

NUMBER OF EMPLOYEES AS OF 31.12.2021	
Locations	Number of Employees
Headquarters	223
Istanbul Anatolian Side Regional Directorate	13
Istanbul European Side Regional Directorate	7
Ankara (Central Anatolia) Regional Directorate	27
İzmir (Aegean) Regional Directorate	12
Antalya (Mediterranean) Regional Directorate	5
Adana (Southeastern Anatolia) Regional Directorate	7
Bursa (Marmara) Regional Directorate	6
Malatya (East Anatolia) Regional Directorate	3
<b>Total</b>	<b>303</b>





# BOARD OF DIRECTORS



## Dr. Peter Thirring

**Position**  
Chairman of the Board of Directors  
Member of the Corporate Governance Committee

**Education**  
PhD / Law

**Date of Appointment**  
07.08.2018

**Professional Experience**  
He has held various offices and managers in different insurance firms for 21 years. He has been serving as the Member of the Managing Board of Vienna Insurance Group AG since July 2018. Mr. Thirring continues to serves as the Chairman of the the Board of Directors of Ray Sigorta.



## Dr. İsmail Hakkı Ergener

**Position**  
Member of the Board of Directors

**Education**  
PhD / Economics

**Date of Appointment**  
18.09.2012  
Re-elected 07.08.2018

**Professional Experience**  
He has worked as CEO, General Manager and Executive in various banks for 38 years. He is currently working as the CEO of Eurocity Bank. He served as an Independent Board Member of Ray Sigorta between 2012-2018. Mr. Ergener continues to serve as a Member of the Board of Directors of Ray Sigorta.



## Dr. Martin Simhandl

**Position**  
Deputy Chairman of the Board of Directors and Member of the Early Identification of Risk Committee

**Education**  
PhD / Law

**Date of Appointment**  
12.04.2011

**Professional Experience**  
He has held various offices within the organization of Vienna Insurance Group AG since 1985. He served as a Member of the Executive Board at Vienna Insurance Group for 14 years and served as the Chairman of the Board of Directors of Ray Sigorta between 2014 and 2018. Mr. Simhandl continues to serve as the Vice Chairman of the Board of Directors of Ray Sigorta.



## Dr. Josef Aigner

**Position**  
Member of the Board of Directors

**Education**  
PhD / Chemistry

**Date of Appointment**  
29.03.2013

**Professional Experience**  
He has been working in the insurance industry since 1995. He is currently Senior Manager of Corporate Affairs at Vienna Insurance Group AG. Mr. Aigner continues to serve as a Member of the Board of Directors of Ray Sigorta.



## Gerhard Lahner

**Position**  
Member of the Board of Directors

**Education**  
Master Degree / Social Sciences

**Date of Appointment**  
20.05.2020

**Professional Experience**  
He has been serving as a member of Board of Directors at various group companies of Vienna Insurance Group AG since 2002 and many other group companies. He has been a member of the VIG Board of Directors since 2020. Mr. Lahner continues to serve as a Member of the Board of Directors of Ray Sigorta.



## Gerald Klemensich

**Position**  
Member of the Board of Directors, Member of the Corporate Governance Committee and Early Identification of Risk Committee

**Education**  
Master Degree / Business Economics

**Date of Appointment**  
11.06.2014

**Professional Experience**  
He held various positions at Vienna Insurance Group AG. since 1995. Currently, he is a member of the Board of Directors in different companies of VIG. He is the Senior Manager of Vienna Insurance Group AG Reinsurance Department. Mr. Klemensich continues to serve as a Member of the Board of Directors of Ray Sigorta.



## Kemal Bozyiğit

### Position

Independent Member, Chairman of the Audit Committee, Corporate Governance Committee and Early Identification of Risk Committee

### Education

Engineer for Metallurgy



## Yılmaz Korap

### Position

Independent Member of the Board of Directors and Member of the Audit Committee

### Education

Master Degree / International Management



## Kemal Uzunaksu

### Position

Independent Member of the Board of Directors and Member of the Audit Committee

### Education

Master Degree / Quality and Management Systems

### Date of Appointment

04.07.2017

### Professional Experience

He has been in professional life since 1990. He is still the General Manager of Voestalpine Eurostahl GmbH, Istanbul. Mr. Bozyiğit continue to serve as an Independent Member of the Board of Directors of Ray Sigorta, the Chairman of the Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee.

### Date of Appointment

07.08.2018

### Professional Experience

Between 1982 and 2005, he has held as product/sales manager and General Manager at various firms in Turkey. He served as a General Manager at Arılı Plastik Sanayi A.Ş. in Istanbul. Due to his death, his term of office ended on 27/04/2021.

### Date of Appointment

27.04.2021

### Professional Experience

He has a bachelor's degree in Mechanical Engineering from Yıldız Technical University and a master's degree in Quality and Management Systems from ITU. He worked as an engineer and site manager in various companies in the private sector. He is a member of the Board of Directors of various companies under the control of the Savings Deposit Insurance Fund. He is a member of the Board of Directors of Koza Gold Mines, Alfemo Furniture, Galipoğlu Agriculture, Animal and Agriculture companies. He was appointed on 27.04.2021 due to the death of Yılmaz Korap. Mr. Uzunaksu serves as an Independent Member of the Board of Directors of Ray Sigorta and a Member of the Audit Committee.



## Koray Erdoğan

### Position

Member of the Board of Directors and General Manager

### Education

Master Degree / Administrative Sciences

### Joined on:

02.05.2011

### Assigned as

### General Manager on:

01.08.2015

### Professional Experience

He started his career in 1997 as an Insurance Auditing Specialist in the Insurance Auditing Board of the Undersecretariat of Treasury. Between 2009 and 2011, he served as the Deputy Chairman of the Supervisory Board. He joined Ray Sigorta in 2011 as CFO. He was appointed as the General Manager in 2015. He worked at member of Board of Directors of VIG Ukrayna: UIG, Kniazha, Globus and Kniazha Life. between 2017 and 2019. Mr. Erdoğan continues to serve as General Manager and Board of Directors Member of Ray Sigorta.

# MANAGEMENT BOARD & MANAGEMENT TEAM



## Koray Erdoğan

### Position

Member of the Board of Directors  
Chairman of Management Board and General Manager

### Education

Master Degree / Administrative Sciences

### Professional Experience

2017 – 2019: UIG, Kniazha, Globus and Kniazha Life (VIG Ukraine), Member of the Board of Directors  
2015 – Present: Ray Sigorta A.Ş. / Member of the Board of Directors / Chairman of Management Board and General Manager  
2011 – 2015: Ray Sigorta A.Ş. / Deputy General Manager Financial and Administrative Affairs  
2010 – Present: Hacettepe University / Lecturer  
2009 – 2011: Insurance Auditing Board of the Undersecretariat of Treasury / Deputy Chairman of the Board  
1997 – 2009: Insurance Auditing Board of the Undersecretariat of Treasury / Insurance Auditing Specialist

### Joined on

02.05.2011

### Date of Appointment

01.08.2015



## Eyüp Kemal Daldal

### Position

Member of the Management Board,  
Underwriting and Reinsurance,  
Deputy General Manager

**Joined on**  
13.10.1993

**Date of Appointment**  
01.08.2015

### Education

Master Degree / Construction Management

### Professional Experience

1993 – Present: Ray Sigorta A.Ş.  
1989 – 1993: Türkiye Halk Bank A.Ş. / Control Chief  
1987 – 1989: Anadolu Endustri Holding / Assistant Worksite Chief



## Derya Öztürk

### Position

Member of the Management Board,  
Financial Affairs  
Assistant General Manager

**Joined on**  
07.01.2012

**Date of Appointment**  
01.01.2018

### Education

Master Degree / Social and Economical Studies

### Professional Experience

2015 – Present: Ray Sigorta A.Ş., CFO  
2012 – 2015: Ray Sigorta A.Ş. General Secretarial  
2008 – 2015: Vienna Insurance Group AG





# INDEPENDENT AUDIT OF OUR COMPANY

The independent audit firm entrusted with the task of independent audit of 2021 financial statements of our Company has been determined in the annual ordinary meeting of our General Assembly of Shareholders held on 29.03.2021. Accordingly:

**Period:**

01.01.2021 – 31.12.2021

**Company Title:**

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

**Trade Reg. No.:**

201465-0

**Address:**

Süleyman Seba Caddesi BJK Plaza No:48 B Blok Kat : 9 34357 Akaretler Beşiktaş  
İstanbul

## RAY SİGORTA INTERNAL AUDIT DEPARTMENT

**Name and Surname:**

Kubilay Bolayır, CIA, CPA, CRMA

**Position:**

Internal Audit Manager

**Date of Recruitment:** 03.05.2005

**Education:**

University / Finance

**Professional Experience:**

2005-Present: Ray Sigorta A.Ş.

2002-2005 : Saving Deposits Insurance Fund,  
Assigned Inspector

2002 : Bayındırbank A.Ş., Inspector

2001-2002 : Etibank A.Ş., Inspector

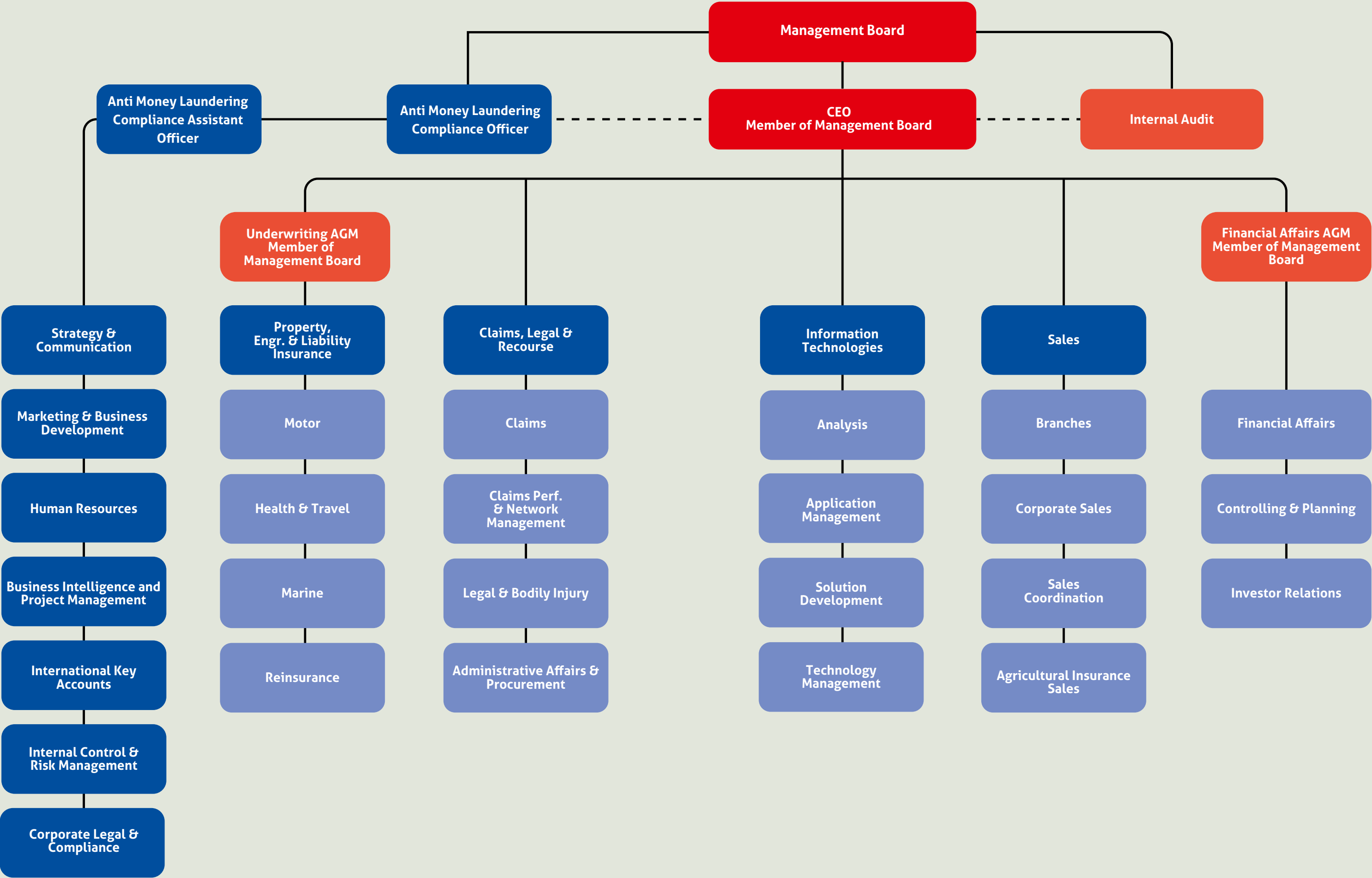
2000-2001 : Etibank A.Ş., Authorized Assistant Inspector

1998-2000 : Etibank A.Ş., Assistant Inspector



# RAY SIGORTA

## ORGANIZATION CHART



# BOARD OF DIRECTORS' REPORT

Our Board of Directors has been structured according to the Corporate Governance Principles published by the Capital Markets Board. Total number of directors is 9, and two of them are independent directors. Our Board of Directors is fully comprised of non-executive directors, except for our General Manager (CEO). All directors will take office until the Annual Ordinary Meeting of the General Assembly of Shareholders to be held in 2023.

According to our Articles of Association, our Company's Board of Directors is under obligation to meet at least 4 times in a calendar year. Accordingly, our Board of Directors has met 4 times also in 2021. All other directors have attended all Board meetings. In urgencies, the required Board decisions may be taken by taking approval of all directors without organizing a meeting based on Article 390 of the Turkish Commercial Code and other legislation. During the report year, all Board decisions have been taken unanimously, and none of the directors has expressed any negative opinion about the subject of any of these decisions.

Aside from the Board of Directors, our Company has an Executive Committee as well. The Executive Committee is comprised of a total of 3 members under chairmanship of the General Manager (CEO). The Board of Directors has already delegated to the Executive Committee all of its powers, save for the non-transferrable and non-delegable powers as cited in the Turkish Commercial Code.

Structure, composition, working principles and 2021 activities of the committees appointed and built in our Company in accordance with the current applicable laws and regulations of the Capital Markets Board for the sake of healthy and efficient performance of the duties and responsibilities of the Board of Directors are as follows:

## 1) Audit Committee:

This Committee is comprised of our two independent directors. The Committee has met four times during this year. The responsibility of this Committee is to supervise and check the efficiency of modus operandi of accounting and financial reporting system, public disclosure of financial information and reports, and modus operandi of independent audit and internal control system. The Committee has met four times during this year and has fulfilled all its duties in accordance with the legislation and the principles stipulated in the Ray Sigorta Articles of Association.

## 2) Corporate Governance Committee:

This Committee is comprised of 4 members under the chair of our independent director. Its job duties are to monitor and check whether the corporate governance principles are complied with in the Company or not, and to detect the probable risks that may arise out of non-compliance with rules, and to make improvement and correction suggestions as to compliance with rules. During the year, the Committee examines and reviews the developments relating to compliance with Corporate Governance Principles of the Company, and presents reports to our Board of Directors about the actions required to be taken. The Committee has met once in the year 2021 and has fulfilled all its duties in accordance with the legislation and the principles stipulated in the Ray Sigorta Articles of Association.

## 3) Early Detection of Risks Committee:

This Committee is comprised of 3 members under chair of the Independent Director. The Committee was convened 6 times in 2021 as written in its internal directive. Its functions are "to proactively detect and identify the risks endangering the existence, development and continuity of the Company, and in case of detection of such risks, to take the required actions and to manage these risks". The Committee collects information about its agenda topics from various organization units of the Company. It presents its meeting results in the form of a report to our Board of Directors. And the comments expressed in its report are carefully examined by our Board of Directors. These comments are further shared with the executive units, and the actions taken in reliance upon such comments are also followed up continuously. Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 22 February 2022.





## INFORMATION ABOUT TRANSACTIONS OF THE COMPANY WITH ITS RISK GROUP

During 2021 activity year, within the frame of pertinent provisions of the Turkish Commercial Code, our Company, and other VIG Group Companies, and the Company's shareholders, affiliates and subsidiaries, and top echelon management are identified and considered as related parties as for the financial statements of the Company.

Pursuant to article 199 of the Turkish Commercial Code, our Company's Board of Directors has given the following statement in the conclusion section of its affiliation report issued about relations of our Company with its controlling company and with affiliates and subsidiaries of its controlling company.

Main transactions with the related companies are in the form of transfer of premiums as a requirement of insurance activities. We have quota-share and surplus reinsurance treaties with the related companies, and voluntary reinsurance transfers are also effected in accordance with the current market conditions. Other than insurance activities, if and when required, consulting and advice services are purchased in information technologies, actuary and reinsurance fields, and these services are purchased over prices or fees determined on arms' length basis.

These transactions are required by activities and operations of our Company, and except for these transactions, there is:

- no debt relationship or no transfer of assets or properties, and
- no legal transactions creating such responsibilities as surety, guarantee or aval, and
- no legal transactions which may result in profit shifting or transfer

between VIG Group companies and the Company's shareholders, affiliates and subsidiaries, or top echelon managers.

As a conclusion, by this report issued pursuant to article 199 of the Turkish Commercial Code, we hereby declare and state that our Company has not incurred any damages or losses due to any transaction with or between VIG Group companies and the Company's shareholders, affiliates and subsidiaries, or top echelon managers in 2021 activity year.

Details of and explanations on the transactions effected by our Company with its risk group during 2021 are given in the footnote 45 among the footnotes of financial statements included in the annual report.

## FINANCIAL RIGHTS AND OTHER BENEFITS PROVIDED TO MEMBERS OF MANAGEMENT BODY, BOARD OF DIRECTORS AND MANAGEMENT BOARD

### FINANCIAL RIGHTS

Total sum of wages, salaries and similar other fees paid to the members of the Board of Directors and the members of Management Board during the accounting period ending as of 31.12.2021 is TL 11.974.785,61.

Relevant section of our financial statement footnotes contains more detailed information thereabout.

### OTHER BENEFITS

Total sum of expenditures made for business-related travels and similar other activities of the members of the Board of Directors and the members of Management Board is TL 115.412,74.



# GENERAL ASSEMBLY MEETINGS

## Ordinary and Extraordinary Meetings of the General Assembly of Shareholders held during the year 2021

### 2020 Fiscal Year Annual Ordinary Meeting of General Assembly of Shareholders

The Ordinary General Assembly Meeting of Ray Sigorta A.Ş. was held at 10:30 on March 29, 2021 Monday at the address of “Cumhuriyet Mahallesi, Haydar Aliyev Cad. No:28 Sarıyer/ İstanbul”, under the supervision of Ms. Hatice Önder, the Ministry Commissioner appointed by a letter of assignment of the Istanbul Provincial Directorate of Ministry of Customs and Trade.

At this meeting, ordinary agenda was discussed according to the provisions of the Turkish Commercial Code and Capital Market Law.

The Annual Report and the Financial Statements’ Report issued for the year 2020 are approved.

It has been resolved that Presiding Board Members are individually released from their liabilities in relation to 2020 activities and accounts.

The proposal of the Board of Directors regarding the net profit of the year 2020, amounting to TL 58.923.677, has been put to the vote following the discussion on the proposal; and it has been unanimously resolved as follows;

a) The amount of TL 2.946.184 shall be transferred to the “ Legal Reserves “as a primary reserve

b) The amount of TL 11.195.499 which represents 20% of the Distributable Net Profit Amount according to Company’s Profit Distribution Policy, will not be distributed to shareholders as a dividend due to the preservation of the existing equity structure of the Company, therefore, the amount of TL 55.977.493 shall be transferred to the “Retained Earnings”.

It has been unanimously resolved that PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş shall be selected as the independent auditor for the audit of 2021 interim and annual financial statements and board of directors report within the frame of the Turkish Commercial Code, the Insurance Legislation, Capital Markets Legislation and other relevant legislation.

It is hereby resolved that Article 4 of the Articles of Association of the Company be amended and revised by addition of the Aid and Donations clause to paragraph (f) thereto.

The shareholders are informed about the “Waging Policy” of our Company.

The General Assembly of Shareholders is informed that the shareholders holding the management under their control, or the Directors, or the top echelon executives, or their spouses and blood relatives or relatives by marriage up to second degree have not been involved in any material transactions which may lead to a conflict of interests with our Company, and have not been engaged in activities within the fields of business of our Company in their own name and account or in the name and account of third parties, and have not entered into another

company dealing with the same types of commercial business activities and operations as and in the capacity of an unlimited liability partner during the year 2020. The General Assembly of Shareholders is also informed that no action or transaction covered by Articles 395 and 396 of the Turkish Commercial Code has been performed during the year 2020.

Remunerations and fees to be paid to the Directors are determined.

An Extraordinary Meeting of the General Assembly of Shareholders is not held during the year 2021.

### AMENDMENTS OF ARTICLES OF ASSOCIATION

It has been decided that Article 4 of the Articles of Association of the Company be amended and revised by addition of the Aid and Donations clause to paragraph (f), dated December 18, 2020. Based on the authorization of the Capital Markets Board of Turkey dated 18.02.2021 and numbered E-29833736-110.03.03-2024, Insurance and Private Pension Regulation and Supervision Agency dated 12.03.2021 and numbered 160352 and according to the Ministry of Trade General Directorate’s authorization letter dated 15.03.2021 and numbered E-50035491-431.02-00062323776, it is determined that the draft of the amended Articles of Association was approved in accordance with the provisions of Article 333 of the Turkish Commercial Code numbered 6102. At the General Assembly held on March 29, 2021, it has been resolved to amend Article 4 of the Company’s Articles of Association by adding the paragraph f.

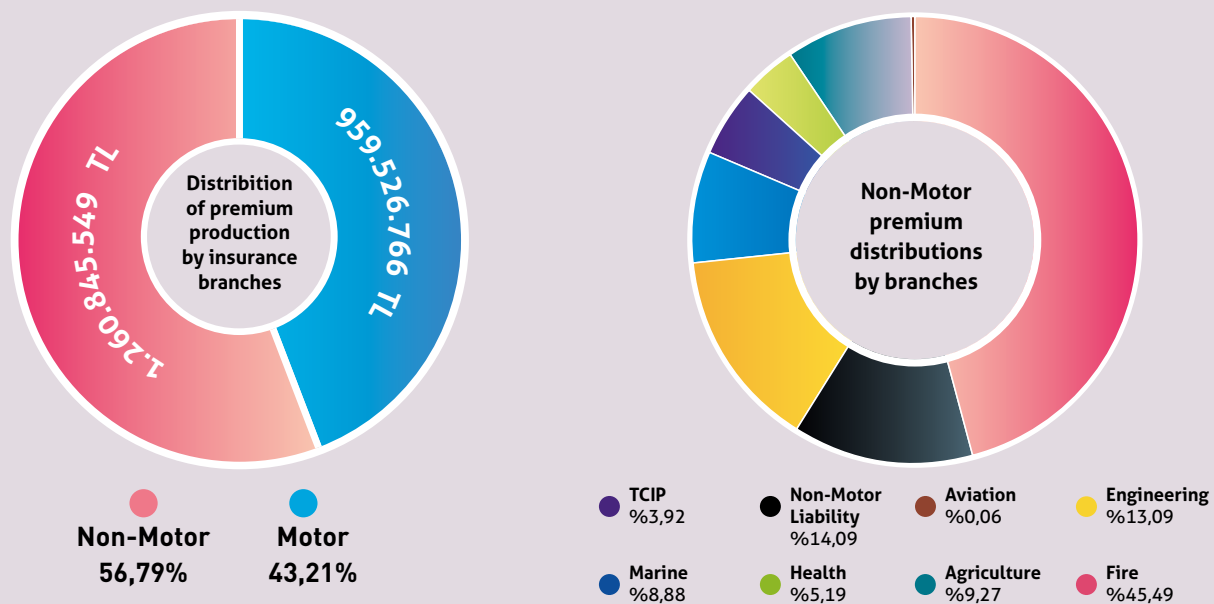
Current version of our Company’s Articles of Association is published in Ray Sigorta A.Ş.’s home page in Public Disclosure Platform and in the Investor Relations section of our internet site.



# TECHNICAL OPERATING RESULTS

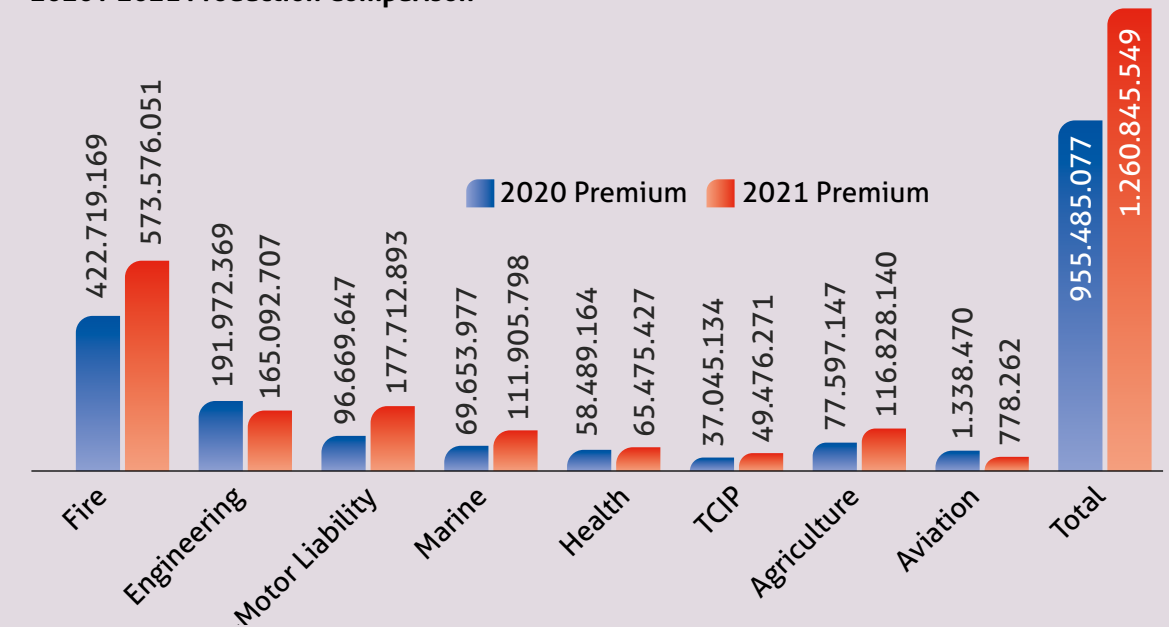
## NON-MOTOR TECHNICAL OPERATING RESULTS

Our Company's total premium production of 12 months in 2021 is equal to TL 2,220.372.315, comprised of TL 1.260.845.549 for Non-automobile section premium production and of TL 959.526.766 for Automobile section premium production.



Branches	2020		2021	
	Premium	Share %	Premium	Share %
Fire	422.719.169	44,24%	573.576.051	45,49%
Engineering	191.972.369	20,09%	165.092.707	13,09%
Non-Motor Liability	96.669.647	10,12%	177.712.893	14,09%
Marine	69.653.977	7,29%	111.905.798	8,88%
Health	58.489.164	6,12%	65.475.427	5,19%
TCIP	37.045.134	3,88%	49.476.271	3,92%
Agriculture	77.597.147	8,12%	116.828.140	9,27%
Aviation	1.338.470	0,14%	778.262	0,06%
Total	955.485.077	100,00%	1.260.845.549	100,00%

## 2020 / 2021 Production Comparison



Branches	2020				2021			
	Premium (GWP)	Technical Profit	Profitability Ratio (%)	Share %	Premium (GWP)	Technical Profit	Profitability Ratio (%)	Share %
Fire	422.719.169	34.162.874	8,08%	44,24%	573.576.051	42.800.914	7,46%	45,49%
Engineering	191.972.369	18.859.280	9,82%	20,09%	165.092.707	-11.214.665	-6,79%	13,09%
Non-Motor Liability	96.669.647	11.945.342	12,36%	10,12%	177.712.893	7.099.065	3,99%	14,09%
Marine	69.653.977	15.946.171	22,89%	7,29%	111.905.798	21.706.308	19,40%	8,88%
Health	58.489.164	-12.472.555	-21,32%	6,12%	65.475.427	2.954.079	4,51%	5,19%
TCIP	37.045.134	815.835	2,20%	3,88%	49.476.271	1.122.579	2,27%	3,92%
Agriculture	77.597.147	6.888.326	8,88%	8,12%	116.828.140	4.999.617	4,28%	9,27%
Aviation	1.338.470	15.883	1,19%	0,14%	778.262	16.330	2,10%	0,06%
Total	955.485.077	76.161.155	7,97%	100,00%	1.260.845.549	69.484.226	5,51%	100,00%

### If examined and checked by branches:

**Fire:** This branch has a share of 45,5% in total non-automobile section premium production, and its profitability rate is 7,5%. This branch ranked 9th in premium production with a growth of 36,53% in 2021.

**Engineering:** This branch has a share of 13% in total non-automobile section premium production.

**Other accident:** This branch has a share of 14% in total non-automobile section premium production, with a premium increase of 82% over the year 2020. Furthermore, its profitability rate has risen 4%.

**Marine:** This branch has a share of 19% in total non-automobile section premium production, and its profitability rate is 9%.

**Health:** This branch has a share of 5% in total non-automobile section premium production, and its premium has increased by 12% compared to 2020. Profitability rate, which was negative last year, was +5 in 2021.



## MOTOR TECHNICAL OPERATING RESULTS

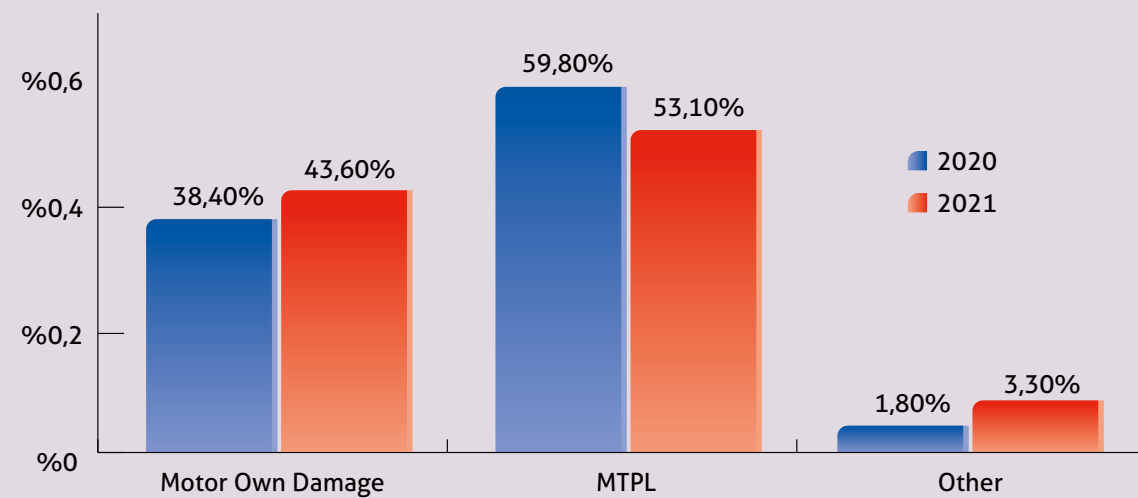
The Company's premium production in motor branch has increased by 29% to TL 959.526.766 in the year 2021.

Although the technical profit of TL 26.386.264 was achieved in auto insurances last year, a loss of TL 38.576.298 was realized in 2021. The following table indicates the distribution and rates of change of our premium production and technical profit/loss amounts for the year 2021 by branches in comparison to the previous year.

Branches	2020			2021			Change of Premium	Change of Technical Profit/Loss
	Gross Written Premium	Technical Profit/Loss	Share in Premium	Gross Written Premium	Technical Profit/Loss	Share in Premium		
Casco	285.579.348	39.493.083	38,39%	418.046.736	-19.565.447	43,57%	46,39%	-149,54%
MTPL	445.185.340	-14.231.620	59,84%	509.362.295	-18.935.936	53,08%	14,42%	33,06%
Motor Facultative TPL	10.250.163	-528.354	1,38%	27.815.554	-2.340.626	2,90%	171,37%	343,00%
Legal Protection	2.845.977	1.690.068	0,38%	3.929.923	2.172.404	0,41%	38,09%	28,54%
Compulsory Personel Accident For Buses	93.283	-36.913	0,01%	372.258	93.307	0,04%	299,06%	-352,78%
<b>Total</b>	<b>743.954.111</b>	<b>26.386.264</b>	<b>100,00%</b>	<b>959.526.766</b>	<b>-38.576.298</b>	<b>100,00%</b>	<b>28,98%</b>	<b>-246,20%</b>

Total share of casco and traffic branches in motor branch was 96,7%, and the 2021 premium production has been recorded as TL 418.046.736 by an increase of 46,4% in casco, and as TL 509.362.295 by an increase of 14,4% in traffic insurances.

### Share in Premium 2020 / 2021



\* Other: Motor Facultative TPL, Compulsory Personel Accident For Buses, Legal Protection

## SECTORAL ASSESSMENT

Sector comparison is made by using 2021 end-of-September data which are the most current data, as the sector financial results have not yet been published as of the date of report.

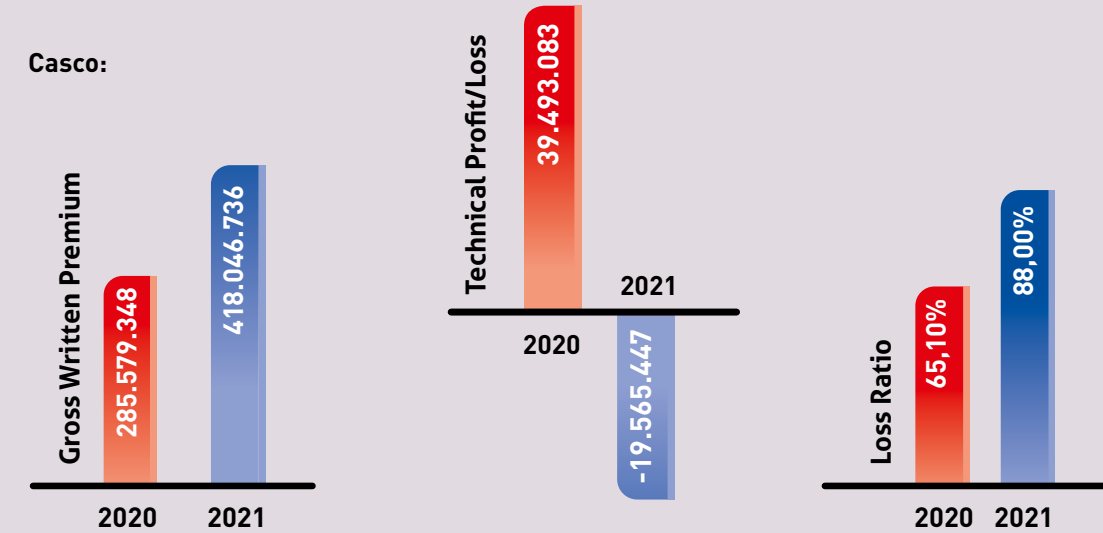
Premium production and technical profit/loss amounts in automobile insurances of insurance firms operating in non-life insurance branches as of the end of September 2021 are shown in the following table in comparison with that of Ray Sigorta.

As of the end of September 2021, our market share was 3,18% in casco branch, and 2,16% in traffic insurance branch.

Branches	Market		Ray Sigorta		Premium Market Share
	Premium	Technical Profit/Loss	Premium	Technical Profit/Loss	
Casco	9.425.566.502	-171.016.229	300.027.364	18.848.792	3,18%
MTPL	15.154.086.932	-1.663.245.546	327.110.178	-26.782.549	2,16%
Motor Facultative TPL	852.632.857	49.198.269	18.054.577	-899.993	2,12%
Legal Protection	198.724.582	126.408.626	3.078.284	1.604.933	1,55%
Comp.Personel Accident For Buses	52.328.636	1.138.774	282.171	57.212	0,54%

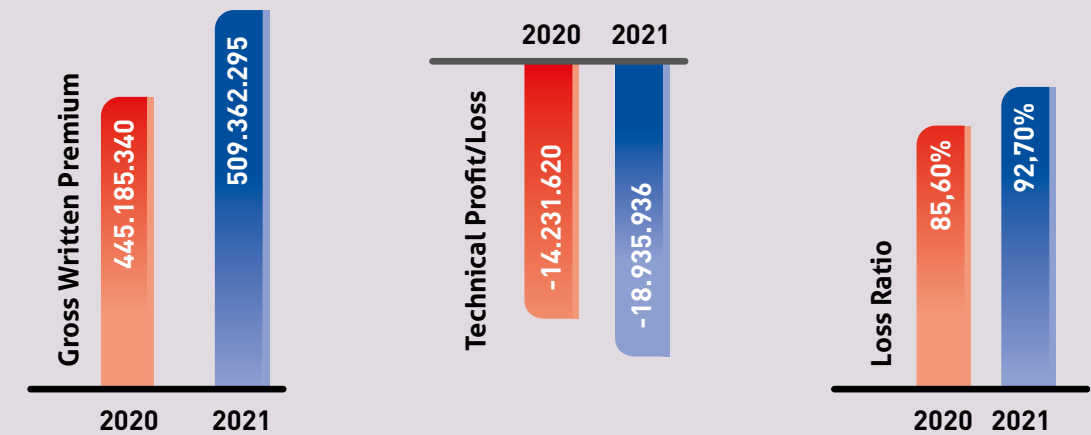
\* Data have been collected from the Financial and Technical Tables of Companies published by the Turkish Insurance Association as of the end of September 2021.

### Casco:



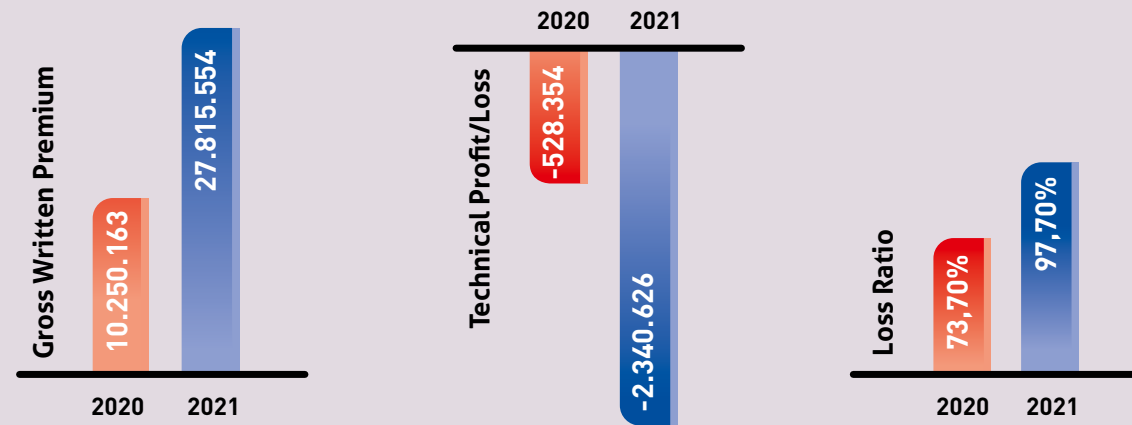
In 2021, in MOD insurance, our premium production was TL 418.046.736 with an increase of 46,4%, and its share is 43,6% in total premiums produced in the motor branch. In this branch, total sum of damages paid is TL 266.980.186 and end-of-period outstanding claims portfolio is TL 85.628.283. In this branch, a technical loss of TL 19.565.447 has been recorded and the loss ratio was 88%.

### MTPL:



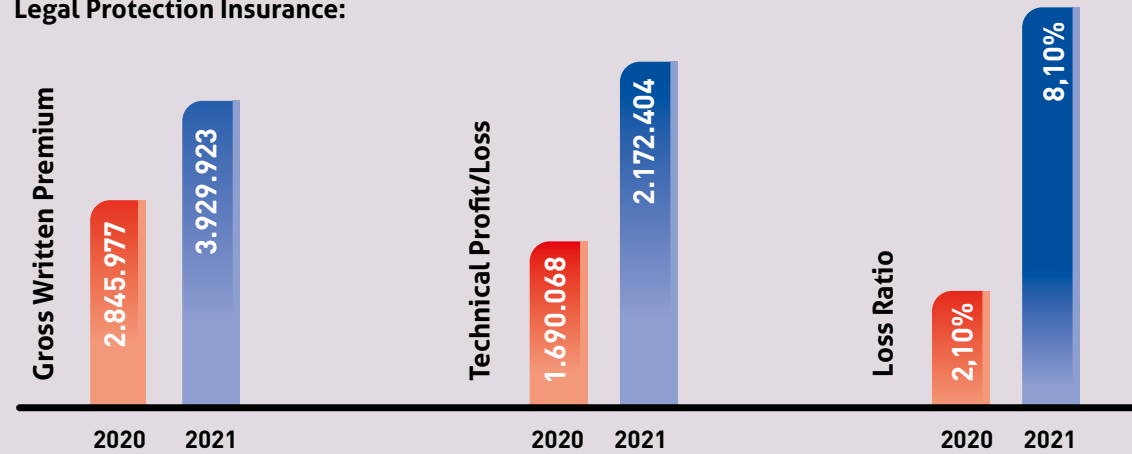
In 2021, in MTPL insurance, our premium production was TL 509.362.295 with an increase of 14,4%, and its share is 53,1% in total premiums produced in the motor branch. In this branch, the total sum of claim is TL 319.537.191 and TL 172.305.144 was paid by our reinsurers. End of period outstanding claims portfolio is TL 487.630.285 and TL 259.619.368 corresponding to our reinsurers. In this branch, a technical loss of TL 18.935.936 has been recorded, and the loss ratio was 92,7%.

#### Motor Facultative TPL:



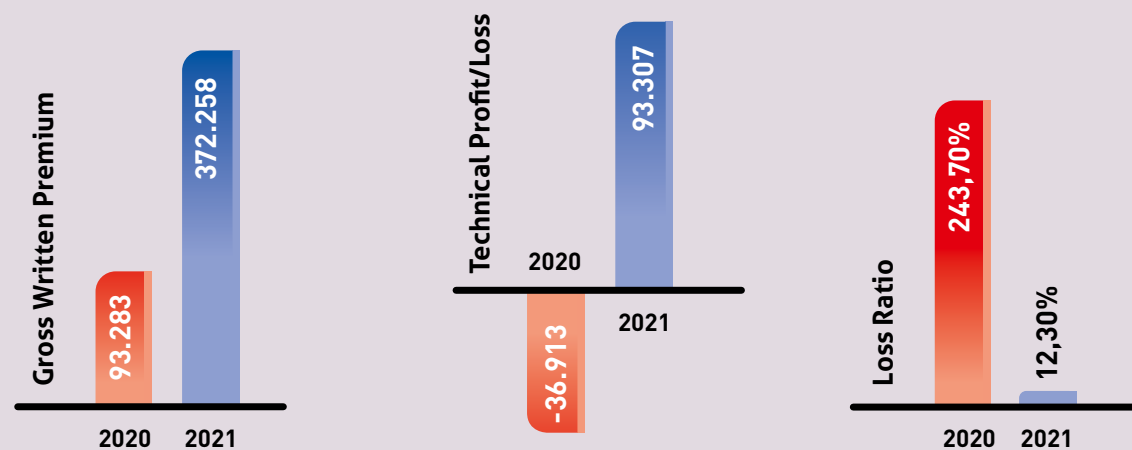
In 2021, in Motor Facultative TPL insurance, our premium production was TL 27.815.554 with an increase of 171.4%, and a technical loss of TL 2.340.626 has been recorded. In this branch, the loss ratio was 97.7%.

#### Legal Protection Insurance:



In 2021, in Legal Protection insurance, our premium production was TL 3.929.923 with an increase of 38.1%, and a technical profit of TL 2.172.404 has been recorded. In this branch, the loss ratio was 8.1%.

#### Compulsory Personal Accident For Buses:



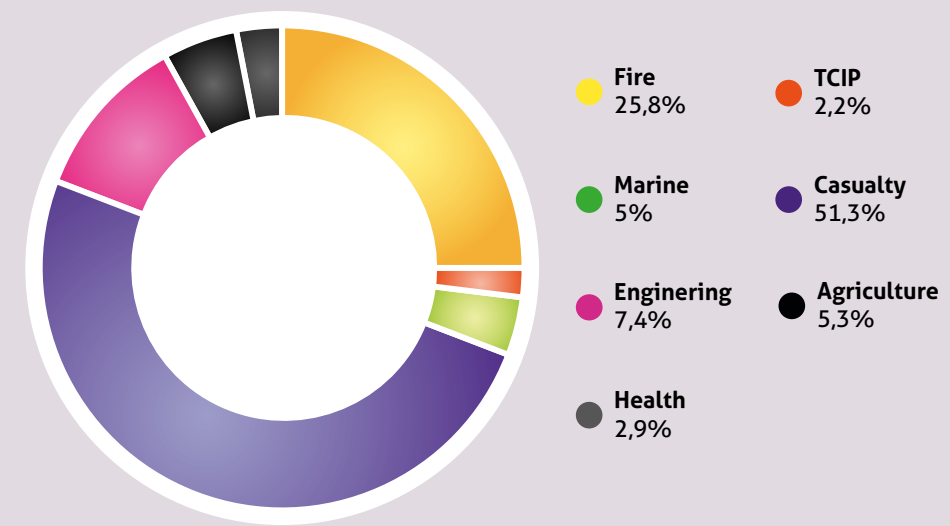
In 2021, in Compulsory Personal Accident For Buses insurance, our premium production was TL 372.258 with a decrease of 299.1%, and a technical profit of TL 93.307 has been recorded. In this branch, the loss ratio was 12.3%.

## RESULTS OF TECHNICAL OPERATIONS

### TECHNICAL RESULTS

#### Premium Production:

The Company's premium production amounted to TL 2.220.372.315 in the year 2021. With this premium production amount, Ray Sigorta is ranked the 12th with a market share of 2,54% among the insurance firms operating in non-life insurance branches.



**Technical profit after operating income and expenses:** Technical profit increased from TL 75.802.601 in the year 2020 to TL 97.958.521 in the year 2021 by an increase rate of 29,20%.

Distribution of our premium production, increase percentages and technical profit amounts by branches are shown in the following table in comparison to the year 2020.

Branches	2020		2021		Change in Premium
	Premium	Technical Profit	Premium	Technical Profit	
Fire	422.719.169	35.938.252	573.576.051	76.215.291	35,69%
TCIP	37.045.134	-1.366.048	49.476.271	-1.608.917	33,56%
Marine	69.653.977	17.593.387	111.905.798	35.389.989	60,66%
Casualty	841.962.227	33.520.472	1.138.017.921	7.977.556	35,16%
Engineering	191.972.369	13.624.943	165.092.707	-15.086.676	-14,00%
Agriculture	77.597.147	10.346.126	116.828.140	16.975.842	50,56%
Health	58.489.164	-33.854.530	65.475.427	-21.904.565	11,94%
<b>Total</b>	<b>1.699.439.187</b>	<b>75.802.601</b>	<b>2.220.372.315</b>	<b>97.958.521</b>	<b>30,65%</b>

### Fire Branch

Premiums of the Company in fire branch have reached TL 573.576.051 by an increase rate of 35,7% over the previous year. In this branch which has paid a total sum of TL 156.431.594 for damages, technical profit amounted to TL 76.215.291 representing 13,3% of premium amount. Out of total outstanding loss amount of TL 366.430.147, a portion of TL 351.277.742 represents the share of our reinsurers. Its share in the total premium production is 25,8%, while its share in technical profit is equal to 77,8%.

### Accident Branch

Premiums of the Company in accident branch have reached TL 1.138.017.921 by an increase rate of 35,2% over the previous year. In this branch which has paid a total sum of TL 624.907.701 for damages, technical profit amounted to TL 7.977.556 representing 0,7% of premium amount. Out of total outstanding loss amount of TL 878.390.043, a portion of TL 491.533.445 represents the share of our reinsurers. The accident branch's share in the total premium production is 51,3%, while its share in technical profit is equal to 8,1%.

### Engineering Branch

Premiums of the Company in engineering branch have been recorded as TL 165.092.707 by a decrease rate of 14,0% as regards the previous year. In this branch which has paid a total sum of TL 107.534.633 for damages, technical loss amounted to TL -15.086.676, representing decrease rate of 9,1%. Out of total outstanding loss amount of TL 111.542.865, a portion of TL 100.266.514 represents the share of our reinsurers. The engineering branch's share in the total premium production is 7,4%, while its share in technical profit is equal to decreasing rate of -15,4%.

### Marine Branch

Premiums of the Company in marine branch have reached TL 111.905.798 by an increase rate of 60,7% over the previous year. In this branch which has paid a total sum of TL 27.012.964 for damages, technical profit amounted to TL 35.389.989 representing 31,6% of total premiums. Out of total outstanding loss amount of TL 89.117.495, a portion of TL 82.229.531 represents the share of our reinsurers. The marine branch's share in the total premium production is 5%, while its share in technical profit is equal to 36,1%.

### Health Branch

Premiums of the Company in health branch have reached TL 65.475.427 by an increase rate of 11,9% over the previous year. In this branch which has paid a total sum of TL 40.506.500 for damages, technical profit amounted to TL -21.904.565 representing a decrease rate of 33,5% of total premiums. Out of total outstanding loss amount of TL 16.997.478, a portion of TL 9.976.536 represents the share of our reinsurers. The health branch's share in the total premium production is 2,9%, while its share in technical profit is equal to -22,4%.

### Agriculture Branch

Premiums of the Company in agriculture branch have reached TL 116.828.140 by an increase rate of 50,6% over the previous year. In this branch, the premium production amount corresponds to 5,3% of total premiums, while its share in technical profit is equal to 17,3%. Technical result after operating income and expenses has resulted in a profit of TL 16.975.842.

### Results of Technical Operations

In the year 2021, Ray Sigorta:

- Has produced a total premium of TL 2.220.372.315, and has transferred a portion of TL 1.297.135.527 thereof to reinsurers. In terms of the premiums underwritten, the growth rate is 30,7%. By also considering various other income and expense items, the technical profit before operating income and expense has been recorded as TL 30.907.931. With the addition of operating income and expenses as well, technical profit result is calculated as TL 97.958.521; and
- Against this premium production, has paid a total commission amount of TL 268.710.123 including the change in deferred paid commissions, and against the premiums transferred to reinsurers, has collected a total commission amount of TL 154.917.759 including the change in deferred collected commissions;
- Has paid a total sum of TL 996.403.560 for damages, and has taken back a portion of TL 467.332.852 thereof as the share of reinsurers, while the outstanding loss reserves equaled to TL 1.465.352.004, wherein the share of reinsurance firms is equal to TL 1.035.536.429; and
- Its investment income has changed from TL 144.429.446 in the year 2020 to TL 408.895.011 in the year 2021, while its investment expenses have reduced from TL 135.697.134 in the year 2020 to TL 370.237.115 in the year 2021. A look at its investment income side reveals that its largest income item is time deposit revenues totaling to TL 266.006.741; and
- As a result of sudden rises in the foreign exchange rates, a financial exchange profit of TL 266.006.741 on the investment income side and a financial exchange loss of TL 156.515.056 on the investment expenses side have been reflected onto our financial statements.



# ACTIVITIES OF STRATEGY AND COMMUNICATION DIRECTORATE

## PRODUCT and BUSINESS DEVELOPMENT

The Directorate carries out activities of effective product management and existing product development by offering our customers the exact products they may need and demand at every stage of their lives, closely following their satisfaction, developing the product range in a way to increase profitability through the received feedback and performed analyzes.

Activities carried out in 2021 within this scope are below.

### Basic Casco

Basic Casco is a narrow-scoped casco insurance product providing coverage against major damages that may occur as a result of unforeseen risks such as natural disasters, fire, theft, and terrorism. Basic Casco offers both ideal and economic solutions for the first step to the casco world. In addition to the Ray Club Services given also in other casco products, it provides vehicle owners a wide range of assistance services such as Full Assistance Service, In-vehicle Antibacterial Disinfection and Ozone Disinfectant Treatment Service, Interior Exterior Wash Service, Tire Saving and Changing Services, Periodical Maintenance Workmanship Service, Vehicle Check-Up Service, Visual Test Service, Car-Wash Discount Service, and Advanced Driving Techniques Training Discount Service.

### IMM Tamam

İMM Tamam is an insurance product covering traffic insurance and offering an economical price with the options of high limits of cover. The high cost of material and moral obligations that may arise as a result of potential damages the vehicle owners may cause to third parties can be included in İMM TAMAM covering traffic insurance. The product appertaining to Private-Car driving style can be provided for the vehicle owners having Traffic Insurance but not casco insurance or having casco insurance and wishing to broaden İMM cover.

### State-Sponsored Credit Insurance

This is an insurance product covering the risk of nonpayment of debts that may arise from future sales made by companies and not covered otherwise. It is offered to Micro, Small and Medium-sized companies established at least two years ago, without any outstanding tax and social security debts, meeting the criteria of Central risk assessment, being a taxpayer except small business taxation, and having a turnover from domestic sales in the previous financial year of less than 125 million Turkish Lira (included).

### BOB Traffic

Baby on Board Traffic Insurance is an insurance product providing the advantage of an extra discount up to 15% for private car driving style vehicles of drivers with children aged 0-6. We continue to develop the product range with which we offer an advantage of discount to parents by adding our new product Baby on Board Traffic in 2021 to the Baby on Board Casco family released in 2019.

### FerdiRay Plus

Personal accident insurance is an insurance product protecting policyholders against permanent disability or death that may occur as a result of accidents which may be encountered every day in their lives. On the other hand, FerdiRay, apart from its death and disability covers, assures policyholders with additional assistance services by protecting them from damages and

losses they may cause to third parties as well. In addition to all of the above covers, FerdiRay Plus released in 2021 also protects the policyholders in legal disputes and provides services such as Dental Health Service, Vehicle Sterilization with Ozone Treatment Service, Small Repair for Home Service, and Chauffeur Valet Service in addition to existing assistance services. Moreover, FerdiRay Plus provides services in multiple fields with only one product not only against the risks of accidents but also against the risks of damages to personal health, house and car.

## INTERNAL COMMUNICATION DEPARTMENT

We continued working from home even in 2021 with our employee-focused Company approach. We include our motto “Happily Working Team Wins in All Circumstances” in our annual plan in accordance with pandemic circumstances.

With due regard “Best Employer” award from Great Place To Work in the “Category of 250-500 Employees” in 2020, we place the aim of continuity and sustainability of this satisfaction on all our processes.

### Sustainable Communication in All Circumstances

#### Ray in Corona Days

We have kept the connection with our employees alive by communicating through different channels since we started to work from home as of March 2020 pursuant to the new order. We organized special games, surveys, competitions, activities, live broadcasts and shared posts on “Corona Günlerinde Ray” Instagram account specially developed for our employees in 2021, as in 2020.

### Wherever We Look, There is Motivation

Within the new order, we continued to actively use screen savers superseding what we had shared with our employees regularly and effectively on our in-office screens.

This practice generally included many different topics like motivation, environmental consciousness, special occasions and whatever may draw the attention of our employees.



### Wh-Questions in Ray Sigorta

Moderated by our General Manager Koray Erdoğan, we came together with different guests through live broadcasts in Ray Bahçe. We listened to the unknown characteristics of our guests and the most unforgettable memories in our Company on these live broadcasts attended by all our employees via Zoom. We met in General Directorate Ray Bahçe by keeping our social distance outside with limited number of participants determined by online drawing and from the relevant departments affiliated to our special guests for this event, and so we fulfilled our longing a bit.



## RAY TOWNHALL

At the end of each quarter of year in 2021, under the leadership of our General Manager Koray Erdoğan, we met in live broadcasts specially developed for our employees and about the assessment and objectives of quarter and briefing on Company. Some surprise guests who would hold up and be good for the motivation of employees accompanied us on these broadcasts.



## 63 YEARS...

Our traditional "Ray Sigorta Anniversary Entertainment" is organized making the most of the online platforms this year with the participation of our employees.

We had great times at our 63. Anniversary celebrations lasting for one week. Everyone participated in workshops attracting their attention from online activities between 16 and 20 August. Activities varied from personal development and hobby workshops to play options. The other activity becoming a tradition and performed at the end of each day was drawing. We gave presents to 63 employees for 63. year of our Company. We organized a DJ party for the employees of Ray Sigorta to end the anniversary celebrations on Friday by serving small packages of snacks.



## SURPRISE BOXES AND A NEW LEASE OF LIFE

### A Box of Happiness

We continued to send gift boxes to homes of our employees. By taking into consideration of their periodic needs, we came knocking their doors at unexpected times with the special gift boxes making them happy despite our busy schedule.

### Bulletin for Each Quarter

To keep our employees informed about every single detail about our Company and make them feel every kind of improvement and change is one of the most important factors of success. We shared bulletin prepared with the theme "What is Happening in Ray Sigorta?" at the end of each quarter of year about what is happening in our Regions, Departments and Company. We informed our employees about each issue and process.

### Always Moving Forward

Our most special tradition is the new year packages prepared for our employees before every new year's day. We delivered by hand the new year packages comprised of special things for their entertainment, dinner table and memories.

### Continuous Unwavering Support

### Social Aid Projects

We continued our social aid projects with both physical and online supports that we value individual participation in 2021 as well.

We continued to give support to Darüşşafaka Society for years as a Company caring about equality of opportunity in education.

We crowned the support given to education with "Top Fundraiser Corporation" by running 15 kilometer category and determining our racetrack by ourselves with our Virtual Run team in 43rd Istanbul Marathon taking place this year!

Ray Sigorta running team became the 'Top Fundraiser Corporation' in campaign named 'If it is a Matter of Education, we Race to Help' and organized by Darüşşafaka and became the 'Second Most Fundraiser Corporate' in all donation campaigns organized all over Turkey.

We could touch the education life of over 80 students thanks to the success achieved in this campaign.

We ranked 1st in 2019 by collecting the highest amount of donation and 3rd Company collecting the highest amount of donation among the campaigns organized to collect donation for non-governmental organizations. With the help of this support we have ensured the continuity of education life of 147 students.

# BUSINESS INTELLIGENCE AND PROJECT MANAGEMENT DIRECTORATE ACTIVITIES

2020 was a year of change of existing needs and demands due to health problems in the world and in our country, while 2021 was a year we determined the health as our highest priority and we adapted ourselves to crisis and focused on digitalization.

Our Directorate adopts a management approach capable of using its resources effectively, adopting the digital transformation philosophy, making use of all of its independent units within a holistic system, and incorporating all of its stakeholders in the system.

Our Department, initially founded as a 2-member team in January 2018 in our Company, is as of today continuing its business activities as an 8-member team under the name of Business Intelligence and Project Management Directorate.

Due to the intensity of activities performed on the side of Business Intelligence and of projects realized on the side of Project Management, we are growing and developing in a fast pace with addition of new friends to our team.

Activities carried out in our Company in 2021 in terms of Business Intelligence and Project Management functions are summarized below.

## Activities performed by Business Intelligence Department in 2021

Projects completed in the year 2021 are described below:

### Production Model

Users are enabled to create ad-hoc reports with production, cover, proposal, renewal and commission data in drag-and-drop logic.

### Damages Model

Users are enabled to create ad-hoc reports with file, victim, payment and outstanding claims data in drag-and-drop logic.

### Mixed Model

Users are enabled to create ad-hoc reports with production, damages and TKZ data in drag-and-drop logic.

### Proposal Deduplication Rule Motor

Proposal data are ensured to be deduplicated and singularized by grouping and marking the proposals and policies of casco product under the same product, chassis and identity numbers. This calculation is not included in other reporting platforms, and has first been implemented and started to be used in RIO.

### Renewed Policy Determination System

In automobile insurance products, in the course of new business/renewal controls, a rule motor is built, and renewal rates are calculated, by applying the rule of a period of less than 60 days between ending date of a policy and starting date of the next one, taking into consideration the cancellation of policies, and whether they are with the same identity number and in the same

chassis or not. This calculation is not included in other reporting platforms, and has first been implemented and started to be used in RIO.

### Insurance Policy Cover Calculation Module

Sum insured is calculated on the basis of Product, Technical Sub-branch and Treasury Sub-branch. According to information received from business units as to which groups affect the sum insured on the basis of covers and branches identified for the product, the sums insured are recalculated in accordance with the relevant multipliers, and are thus reflected into the reports. By doing so, duplicate cover sums are prevented to emerge.

### Activity Follow-up System

Sales channel is ensured to be managed via a single menu to be positioned on RayeXpress through systematic control mechanisms and smart rule sets.

### RayZone KPI Dashboard

Financial and system TKZ and H/P ratios are ensured to be followed up via a single screen on the basis of products and regions.

### Customer Report Card Dashboard

A dashboard through which the customer's production, damages and general information can be reached by entering the customer's T.R. Identity Number or Tax Identity Number is prepared. Also designed is a single screen through which natural person and legal entity customers can be inquired, and decisions can be taken about customer.

### Agency Summary Report Card Dashboard

A dashboard through which production, damages and general information of sales channel can be reached by entering the agency number is prepared.

### Salesperson Premium System Follow-up Module

A system is established to calculate and follow up the premiums paid to sales representatives in quarterly periods. Regular support is given to the business unit in terms of monthly operations and detailed controls.

### SAP Financial Dashboard

Profit & Loss, Detailed Profit & Loss, Monthly, Cumulative, Balance Sheet & Income Statement reports issued by the Financial Affairs Department are ensured to be followed up via RIO.

### RIO Sales Report Card Platform

It is intended to display on a single screen all production, target, damages and TKZ data on the basis of Regions, Agencies and Sales Representatives. Renewal, proposal, casco opportunity lists and Success Grade System, Activity Follow-up System, Campaigns, Damages Notices and Committee Decisions data may be accessed via the related platform.

### Casco Transfer – Won and Lost Works Follow-up Sistemi

It is intended to display from which insurance companies the works are won, and to which insurance companies the works are lost, in casco products.

### Traffic Alarm System

A rule motor is built, and deviations in production are allowed to be examined, according to a risk schedule prepared by the department in traffic branch.

### Agency Campaign Module

It contains the changes made in the ongoing earnings model campaign. KPIs requested by business units for agencies are determined through special inquiries, and it is shown whether they have earned in campaigns or not, and these results are sent by mail to all regions, and reported via RIO, and displayed on rayeXpress.



### Protocol Follow-up System

In accordance with the analysis prepared by using details of protocols signed with agencies in 2021, it is made possible to calculate protocol results separately for each agency and to get them dynamically from RIO. Thus, departments may instantly see and display the current status of protocols.

### Financial Statements Digital Infrastructure Transformation Project (SGS)

Through review of data dictionaries, whether any change is made in data codes or not is controlled, and templates are prepared for delivery to business units, and the related templates are sent to business units, and data received from business units are transferred to SBM, and data transferred as such are controlled under this project.

Activities scheduled to be completed within 2022 are as detailed below:

#### IFRS17 Model

Activities are continued for meeting the demands received from business units, and for creation of an IFRS model, as a result of analyses made by VIG.

#### Customer Segmentation System

By means of rule motors of customer architecture infrastructure built in the year 2021, proposals will be submitted to our Company's employees, and through integrations with our production and process systems, these proposals will be accessible in a proactive structure.

#### RIO-Qlikview Module

It covers the carriage to Rio of the Qlikview reporting platform used in our Company. Thus, maintenance costs will be reduced, and a user friendly structure will be accessible.

### Damages Development Follow-up System

It is a system used for monitoring of development in metrics of damages. Portfolio profitability analyses and damages tail development factors will be analyzable quickly.

### Activities performed by Project Management Department in 2021

Projects completed in the year 2021 are described below:

#### Agency Security Deposits System Automation Project:

It is aimed to ensure integration between Sales Coordination, Financial Affairs and Collection teams through automatic transfer to the Financial Affairs and Collection records of the agency security deposits entered into the system by the Sales Coordination.

#### Positional Risk Management Project Phase - 2 :

In fire insurance branch, it is intended to determine through a geographical modelling project the locations that may be damaged in natural disasters, and to conduct risk analyses, and to create a positional risk analysis module for follow-up of cumulative/catastrophic risks and for formulation of effective authorization rules thereinfor.

#### KPS Service Security Applications Compliance Project Phase – 1 :

It is aimed to apply a Two-Factor Verification, to take signatures of existing users via electronic media, to add an information security article into Web service, and to add a new article into Agency contract.

#### Freight Insurance 201 Product Quick Screen Definition Project:

It is aimed to carry the insurance product coded Freight Insurance 201 onto Ray eXpress Quick Proposal screen.

#### Freight Insurance 217 Product Quick Proposal Screen Definition Project:

It is aimed to carry the insurance product coded Freight Insurance 217 onto Ray eXpress Quick Proposal screen.

### Freight Insurance Certificate Printing Project:

It is aimed to enable the policyholder to take via screens the certificate issued after production of 217-Block Commodity Certificate Policy associated with 215- Freight Insurance Block product being managed by the business unit at present.

### Carriage of Rayportal into Ray eXpress

With a view to terminating the dependence on external sources in Ray Portal, it is aimed to carry the functions in that platform into Ray eXpress.

### Robotic Process Automation Phase 2:

It is aimed to automatize the routine operational processes conducted manually at present, by incorporating the transitory demands of insurance companies into the robotic process automation.

### Sales Management System - Phase 1:

This phase covers the activities aimed at follow-up in accordance with the corporate strategy of both the sales channel visits of sales representatives and the screens containing information needed by sales representatives in the process of management of sales channels. Within Phase 1, RIO Sales Analysis and Activity Follow-up System is prioritized.

### SBM Common Data Model Project:

For certain predetermined products, it is aimed to ensure that production and damages data are transferred to SBM, and then, the products are transferred to SBM in predetermined data design.

Upon carriage into OVM of the retroactive policy/endorsement and damages data, our aforesaid product started to work online with SBM-OVM infrastructure.

The project intends not only to increase the quality and reliability of data transferred to SBM, but also to ensure that data reported by companies in the course of audits and data submitted by them to SBM are reported through SBM.

Branches switched to under the Project are:

- Personal Accident Insurances Product
- Medical Malpractice, Mines Personal Accident, Coastal Facilities Compulsory Liability Insurances
- Traffic, IMM Motor Vehicles

### Fleet Proposal Automatization Project:

This project covers the acceleration of renewal process in fleet proposals, and the automatization of technical calculations in new businesses.

### Reporting Project

Through creation of a reporting data warehouse and a reporting system operating on it, it is aimed to ensure quicker and easier access to information at operational, tactical and strategic levels, and to provide the user with the opportunity to create his own reports through self-service reporting.

Projects started in 2021 and scheduled to be completed in 2022 are outlined and described below:

#### 201 Product Preparation of Proposal via Excel Project:

It is aimed to generate and prepare a proposal via Excel for Freight Insurance 201 coded product.

#### API Gateway Product Project:

It is aimed to purchase an API management application and to prepare API Portal in order to orchestrate APIs offered to our customers and business partners and to publish them globally.

### **Expert Appointment Process Automation Project:**

Expert appointments which are identified in Excel with IT support at present are intended to be systematized and to be handled via a single screen by the related business unit.

### **ERP-Enterprise Resource Planning- Personnel Recruitment & Dismissal**

#### **Process:**

Steps included in personnel recruitment and dismissal process are aimed to be collected in a corporate memory, and it is intended to work in coordination with other business units involved in this process.

### **Legal Module Project:**

It is aimed to be able to manage our legal case files and processes via the system.

### **KPS Service Security Applications Compliance Project**

As per legal liabilities, it is intended to work for rearrangement of screens in all our systems requiring Masking and addition of the Birth Data information.

### **KVYS (Personal Data Management System) Explicit Consent Collection and Management Application Project:**

Pursuant to the applicable laws, it is required to inform customers and get their explicit consents for processing of their health information included in special personal data category. Accordingly, at the health insurance policy production stage, it is aimed to send a link by SMS to customer, and to get the required explicit consent from customer by approval code for processing of the customer's personal health data.

### **Ray eXpress Mobile Application Project Phase – 1 :**

This phase covers the development of a mobile application permitting the agencies to carry out via a user friendly interface the insurance procedures and transactions they are currently performing through Ray eXpress web.

### **Sales Management System – Phase -2 :**

This phase covers the activities aimed at follow-up in accordance with the corporate strategy of both the sales channel visits of sales representatives and the screens containing information needed by sales representatives in the process of management of sales channels. Phase-2 aims to build the Activity Follow-up System by automatic appointment system in certain sets of rules.

### **SBM Common Data Model – Health & Travel:**

For certain predetermined products, it is aimed to ensure that production and damages data are transferred to SBM, and then, the products are transferred to SBM in predetermined data design.

### **SFS Insure-E Project Phase 2 :**

It is aimed to renew our main insurance business application in line with the corporate objectives, and technological and technical requirements. Production increase is targeted through works and projects intending to reduce operations of technical departments and agencies.

### **Process Software (E-BPM) Project:**

Our process definitions included in our Central Operations Platform (MOP) application are intended to be redesigned within an application to be purchased.

### **Traffic Pricing Project:**

In traffic pricing, it is aimed to prepare data resource for automobile and pick-up driving styles, and to complete the modelling, and to ensure system integration therein.

# ACTIVITIES OF CLAIMS, LEGAL AND RECOURSE DIRECTORATE

In line with the sustainable and profitable growth strategy of our Company, in claims processes where we touch our customers and agencies at the most difficult moment, our strategy is based on;

- Agency and customer satisfaction,
- Superior service level,
- Effective cost management and operational excellence Aligning with the strategy, business model (PROF) is based on proactivity, reserving accurately, optimization of network and field presence

The studies conducted in 2021 are briefly listed below:

- Contracted repair shop network has increased to 1.400 in order to deliver service to our customers more widely. The number of our Fast Repair Center (HOM) has increased to 100. Contracted repair shops continued to open notifications directly through the portal and efforts were made to expand it. During the pandemic, our claims management service (remote or on-site) continued without any pause.
- AI based software has been added to our process to automatically scan hundreds of websites and automatically add the market prices to the system for MOD LoB.
- In the last quarter of 2020, CFR (Closed File Review) Project was initiated by VIG Austria and Ray Sigorta, and the first phase that is for Motor Claims is completed in 2021. The other LoBs will follow in 2022.
- The decision that had been made in 2020 to expand our mini-repair coverage continued in 2021. Mini repair coverage, which is based on dimensional and quantity limits, had been changed in amount to provide a more comprehensive coverage.
- The new limited motor insurance product, which also includes hail coverage, has been launched, and in case of hail, the entire claims process has been clarified with end-to-end approach.
- The studies pertaining to claims reporting continue at full speed and efforts are ongoing to automate most of the reports through power users.
- Non-motor claims repair network expansion studies have been completed.
- Non-motor LoBs were added in 2020 to the scope of the Anti-Fraud project which we started with VIG Austria and Poland teams in 2019 Q2. In addition, negotiations with Anti-Fraud software companies continued in 2021.
- Mediation process has been inserted into daily operations in terms of bodily injury files.
- Legal software agreement has been completed and projects has been initiated for more effective management of legal files. In 2022, all legal department users are planned to work on the new legal system (HUGO).
- Robotic Process Automation (RPA) studies has been initiated in the last quarter and planned to leverage widely.

# ACTIVITIES OF MARKETING AND BUSINESS DEVELOPMENT DIRECTORATE

With its experience of 63 years, Ray Sigorta continued also in the year 2021 its innovative, customer- and distribution channel-focused strong communication and marketing activities carrying its brand value forward by one step every day. In the Marketing activities aimed to offer both brand and products of Ray Sigorta to a correct target audience, press, digital channels and social media have been actively used throughout the whole year. Through advertising campaigns prepared so as to reach both existing and potential customers, investment is made in brand awareness, and an active role is played in campaigns and applications aimed at sales teams as a part of growth strategy of the brand, and communication with business partners is strengthened through regional visits. Ray Sigorta, as one of the deep-rooted companies of insurance sector, aims not only to further upgrade and enhance its brand value, but also to increase the number of policyholders and the insurance awareness in general public in our country.

## Brand and Media Communications

Consumer behaviours, customer expectations and experiences which have permanently changed by new normal system are closely followed up through some surveys and studies. In tandem with the effects of brand identity on purchasing tendencies, and the outputs and results of researches conducted in order to create a gradually increasing brand perception, the traditional business models have been reviewed to create a new generation insurance business concept and a marketing communication strategy based upon it.

With the intention of reinforcing the existing “Trusted, reputable and respected Company” perception towards Ray Sigorta, the press bulletins issued on headings guiding the insurance sector have had strong reflections in both printed and online channels in nationwide, local and sector media. Within all contents produced therefor, products and services building up our brand value and creating added value are shared with our customers and business partners in details and transparently through media. Our Company is represented by our General Manager online in line with the healthcare precautions taken in the first half of the year and physically in the second half in programs focused on economy and insurance headings aired on different television channels.

## Social Media and Digital Advertising

As a part of digital communication activities, we are actively taking our part in all social media channels with a view to further strengthening our brand image and increasing our brand awareness. All our social media channels are used to broadcast some informative content plans with a high positive perception, introducing our brand and products, according to dynamic of related channels and in accordance with the global trends. Aside from product and service communications, special contents drawing attention to life-touching details of covers provided to our customers are also used effectively and actively. Through special advertising targeting, we intend to give support to sales activities by offering right solutions to right customers via right channels at the right time.

Via professional social business network LinkedIn platform, we have started to share news and contents covering the innovations brought by us for our employees and customers,

our corporate achievements, our initiatives within press communications, and our social responsibility projects.

Customer comments and complaints received via all social media platforms are scrutinized in details every day, and reported to the related business units, and a solution is provided therefor through customer communications and negotiations held by the Customer Satisfaction unit as soon as possible.

We will intensively continue our digital marketing activities in order to make our products and services more easily and quickly accessible by our customers, and to be able to meet and satisfy the demands and needs of consumers in digital media in the developing world.

Considering the highly significant contributions of happy employees to sustainable success, and with the motivation of offering an excellent working atmosphere for our happy employees, the first of a video series planned in “Ray’da Hayat” (Life in Ray) concept is broadcasted in our website. It is aimed to show to both our customers and job applicants that our Company has a 7/244 living environment, and to demonstrate the effects of location and environment on happiness and peace of employees in our Company.

## Communication with Business Partners

Communications between our Company and its business partners have been effectively continued through exchange of information via various different channels all the year round. Introduction of corporate applications, new products and services, campaign and training announcements, special day communications and press communications have all been transferred to our business partners via e-mail marketing. Communications were made very productive through continuous development of contents thanks to detailed report analyses. As a part of product and service communications, comprehensive and guiding promotion files have been prepared in order to give support to customer communications of our business partners. Promotion files contained relevant statistics, detailed product contents, distinguishing features and specifications of products, target audience and sales techniques.

Solutions are generated through various different applications and campaigns for the purpose of diminishing the effects of consumer preferences reshaped by pandemic on purchasing habits and making contribution to business continuity of our distribution channels. These solutions have both increased our production, and made great contributions to profits of our business partners. Furthermore, in special days organised for certain insurance branches during the year, visual and digital communication supports have been provided in order to encourage production and raise the motivation. Special certificates are prepared for and awarded to our agencies reaching the highest premium production in Turkey and on Region basis.

Upon removal of travel restrictions, we visited our regional agencies in Ankara and Adana in June, in Antalya in July, in Bursa in September, in İzmir, Malatya and Elazığ in October, in Hatay and Diyarbakır in November, and in Ankara in December, with the intention of further strengthening our communications with them.

## Digital Channels and Business Development

Closely following up the digital transformation process in insurance sector, Ray Sigorta has continued its both digital and mobile insurance business investments also in 2021 activity period.

As a part of digitalization, in the year 2021, new internet site has been projected and has gone live again in the same year. The website renewed in accordance with a brand new design approach and the latest global trends is entirely focused on customer experience. Built and designed as a very comprehensive portal knowing the customer well and shaping its proposals accordingly, rather than a standard format, our new website provides its visitors with the opportunity of using it more quickly and easily. Thanks to its new interface developed in compliance with all mobile devices, the visitors have the opportunity to live the same experience whenever they enter the site either via computer, mobile phone or tablet. In the new website, customers can find without loss of time anything they want to learn about all products included



in the wide product portfolio of Ray Sigorta, and there are solutions and suggestions for all visitors from insurance customers to agencies and even to candidates willing to continue their job career in Ray Sigorta. The website arouses interest with its simplified contents and dynamic design and contains information in depth about all probable insurance needs and demands with its "How Can We Help You?" page. Thanks to its headings categorized according to different stages of life, customers are given the opportunity to reach all and any information they need more easily and quickly, and are told what they should pay attention to in their insurance cover choices. With "Product Choice Magician", both the covers fit to the risks chosen by the visitor and the products offering these covers can be easily found. Such parts as the closest agency, the closest healthcare establishment and the closest contracted service station are also redesigned, and modern, fast and practical solutions are generated for all our business partners. In the year 2022, through digital and conventional advertising activities, digital purchasing activities will be initiated over the website.

On Ray eXpress, a digital sales and business follow-up platform facilitating the daily routine works of our agencies, a lot of function and design-focused developments have been made and put into service in order to further improve the user experience in the year 2021. On the other hand, for the sake of commissioning of agency mobile application, one-to-one negotiations are made with our agencies, and R&D works are initiated, and investments are realized. This Project is expected to be completed in the year 2022.

For Ray Sigorta, 2021 has also been a year for a process, named "Affinity", initiated for assessment of business partnerships beyond the potential and traditional sales channels. During this time, we have contacted more than 10 firms with regards to project collaborations fit to the customer needs and preferences for the new term. In line with our experiences therein, we are going to start new collaborations in 2022.

### **Call Center**

After the pandemic period, we restructured our call centre in a more customer-focused manner in order to be plain and fast in our processes. The innovative processes, open to change, developing empathy with all our employees are redesigned for our customers who are also involved and included in the redesigning and development works. In cooperation with our relevant units, we performed a feasibility study in order to redesign our IVR system, used for our first contact with our potential and existing customers, in a simpler and more understandable structure.

Through a different structure built in call centre, we provided the required infrastructure and training in order to make sure that inbound and outbound teams of call centre gain knowledge and experience on all issues and stages of the existing operations from policy production stage to complaint guidance and satisfaction calls.

### **Customer Satisfaction and Customer Experience**

As a Company aiming perfect customer experience at each point we contact our customers, we revised the organization structure, processes and management of our Customer Satisfaction department in 2021. Under the heading of 'User Experience' initiated as a part of our renewed organisation, we have periodically assessed all our contracted suppliers from different perspectives such as reaching the Call Centre, communication skills, getting an appointment and timing of it, and quality of service received therefrom. Our User Experience team continuously tested the experience from end to end, and found out the missing points, and strived for making the experience of our customers more effective and continuous through different solution suggestions. Each comment received from our social media channels is examined in details, and all demands are met and satisfied quickly.

Throughout 2021, on monthly basis, regular NPS calls are made to our policyholders who have bought a service in the previous month and to our policyholders who have bought services from different business units through call centre. The results and comments in relation therewith are assessed with both business units and suppliers.

### **Prizes**

Brand Finance: Thanks to the trust gained by our innovative products and services, and high quality services offered, and added value created by performing our responsibilities towards community and environment, our Company has been one of the rare insurance companies selected for the second time after the year 2018 to "Most Valuable 100 Companies of Turkey" list prepared by Brand Finance, an international brand rating agency.

A.C.E. Awards (Achievement in Customer Excellence): After renewing the organization structure of its Customer Satisfaction department in its entirety under the marketing function in line with its goal of being a "Customer Friendly" Company, Ray Sigorta has ranked among the top three in non-life insurance category and been awarded the A.C.E Awards (Achievement in Customer Excellence) Perfect Customer Satisfaction Achievement Award, according to a nationwide survey measuring the customer experience index conducted by Şikayetvar.com, which is the first and largest customer satisfaction platform of Turkey.



# ACTIVITIES OF SALES DIRECTORATE

## OUR SALES ORGANIZATION

Ray Sigorta sales organization is working with a sales staff of 52 employees, comprised of 8 regions, 3 provincial representation offices, and Corporate Sales and Sales Coordination Directorate based in the Head Offices, in line with the objectives of our Company.

For the sake of production of sustainable, profitable and collectible policies, all employees are in continuous communication with both production resources and customers. All data are instantly followed up, and process analyses are carefully examined, and the required actions are taken.

1. İstanbul Anatolian Side Regional Directorate
2. İstanbul European Side Regional Directorate
3. Ankara (Central Anatolia) Regional Directorate
  - **Kayseri Provincial Representation Office**
4. İzmir (Aegean) Regional Directorate
  - **Denizli Provincial Representation Office**
5. Bursa (Marmara) Regional Directorate
6. Adana (South Eastern Anatolia) Regional Directorate
7. Antalya (Mediterranean) Regional Directorate
8. Malatya (East Anatolia) Regional Directorate
  - **Trabzon Provincial Representation Office**
9. Corporate Sales Department
10. Sales Coordination Department

## OUR DISTRIBUTION CHANNELS

Through our distribution channels operating in a total of 77 provinces, we are continuing to offer our service quality to our policyholders. Thanks to resources preferring our Company every year, we are expanding and extending our service network. Accordingly, we started to work with around 700 new resources during the last 3 years.

Distribution Channels ( .....)

- Agencies 1.633
- Brokers 93
- Bank 1
- Leasing Company 1

To increase the number of our agencies and distribution channels in line with our growth objectives is also included among our basic objectives.

## ACTIVITIES FOR DISTRIBUTION CHANNELS

In 2021, due to the pandemic ongoing all over the world, we have tried to keep the sales productivity and motivation high through regular online meeting organizations and activities with our business partners by using all technological opportunities all year round.

### Regional Agency Visits and Agency Meetings

In spite of shutdowns and curfews in 2021, our Senior Management and Regional Directorates have held online meetings with our production resources, and have always been near and beside our Agencies by physically going out to the field in a large part of the year.

During 2021, our Senior management has paid visits to our regions and agencies (around 170

agencies in 11 provinces). New events and developments in our Company have been shared with participants, and regional issues and demands have been put on the table, and requests have been received, and required actions have been taken for more effective operation of our agencies.



## Activity Follow-up System (AFS)

With a view to more effectively managing all activities of sales teams and creating a corporate memory, the Activity Management System designed fully with our Company's own internal resources has been put into service as of 01.03.2021. Our sales teams are regularly and chronologically following up all contacts with our agencies and developments in our channels via this system. Since 1 March 2021 when the system went live, more than 20,000 activities have been held with our agencies, and meeting notes have been recorded in the system.



## Agency Segmentation System

A segmentation system has been established to offer special privileges to our agencies under the name of “Grow Together Club” according to performance criteria and scoring system determined in the light of our corporate strategies (Production, Profitability, Potential Use, Targeted Product Sales). Through this structure built with togetherness and success themes, the performance and career development of our agencies are supported, and it is aimed to raise their earnings through incentives. Our agencies are categorized under four segments. According to this grouping, our agencies are eligible to make use of service quality differentiation and some additional privileges depending on their segment, because **“we are walking and growing together with our agencies”**.



Ray Platinum



Ray Gold



Ray Silver

“Grow Together Club” is offering the following special advantages to our agencies under categories of **“We Are Always Beside You”**, **“Let’s Grow our Business Together”** and **“Let’s Get Prepared for Future Together”**.

### New products

In 2021, we continued to increase the sales power of our distribution channels with our new products and services.

New products offered for sale in reliance upon needs of our policyholders and demands of our distribution channels have been welcome warmly, and this interest has been proven and registered from the very beginning especially by the sales figures of 308 Optional Financial Liability insurance product offered for sale in June 2021.

**Optional Financial Liability (IMM) Insurance:** In these days, given that an average car price has already exceeded TL 250.000, in the case of a probable accident, the compulsory traffic insurance cover of TL 43.000 is not mostly adequate alone. IMM Tamam insurance also cover the claims for moral damages in addition to the material and bodily injuries that may be caused by the insured to third parties. By IMM Tamam insurance having high limits added to traffic or casco insurance covers, an additional cover is granted for probable damages that may be incurred in excess of the predetermined limits.

Another new product welcome warmly by our distribution channels is **Başlangıç Casco** offered for sale in August 2021, which is a new casco product with narrow coverage to which basic risks leading to great damages such as natural disasters, fire, theft and terrorism not arising out of driver fault are included.

### OUR CAMPAIGNS

By campaigns and applications carried out parallel to our Company’s growth strategies in the year 2021, additional earnings, satisfaction and sales motivation of our business partners have been raised to high levels.

- **“Quarter-based earnings model”** covering the full year and started in the year 2020 has been greatly appreciated and become an important tool for our sales activities. The interest shown to our campaign which is continued also in the year 2021 has increased incrementally, and it is adopted by our distribution channels.
- **Japan Travel Campaign:** It is planned for the last 4 months of the year 2021, and Japan Travel is offered as an award to the agencies that achieved their targets in

certain products and contributed to growth in production between the scheduled dates. And the prizes have been paid in cash in lieu of 2020 Foreign Travel campaign which could not be realized due to pandemic.

- **DASK Campaign:** In order to encourage DASK production, it is spread over the full year starting from the beginning of 2021. Furthermore, in the additional incentive campaign organized by DASK Authority between April and July 2021, our sales have further increased, and additional commissions have been quickly transferred to our business partners in September, thus creating a strong cooperation with them.
- **Freight Insurance Flexible Commission Campaign:** Targets are determined in certain products in freight insurance branch. Our business partners have maximized their freight insurance commissions by reaching these targets all the year round and paving the way for growth in production.
- **Breathing Campaign:** Between April 01 and May 31, 2021, an additional support is given to our Agencies in the following products:
  - Additional commission in individual casco products; and
  - In Traffic insurances, payment of commission over ceiling premium, whatever the sold premiums are; and
  - Application of high rates of commission in Ferdiray product.

## SUPPORTS GIVEN TO SALES CHANNELS

### Advance Commission Support:

Parallel to **“we are walking and growing together”** vision, with “Again the quickest support in dire straits from Ray Sigorta: advance support payment” slogan, the advance commission support payment started by Ray Sigorta in May 2020 for the first time in insurance industry has been repeated in May 2021, and advance commission supports up to TL 75.000 have been paid to our 443 agencies.

### Training activities for distribution channels:

Training on State-Sponsored Credit Insurance Product gradually popularizing in the insurance industry has been given by our specialized team with participation of 95 agencies and all sales teams in 3 sessions in June and July. We, as Ray Sigorta, are continuing to share our technical know-how with our business partners on the focus of sustainable productivity and development. In the coming periods, we are aiming to increase our value-added trainings.

## SALES MANAGEMENT ACTIVITIES

### Sales Performance Incentive System

We continued the traceable and dynamic incentive system application quickly convertible into action, which allows measurement of performance of each salesperson individually and the results of which are used as data in human resources applications.

It is aimed to build a traceable and dynamic mechanism quickly convertible into action, the key performance indicators (KPI) of which match up with the general objectives of the Company, and which provides a positive contribution to increase of production, and which allows measurement of performance of each salesperson individually, and the results of which are used as data in scoring system, promotion, bonus, etc. human resources applications for sales team all year round.

This system intends to increase the productivity and efficiency by creating a competitive environment between sales teams. Success grades calculated over 8 different KPIs are followed up systematically in monthly and quarterly periods, and premium-based awards are granted in reliance upon results of each quarterly period. Furthermore, on KPI basis, feedbacks are regularly made, and development of each salesperson is closely followed up.

Furthermore, Flag is delivered to the Regional Directorate reaching the highest grade every quarter, and the **Most Successful Region Flag** may change hands according to changes in grades in quarterly periods.





### Regional directorates performance meetings

At the end of each quarter, performance assessment meetings are held with our Regional Directorates. In these meetings, in accordance with the strategic goals of our Company, analyses are shared under certain headings (development of insurance sector, budget vs production, renewal rates, campaign achievements, production protocol performance, new agency productivity, profitability, offer performance, agency production prevalence, etc.). After these meetings, rates of development of regions are followed up, and the required actions are taken separately for each region.

### General Sales Meetings

Online Sales Agenda meetings are held with participation of all sales teams in certain days every month. Information on recent developments and feedbacks from regions are received, and action plans are determined accordingly.

### Insurance Days

“Insurance Days” activities are organized in certain times during the year over daily targets separately determined for each regional directorate in order to raise motivation of our sales teams and encourage the production.

13.10.2021 – 10,317 Ferdiray policies are issued in Ferdi Ray day, and

11.11.2021 – 4,380 home insurance policies are issued in Home Insurance Day, thus putting signature on a great success.

In these insurance days, Certificates of Achievement are sent to our most successful salespersons and distribution channels.



# AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING OF YEAR 2021 OF RAY SİGORTA ANONİM ŞİRKETİ

1. Opening of the General Assembly Meeting and election of the Chairman of the Meeting,
2. Reading and discussing Independent Audit Report which were prepared for the year 2021,
3. Reading, discussing and approval of the Annual Report of the Board of Directors and the Financial Statements of the year 2021,
4. Release of each of the members of the Board of Directors from their liabilities with respect to the activities and accounts of 2021,
5. Discussing and resolving on the proposal of the Board of Directors pertaining to dividend distribution for the year 2021,
6. Election and determination of the term of office of the Independent Member of the Board of Directors, Mr. Kemal Uzunaksu,
7. Appointment of the independent auditor for year 2022,
8. Setting an upper limit on donations and benefits for 2022,
9. As per Corporate Governance Principles, submitting information to the General Assembly regarding significant transactions of (i) Controlling Shareholders, (ii) Board Members, (iii) Senior Executives, (iv) their spouses and their relatives by blood and marriage up to the second degree executed with the Company and with the subsidiaries of the Company in 2021 in a manner that may cause conflict of interest; submitting information to the General Assembly regarding transactions falling under the scope of activity of the Company or of the subsidiaries of the Company executed by the abovementioned persons for their own accounts and for the account of third parties in 2021, and submitting information to the General Assembly on whether or not abovementioned persons participate in other companies dealing with similar business as unlimited liability shareholders,
10. Submission of the “Remuneration Policy” to the information of the General Assembly,
11. Determination of the remuneration to be paid to members of the Board of Directors in the year 2022,
12. Wishes and Closing.

# RAY SİGORTA A.Ş. DIVIDEND DISTRIBUTION POLICY

Principles regarding Dividend Distribution Policy of Ray Sigorta A.Ş. (the “Company”) are stated as follows:

1. Dividend distribution practices are subject to the relevant provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Legislation and Articles of Association of the Company.
2. The dividend shall not be distributed so long as the portion of the accumulated losses, if any, exceeding the total amount of (i) legal reserves including share premiums, (ii) retained earnings, and (iii) equity inflation adjustments excluding inflation adjustment to share capital, are not deducted from the net profit amount.
3. As a principle, the Company distributes dividends. However, dividend distribution proposal to be submitted to the General Assembly shall be determined by taking into account financial conditions, liquidity, investment strategies, funding needs and net distributable profit amount of the Company and macro economic conditions and regulations affecting the dividend distribution. In the event that it is not proposed to conduct a dividend distribution, the reason behind shall be submitted to the information of shareholders at the General Assembly Meeting. In the event that a distribution is proposed to the General Assembly, the amount to be distributed shall not be less than 20% of the net distributable profit amount.
4. Dividends may be distributed as cash or as bonus shares or as a combination of cash and bonus shares. In the event that the dividend is decided to be distributed as cash, it may be paid in instalments in accordance with the provisions of the Capital Markets Legislation.
5. Dividend distribution dates shall be determined by the General Assembly in a manner to commence no later than the end of June of any given year in which the Company decides to distribute dividends.
6. Since there is no provision regarding the distribution of advance dividends in the Articles of Association, there won't be any advance dividend distribution.

This Dividend Distribution Policy enters into force upon approval of the General Assembly. Any amendments related to the Policy are subject to the approval of the General Assembly.

[ \* ] Profit Distribution Policy has been approved at the Ordinary General Assembly Meeting held on 31.03.2014.

# RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

With a view to assuring the monitoring and control of their risk exposures, insurance companies are under obligation to build, operate and develop adequate, effective and efficient internal systems fit to the scope and structure of their business activities and in accordance with the changing market conditions and in such manner to encompass also their regional directorates, branch offices, units, representation offices and consolidated affiliates, if any, within the framework of procedures and principles set down in the applicable laws and regulations.

Internal control activities aim to protect the assets of the Company, and to provide an assurance of reasonable level with regard to the Company's control environment, and to ensure that the business activities are carried out effectively and efficiently in accordance with the applicable laws and regulations, internal policies and insurance custom, usage and practices, and to assure the reliability and integrity of the accounting and financial reporting system and all other systems employed in management of main services, and the collection of all information in a timely fashion.

The purposes of risk management activities are to make sure that the risk management system is integrated with the Company's existing functions and processes and is applied as a whole throughout the Company, and to protect the Company's capital structure by building a risk culture within the whole organisation of the Company, and to guarantee an effective and efficient capital management, and to strengthen the planning and decision making processes and to increase the added value of business activities through correct management of predetermined risks along the process aiming to achieve the objectives of the Company.

Both the internal control activities aiming at operation and development of internal control system effectively, adequately and appropriately, and the risk management system activities ensuring the definition, measurement, monitoring and control of risk exposures through policies, codes of practice and limits determined and identified in order to monitor, keep under control, and if needed, change the risk and yield structure contained by the future cash flows of the Company and thus, the nature, kind and level of its business activities as a whole are carried out by the Internal Control and Risk Management Department.

# RISK MANAGEMENT AND INTERNAL CONTROL ACTIVITIES

During the year 2021, risk management and internal control activities have been performed within the frame of the “Regulation on Internal Systems of Insurance and Reassurance and Pension Companies”, no. 26913 dated 21 June 2008.

Pursuant to the aforesaid Regulation, a director in charge of internal systems encompassing Risk Management and Internal Control Systems is appointed in our Company’s Board of Directors. In addition, the Early Detection of Risk Committee appointed within our Company’s Board of Directors works with the intention of detecting at an early stage the risks which may endanger the existence, development and continuity of the Company and of taking the required actions and measures in relation therewith. The Internal Control and Risk Management Department provides regular reporting and information flow to the aforementioned committee. Risk management activities intend to ensure that Risk Management System is integrated with the Company’s existing functions and processes and is applied as a whole throughout the Company, and to protect the Company’s capital structure by building a risk culture within the whole organisation of the Company, and to guarantee an effective and efficient capital management, and to strengthen the planning and decision making processes and to increase the added value of business activities through correct management of predetermined risks along the process aiming to achieve the objectives of the Company. In tandem with these targets, our Company’s risk management activities are being carried out in compliance with the applicable laws and regulations.

In the planning of activities in regard to the Internal Control and Risk Management Systems, it is determined as a priority target to conduct analyses for supporting the annual objectives and goals of the Company. While our Company’s risk management methodology is based on process-based risk management modelling, the whole operational risk management process, also including the information technologies, business continuity, compliance and sustainability risks, is being carried out in conformity with the integrated risk control system structure within the frame of our Company’s Risk Control Matrix. To this end, with the participation of all of the related process owners, the operational risk scenarios relating to all of the covered processes are assessed, and are then rated according to our Company’s risk assessment methodology. Risk assessment process is comprised of the stages of testing of existing key controls regarding operational risk, and assessment of control deficiencies, and determination of new controls, and rating of risks, and formation of action plans for risks of high degrees. Depending upon the results of risk assessment, the processes within the scope of assessment are determined, and the documents formed, the findings detected, and the suggestions developed in respect of each process are shared with the process owners and the Company Management.

On the other hand, material revisions have been made in the internal control and risk management systems by the “Regulation on Internal Systems in Insurance and Private Pension Sectors”, no. 31670 dated 25 November 2021 issued and published by T.R. Ministry of Treasury and Finance, Insurance and Private Pension Regulation and Supervision Authority. Now and therefore, initiatives for compliance with the new legislative instrument are also started in our Company.

## INFORMATION ON RISK TYPES AND RISK MANAGEMENT POLICIES APPLIED

Risks assessed in measurements and modeling as a part of the risk inventory employed in the course of risk management process of our Company are as listed below:

### 1) Insurance Risk:

Insurance risk is a risk that may arise out of failure in correct and effective application of insurance techniques in the course of providing cover for the incidents with a probability of realization. It arises out of selection of risk, or wrong determination of scope, conditions and price of cover to be provided for the selected risk, or wrong decisions taken as to which of the covers provided to the policyholders will be kept in the Company up to which amount, and as to whom the covers decided to be transferred will be transferred under which conditions. The most important risk carried by the Company in respect of insurance contracts is the amount of claims paid to the policyholders exceeding the reserves set aside. The Company determines its underwriting policy according to the types of accepted insurance risks and the actual claims. The Company manages said risks through its specifically designed “Risk Management Policies” and reinsurance agreements entered into by it in all branches, and in addition, measures and assesses the premium and reserve risks via modelling developed by it. The fundamental purposes of risk management policies are to determine the risk measurement, assessment and control procedures, and finally, to ensure compliance of the Company’s asset quality and the level of risks it ventures to assume against a certain return with the limits specified by the applicable insurance laws and with the Company’s risk tolerance. The final purpose can be achieved only if and to the extent, in selection of risks arising out of insurance activities, the risk quality is watched and supervised carefully through collection of full and correct information about risks, and risk portfolio claims frequency and claims severity are efficiently monitored, and tools for transfer of risk such as treaties, optional reinsurance and co-insurance agreements, as well as risk management tools such as risk limits are effectively used. Risk tolerance is determined by the Board of Directors by taking the Company’s long-term strategies, equity opportunities, expected returns and general economic expectations into consideration, and is expressed with risk limits. In the insurance processes, the limits of authorization are comprised of the risk acceptance and assumption authorizations given to agencies, regional directorates, technical departments, deputy general managers and Supreme Court at the underwriting stage by branches, and special risks which are unacceptable or may be accepted only with a special permission, and existing covers, and geographical regions, and of the claims payment authorizations given to regional directorates, claims departments, and Claims Board composed of general manager and his deputies, at the stage of payment for claims. Risks are accepted and assumed in any case according to technical profit expectations within the frame of the principles of prudence. The scope, conditions and price of cover of the policy are determined in line with these expectations. All authorities entrusted with the task of underwriting, being the starting point of insurance process, are required to be convinced of reasonability of acceptance by the Company of the risks arising out of the relevant proposed transaction, and to have collected all data and information adequate for coming to such conclusion. On the other side, risk acceptance decision can be given only by scrutinizing the opportunity and conditions of transfer of the resulting cover to reinsurers and/or coinsurers. Probable destructive claims that may be caused by the insurance risks carried by the Company to the Company’s financial standing may be prevented through transfer of a portion of such risks in excess of the Company’s risk tolerance and equity capital means to reinsurers / coinsurers via treaties, and optional reinsurance and co-insurance agreements. Scope and conditions of reinsurance protection are determined by considering the specific and unique structure of each insurance branch.

### 2) Financial Risks:

Most important components of financial risks are market risk (currency risk, market value interest rate risk, cash flow risk and pricing risk), credit risk and liquidity risk. The Company’s



financial risk management activities are concentrated on the variability and instability of financial markets and on minimization of probable negative effects of this variability and instability on the financial performance of the Company. Financial risks are managed by the Company management in accordance with the procedures and limits approved by the Board of Directors in connection therewith.

#### **a) Market Risk**

##### **i. Interest Risk**

Interest risk is the risk encountered due to variations in interest rates, and negatively or positively affects the return expected from any investment, or is effective on borrowing activities and loans of the company, because interest rate has direct effects and reflections on cash flows to be obtained or to be outflowed by the end of maturity. The Company is managing its interest risk by assessing and monitoring the market conditions in line with the procedures approved by the Board of Directors.

##### **ii. Currency Risk**

The Company is exposed to currency risk arising out of variations in exchange rates due to conversion of receivables and payables from foreign currencies to Turkish Lira. These risks are monitored and limited through analysis of foreign currency positions. The Company is managing its currency risk by assessing and monitoring the market conditions in line with the procedures approved by the Board of Directors.

##### **iii. Pricing Risk**

Pricing risk refers to and stands for a probable negative change in the current market price of a fixed income security in line with the changes in market interest rates. The Company is managing its pricing risk by assessing and monitoring the market conditions in line with the procedures approved by the Board of Directors.

#### **b) Credit Risk**

Title on financial assets bears the risk of non-compliance of the counterparty with the terms and conditions agreed upon in the contract. The Company's credit risk arises out of its cash and cash equivalents and bank deposits, financial assets, reinsurance shares in its insurance obligations and liabilities, its receivables from reinsurance companies, and its premium receivables from policyholders and intermediary institutions. The Company is monitoring and limiting its credit risk for its financial assets classified as credits and receivables, and for its receivables arising out of insurance activities and operations (also including its reinsurance receivables) through covers taken and procedures applied in selection of counterparties.

#### **c) Liquidity Risk**

Liquidity risk means the risk of inability of the Company in meeting its funding needs. Our Company is regularly managing its liquidity risk by regularly monitoring the amount and maturity mismatches between its assets and liabilities.

### **3. Strategic Risks**

Strategic risks refer to probable threats and risks encountered by the Company in its way towards achieving its goals and objectives. The Company is managing its strategic risks by structuring its in-house risk management policies and applications in accordance with the Company's goals and objectives and within the frame of its strategic planning at the Board of Directors level.

### **4. Operational Risks**

Operational risks refer to probable damages and losses that may be directly or indirectly incurred by the Company due to human, system, process and external factors. Our Company is managing its operational risks by developing effective controls throughout the Company as a part of its risk control matrix by taking into consideration its past-oriented operational risk data and the results of its risk-based process reviews being a part of its internal control activities and operations.

### **5. Reputation Risks**

Reputation risks refer to the probability of negative effects of the events which may impair the reputation and prestige of the Company on the future development of the Company. Following a loss of reputation of the Company, trust of its customers, investors and employees may reduce, and this in turn may lead to financial losses. The Company is managing reputation risk in line with its written policies pertaining thereto.

# INTERNAL AUDIT

Purpose, scope, standards, structure, duties, powers, responsibilities, activities and working principles of Internal Audit Department are regulated in the Internal Audit Regulation. Accordingly, the Internal Audit Department aims to give assurance as to performance of activities of our Company in compliance with both the applicable laws and regulations and the in-house strategies, policies, principles and goals, and to assess and further develop the efficiency of management, control and risk management processes. In the Internal Audit Department, the internal works and activities are handled by an approach expected to make a contribution to increase of the Company's competitive power, beyond the requirement to comply with applicable laws. In accordance with this purpose, a systematic, continuous and disciplined approach has been adopted in accordance with the generally accepted international internal audit standards, aside from the existing applicable laws and regulations. Established in 2004, Ray Sigorta Internal Audit Department is carrying out its activities within the frame of the pertinent laws. The Internal Audit Department holds internationally valid CIA and CRMA certificates and SMMM (CPA) certificates which are known as vocational professionalism indicators. The existing professional knowledge and skills are ensured to be kept and further developed through combination of business experiences gained specifically in insurance sector with the training and know-how provided by the aforesaid certification and directly applicable in all types of institutions or business circles. The Internal Audit Department is attending the training activities as a member of the Institute of Internal Auditing – Turkey (TIDE), and is also participating in "VIG Auditor" program equipped by the power to conduct audits in VIG Holding firms. Pursuant to the Solvency requirements and the Internal Audit Principles published by VIG Holding, the Internal Audit Department is engaged in cooperation and coordination with VIG Holding in its internal audit activities such as risk assessment, planning, finding follow-up, documentation, organization of joint audits, etc. Accordingly, Ray Sigorta A.Ş. Internal Audit Department aims to give assurance to the Board of Directors as to efficiency of internal control and risk management system and makes recommendations for early diagnosis of risks. By doing so, it is intended to assure development through supervision and efficiency of internal control and risk management system in the course of implementation of corporate governance principles. Internal Audit activities in Ray Sigorta A.Ş. are carried out as per yearly and three-years Internal Audit Plans prepared in coordination with VIG Holding Internal Audit Directorate and approved by the Board of Directors of our Company. The Internal Audit Department is linked directly to our Board of Directors and reports to the Audit Committee of our Board of Directors. Audit reports issued as a result of works conducted in line with the risk-based audit plan are presented to the Board of Directors and top management, and may be sent also to the Treasury Undersecretariat. The Internal Audit Department plays a role also in audits conducted by VIG Holding auditors in our Company and in follow-up of the resulting findings thereof. Actions required to be taken by our Company in respect of audit opinions and suggestions presented in the Internal Audit reports are regularly followed up by the Internal Audit Department. Thus, the Internal Audit Department is trying to apply a systematic approach aiming to assess and further develop the efficiency of our Company's Internal Control and Risk Management system. The Internal Audit activity results and findings are assessed by our Company's Board of Directors and by VIG Holding through yearly internal audit activity report and findings follow-up list.

Kubilay Bolayır, CIA, CPA, CRMA  
Internal Audit Manager

# COMPLIANCE WITH LEGISLATIVE INSTRUMENTS ON PREVENTION OF LAUNDERING OF CRIME REVENUES AND OF FINANCING OF TERRORISM

The Republic of Turkey, Ministry of Treasury and Finance, Financial Crimes Investigation Board has determined and published principles for implementation of provisions of the "Law on Prevention of Laundering Proceeds of Crime", no. 5549 dated 11/10/2006, and of the "Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism" published for implementation of the said Law, and the communiqués published in connection therewith.

Our Corporate Policy formulated in accordance with these principles directs and leads the activities and practices of our Company. The obligation of identification and confirmation of identity of the insured / policyholder / beneficiaries is performed in accordance with the "Know Your Customer" principle.

In the case of any information, doubt or suspicion showing that the properties being the subject of transactions executed or attempted to be executed in our Company or through our business partners may have been acquired by illegal ways or are used for illegal purposes, such transactions will be considered and treated as "doubtful transactions" and will be reported and notified in accordance with the relevant written processes through the system established by the Republic of Turkey, Ministry of Treasury and Finance, Financial Crimes Investigation Board.

Our Company's risk analyses, reporting and results have been made assessable within the frame of our Corporate Policy. As a requirement of the "Program of Compliance with Obligations of Anti-Money Laundering and Combating the Financing of Terrorism", the contents of "e-learning" have been shared with our personnel and agencies, and all our personnel and agencies have been induced to participate in the training and measurement process.

In line with the legislative change made in 2021, our Corporate Policy has been updated and an assistant compliance officer has been appointed to support the processes carried out by the compliance officer. Necessary work has been carried out to harmonize our internal processes and systems with the new legislation.

# CORPORATE GOVERNANCE and SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTS

## DECLARATION of COMPLIANCE with CORPORATE GOVERNANCE PRINCIPLES

Ray Sigorta A.Ş. shows great care in order to make sure that the Corporate Governance Principles are complied with. All of the mandatory principles included in the Corporate Governance Communiqué, no. II-17.1, are being strictly complied with, and a great part of the non-mandatory principles are also abided by. And actions for assuring compliance with the principles not put into practice yet are also ongoing. These principles are as follows:

- a. Principle no. 1.5:** The Articles of Association does not contain a specific provision on Minority Interests and Rights .
- b. Principle no. 3.2:** Supporting the Stakeholders in Participation in the Company Management. The Articles of Association does not contain a clause in connection therewith.
- c. Principle no. 4.2.8:** The provision requiring the Company to take out an insurance cover equal to 25% of the share capital of the Company against faults that may be committed by the Directors during performance of their duties is not applied.
- d. Principle no. 4.3.9:** Female Directors Quota. The Company determines a target rate and timing not being less than 25% for rate of female directors in the Board of Directors, and produces a policy for achievement of this objective. However, for now, we do not have any female director in our Board of Directors.
- e. Principle no. 4.5.5:** A Director should not principally be elected to more than one committee. This rule is being abided by, save for the Independent Directors.
- f. Principle no. 4.6.5:** Remunerations paid and all other benefits provided to the

Directors and other managers and executives with managerial responsibilities are made public through the annual report. This disclosure is required to be made on the basis of persons. However, this disclosure is not made on person basis in our Company. As for the non-mandatory principles, disclosures are made in the following sections of this report. To date, no conflict of interests has been faced due to non-mandatory principles not put into practice. Some certain in-house arrangements are made for avoidance of the conflicts of interests.

You can reach Corporate Governance Compliance Report, Corporate Governance Information Form and our Sustainability Principles which have been arranged by our firm at the below addresses.

**Public Disclosure Platform:** <https://www.kap.org.tr/en/Bildirim/1003632>

**Company's official internet site:** [https://www.raysigorta.com.tr/Cms\\_Data/Contents/RaySigortaENDB/Media/InvestorRelations/02\\_Reports/02\\_CorporateGovernanceComplianceReports/2021/Corporate\\_Governance\\_Compliance\\_Report\\_2021.pdf](https://www.raysigorta.com.tr/Cms_Data/Contents/RaySigortaENDB/Media/InvestorRelations/02_Reports/02_CorporateGovernanceComplianceReports/2021/Corporate_Governance_Compliance_Report_2021.pdf)

## WORKS WITHIN THE SCOPE OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLE

The Communiqué Amending the Corporate Governance Communiqué (II-17.1) of the Capital Markets Board ("Board"), dated 02.10.2020 and numbered 31262, was published in the Official Gazette on 02.10.2020, and its implementation is voluntary. Carrying out the Environmental, Social, and Corporate Governance (ESG) studies in our Company in accordance with the Sustainability Principles Harmonization Framework announced by the Board, establishing the necessary policies, executing and adhering to the policies, ensuring that the necessary studies in the Sustainability Principles Harmonization Framework are carried out in accordance with our Company's activities. Ray Sigorta A.Ş. operates under the principle of full compliance with environmental laws and other regulations to the extent that it touches the field of activity in which its business processes are carried out. In this context, the Climate Change Strategy Regulation has approved our published ESG policies (Human Resources Policy, Remuneration Policy (for Board Members), Ethical Principles Policy, Anti-Bribery and Anti-Corruption Policy) at the Board of Directors level. Work on developing new policies or procedures continues. For your convenience, we have included a summary of our Sustainability Principles Compliance efforts below.





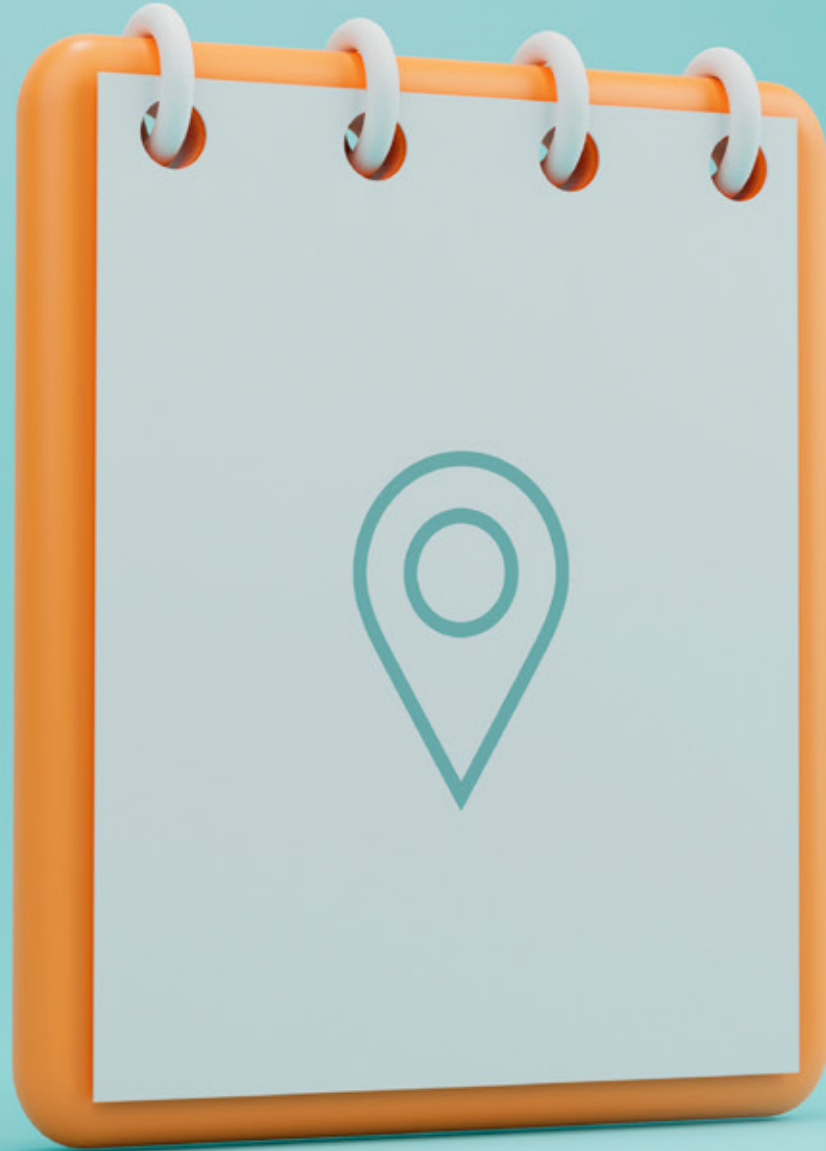
#	Category	Principle Name and Code	Definition of Principle	Compliance Status	Explanation
1	General	A1. Strategy, Policy and Targets	The Board of Directors determines material and prioritized ESG issues, risks and opportunities and creates ESG policies accordingly. In terms of effective implementation of these policies, the internal directives, business procedures of companies, etc. may be prepared. The Board of Directors takes decisions for implementation of these policies and makes them public.	Partial Compliance	Our policies published in ESG field (Human Resources Policy, Wage Policy [for members of the Board of Directors], Ethical Principles Policy, Policy on Fight Against Bribery and Corruption), and our Climate Change Strategy Regulation are approved by our Board of Directors. Our works for formulation of additional policies and procedures are ongoing.
2			It determines the Company Strategy in line with the ESG policies, risks and opportunities. It determines the short and long-term goals in line with the Company Strategy and ESG policies and makes them public.	Partial Compliance	Some of the principles under the headings of Social Principles and Corporate Governance Principles included in the Sustainability Principles Compliance Framework are already covered by the existing Corporate Governance Principles of the Capital Markets Board, and our Company's compliance with these principles is presently disclosed in URF - Corporate Governance Compliance Report, and KYBF - Corporate Governance Information Form, and under the title of Explanations as per Article 8-(1) of the Corporate Governance Communiqué no. 1.17 included in our Activity Report, all of which are published through PDP Platform.
3		A2. Implementation / Monitoring	It appoints committees/units responsible for execution of ESG policies and makes them public. The responsible committee / unit reports the activities carried out within the scope of these policies to the Board of Directors at least once a year and in any case within maximum periods determined for public disclosure of annual activity reports in the relevant regulations of the Board.	Partial Compliance	The works required under the Sustainability Principles Compliance Framework have been carried out by Investors Relations Department during the year 2021, but in 2022, this duty will be performed by the Working Group appointed within and under our Company's Activity Report Committee. Full compliance with this issue is intended to be reached in 2022.
4			It creates and discloses to public the implementation and action plans in line with the short and long-term goals determined as above.	Non-compliance	In 2022, it is planned to determine goals and objectives through the Working Group formed and appointed within the related Committee.
5			It determines ESG Key Performance Indicators (KPIs) and declares them in a comparative manner on a yearly basis. In the case of availability of verifiable data, it presents its KPIs together with local and international sector comparisons.	Non-compliance	In 2022, it is planned to determine goals and objectives through the Working Group formed and appointed within the related Committee.
6			It declares its innovation activities for improvement of its sustainability performance in respect of business processes or products and services.	Non-compliance	In 2022, it is planned to determine goals and objectives through the Working Group formed and appointed within the related Committee.
7		A3. Reporting	It reports its sustainability performance, goals and actions at least once a year and makes them public. It further discloses information on its sustainability activities within its annual activity report.	Full Compliance	It is intended to publish the disclosures relating to compliance with the principles set down in Sustainability Principles Compliance Framework in the annual activity report, and if any material change occurs in the aforesaid disclosures during the relevant period, to disclose said changes in the interim activity periods.
8			It is essential to share in a direct and concise manner all information which is important for stakeholders in understanding the position, performance and development of the Company. It can also provide detailed information and data in its corporate website, and issue separate reports that directly meet the needs of different stakeholders.	Full Compliance	Communications with stakeholders are conducted through our Company's corporate website, financial reports, activity reports and PDP (Public Disclosure Platform) disclosures.
9			It shows maximum care in terms of transparency and reliability. It objectively discloses all kinds of developments about material issues in its public disclosures and reports as a requirement of a balanced approach thereto.	Full Compliance	Our Company shows maximum care for transparency and reliability and objectively discloses all kinds of developments about material issues.
10			It gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	Non-compliance	In 2022, a study aiming to find out about which of the United Nations 2030 Sustainable Development Goals its sustainability activities are related to is planned to be included in agenda of the Working Group appointed within the related Committee.
11			It makes disclosures about lawsuits commenced against it and/or lost by it in respect of environmental, social and corporate governance issues.	Full Compliance	There is no pending lawsuit in respect of environmental, social and corporate governance issues. If any legal dispute arises in connection therewith, our Company is ready to make the required public disclosures.
12		A4. Verification	If verified by independent third parties (independent sustainability assurance providers), its discloses its sustainability performance measurements to public and strives for further increasing the said verification procedures.	Non-compliance	Verification service is not being received in relation with sustainability. It is planned to take this issue in the agenda of Working Group appointed within the related Committee in the year 2022.
13	Environment	B. Environmental Principles	It discloses its policies and practices, action plans, environmental management systems (known by ISO 14001 standards) and programs in the field of environmental management.	Full Compliance	Ray Sigorta A.Ş. acts in full compliance with the laws and other regulations pertaining to environment to the extent they are related to its fields of activity and its business processes. To this end, with a view to assuring compliance with the environmental management practices, a waste management policy is created and being applied. In accordance with zero waste regulation, paper, plastic, metal, glass, battery and electrical-electronic wastes are segregated at their sources, and are delivered to the recycling firms.
14			It discloses and complies with environmental laws and other relevant regulations pertaining thereto.	Full Compliance	Ray Sigorta A.Ş. acts in full compliance with the laws and other regulations pertaining to environment to the extent they are related to its fields of activity and its business processes. To this end, it is conducting its insurance and underwriting policies in strict compliance with its "Climate Change Strategy Regulation" document approved also by the Company's Board of Directors. Through projects conducted jointly with WWF, actions are taken in order to raise awareness of employees on the use of natural resources.
15			It discloses both limitations of environmental report to be included in the overall report to be prepared under the Sustainability Principles, and restrictions on reporting period, reporting date, data collection process and reporting conditions relating thereto.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
16			It names and discloses the highest senior executive and the related committees in the Company, together with duties thereof, in relation with the environment and climate change issues.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
17			It discloses the incentives offered for management of environmental issues, also including the achievement of objectives.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
18			It explains how environmental issues and problems are integrated into its business goals, objectives and standards.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.

19	Environment	B. Environmental Principles	It discloses its sustainability performances in respect of its business processes or products and services, as well as its actions and activities aimed at improvement of said performances.	Partial Compliance	In 2022, it is planned to determine goals and objectives through the Working Group formed and appointed within the related Committee.
20			It discloses how it manages environmental issues, and integrates its supplies and customers into its strategies, along the Company's value chain, not just in terms of its direct operations.	Partial Compliance	In 2022, it is planned to determine goals and objectives through the Working Group formed and appointed within the related Committee.
21			It discloses whether it is also involved in policy-making processes on environmental issues (sectoral, regional, national and international), as well as its cooperation with environment associations, related organisations and non-governmental organisations it is a member of, and the duties and positions it has assumed, and the activities it gives support, if any, in said organisations.	Partial Compliance	In 2022, it is planned to determine goals and objectives through the Working Group formed and appointed within the related Committee.
22			It reports information on its environmental impacts in a periodically comparable manner in the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management and biodiversity impacts).	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
23			It discloses the standards, protocols, methodologies and base year details used to collect and calculate its data.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
24			It discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with past years.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
25			It sets and discloses its short and long-term goals for reduction of its environmental impacts. These goals are recommended to be determined on the Basis of Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year according to the targets determined at the beginning, it gives information thereabout.	Partial Compliance	Ray Sigorta A.Ş. acts in full compliance with the laws and other regulations pertaining to environment to the extent they are related to its fields of activity and its business processes. To this end, a Climate Change Strategy Policy is prepared, and then approved by our Company's Board of Directors.
26			It discloses its strategy and actions to combat the climate crisis.	Partial Compliance	Ray Sigorta A.Ş. acts in full compliance with the laws and other regulations pertaining to environment to the extent they are related to its fields of activity and its business processes. To this end, a Climate Change Strategy Policy is prepared, and then approved by our Company's Board of Directors.
27			It discloses both the program and procedures for prevention or minimization of potential negative impacts of the products and/or services offered by it, and the actions taken in order to reduce greenhouse gas emissions of third parties.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
28			It discloses its actions taken to reduce its environmental impacts, and total number of projects and initiatives carried out, as well as the environmental benefits / revenues and cost savings provided by them.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
29			It reports its total energy consumption date (excluding raw materials), and discloses its energy consumption is Scope-1 and Scope-2.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
30			It provides information on electricity, heat, steam and cooling generated and consumed during the reporting year.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
31			It conducts studies and works for increasing the use of renewable energy, and transition to zero or low carbon electricity, and makes these studies and works public.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
32			It discloses its renewable energy generation and consumption data.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
33			It prepares energy efficiency projects and discloses the level of reduction in its energy consumption and emission provided thanks to its said projects.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
34			It reports the amount of water withdrawn, used, recycled and discharged from underground or above ground, as well as its sources and procedures relating thereto (Total water withdrawal by sources, water resources affected by its water withdrawal, percentage and total volume of recycled and reused water, etc.).	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
35			It discloses whether its operations or activities are included in any carbon pricing system or not (Emission Trading System, Cap & Trade or Carbon Tax).	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
36			It discloses information on carbon credits accumulated or purchased during the reporting period.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
37			It discloses the details if carbon pricing is applied and used within the Company.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.
38			It discloses all mandatory and voluntary platforms where it makes environmental data and information public.	Irrelevant	In terms of its fields of business, our Company is not directly related to the standards on environmental issues.

39	Social	C1. Human Rights and Employee Rights	It forms a Human Rights and Employee Rights Policy with a commitment to fully comply with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and the applicable laws and regulations governing the operation of human rights and working life in Turkey. It discloses to public both this policy and the roles and responsibilities associated with its implementation.	Full Compliance	All of the Human Resources policies and practices of Ray Sigorta A.Ş. are performed in accordance with the current Labour Act and other applicable laws and regulations.
40			It provides equal opportunity in recruitment processes. By also considering the supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (non-discrimination as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Full Compliance	Equality of opportunity is provided in recruitment processes. Our Companies KPIs also include goal/goals with regards to equality at work.
41			It discloses the measures taken along the value chain for protection of groups sensitive to certain economic, environmental and social factors (low-income groups, women, etc.) or minority rights / equality of opportunity.	Full Compliance	Our Company approaches to all employees with its basic principle of equality and takes actions for recognition of equal rights to everyone without making any discrimination of language, religion, race, gender, ethnic origin and nationality. Health, security and welfare of all employees are attached great importance without any discrimination of gender. Inclusion of women in workforce is particularly supported, and women are employed at a rate of xx% in workforce. The required plans are made for enabling the handicapped and the newly graduated young to make use of career opportunities on equality basis, and their rights are protected through equality of opportunity in employment.
42			It reports developments regarding discrimination, inequality, violations of human rights, forced labor and corrective practices pertaining thereto, and discloses its regulations for prevention of employment of child labour.	Full Compliance	Equality of opportunity is provided in recruitment processes. In all recruitment processes and all human resources applications (recruitment, equality of opportunity, non-employment of child labour, etc.), we are acting in strict compliance with the current Labour Act and other applicable laws and regulations.
43			It discloses its policies regarding investments made in employees (training, development policies), compensations, vested fringe benefits, right to unionize, work / life balance solutions and talent management, and determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution, and regularly discloses the activities carried out for the sake of employee satisfaction.	Full Compliance	"As a result of 'trust index' analysis measuring the trust of employees to the Company, and 'workplace culture' analysis covering the human resources applications adopted by the Company, both performed in 2019 by Great Place to Work Institute, which conducts studies and researches for reinforcement of corporate culture and formation of best workplaces all over the world since more than 30 years, our Company is found eligible to be named as "Great Place To Work Certified" on 18.11.2019. In the ""Best Employers of Turkey"" Survey organised for the eighth time in 2019, our Company has been selected as one of the best employers, and in the survey which it participated for the first time, it has been named as the ""Best Employer of Turkey"" as of 21.04.2020. Through its Flexible Fringe Benefits Program Allray't, various different fringe benefits from private pension to health insurance, from shopping to travel are presented in the choice of our employees. Through its Employee Support Program Avita, 7/24 consulting and information services are provided by specialists to employees and their family members sharing the same home with them on various issues and subjects such as healthy nutrition, psychological counseling and guidance, technologic support, social life, and lumbago, neck and back pains which may create stress on individuals and may be needed to be researched and learned. Taking the periodical needs of employees into consideration, special gift boxes are sent to employees so as to raise their motivations in their busy work schedules.  During the year 2021, net 500 TL has been paid to each employee for their needs increased during the home office working periods due to COVID-19 pandemic.
44			It formulates and makes public its occupational health and safety policies. It discloses its precautions taken for protection against work accidents and protection of health, together with accident statistics.	Full Compliance	Occupational Health and Safety policies are formed and issued. Within our Company's organisation, an Occupational Health and Safety Committee is established, and this Committee regularly meets with participation of Occupational Health and Safety Advisor, Employer's Representative and in-house doctor of our Company, in order to review the practices. Measures taken for protection against work accidents and for protection of health, as well as accident statistics are recorded and documented.
45			It formulates and makes public its personal data protection and data security policies.	Full Compliance	Equality of opportunity is provided in recruitment processes. In all recruitment processes and all human resources applications (recruitment, equality of opportunity, non-employment of child labour, etc.), we are acting in strict compliance with the current Labour Act and other applicable laws and regulations.
46			It formulates and makes public an ethics policy (work, work ethics, compliance processes, advertising and marketing ethics, open information, etc. activities included).	Full Compliance	"As a result of 'trust index' analysis measuring the trust of employees to the Company, and 'workplace culture' analysis covering the human resources applications adopted by the Company, both performed in 2019 by Great Place to Work Institute, which conducts studies and researches for reinforcement of corporate culture and formation of best workplaces all over the world since more than 30 years, our Company is found eligible to be named as "Great Place To Work Certified" on 18.11.2019.
47			It discloses its activities for social investment, social responsibility, financial inclusion and access to finance.	Full Compliance	Our Company is sensitive on social responsibility issues, and takes actions to the highest degree in accordance with its conditions. Its donation activities will be continued to be managed within the frame of limit to be determined in its 2021 annual General Assembly meeting. Social responsibility projects and all activities pertaining thereto are published in our financial reports, Annual Activity Reports and our Company's website.
48			It organizes information meetings and training programs for employees on ESG policies and practices.	Non-compliance	In 2022, it is planned to determine goals and objectives in respect of ESG policies and practices through the Working Group formed and appointed within the related Committee.

49	Social	C1. Human Rights and Employee Rights	It carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public administrations, shareholders, society and non-governmental organisations, etc.).	Full Compliance	During performance of sustainability works and initiatives, the needs of all stakeholders are taken into consideration, and the required information is provided to them.
50			It formulates and makes public a customer satisfaction policy regarding management and resolution of customer complaints.	Full Compliance	"Our Company aims to assure perfect customer experience at each point it contacts with its customers.In 2019, our Company has restructured its Call Centre so as to make it more customer-focused, and has revised the organisation structure, processes and management of its Customer Satisfaction department. Under the title of 'User Experience', all of our contracted suppliers are periodically assessed from different perspectives such as access to Call Centre, communication skills, appointment getting and timing, and quality of services received therefrom, and the process is tested from end to end, and deficiencies are determined, and different solution proposals are presented.  Comments received via social media channels are tracked in details on daily basis, and these comments are examined and discussed, and demands are quickly satisfied and met.  Every month, for the sake of measurement of customer satisfaction, NPS scores are regularly tracked and followed, and assessments are made with various different business units and suppliers, and in tandem with the results thereof, special business plans and actions are put into force and implemented, and the process is continuously followed.In A.C.E. Awards (Achievement in Customer Excellence) organized by Şikayet Var.com every year for determining the brands achieving the highest customer satisfaction in Turkey, our Company has ranked among the top three in elementary insurance companies category for two years successively. "
51			It handles stakeholder communications continuously and transparently, and discloses with which stakeholders it communicates for what purposes, on what issues and how often, as well as the developments recorded in sustainability issues.	Full Compliance	Our Company handles its communications with its stakeholders continuously and transparently within the frame of its Corporate Governance Principles. In line with the development of its business activities, our Company will formulate and publish policies for communication with other stakeholders as well, within the frame of same principles.
52			It publicly discloses the international reporting standards adopted by it (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD) etc.).	Irrelevant	It is irrelevant in terms of the current situation and coverage of our Company's activities.
53			It discloses the international organisations or principles which it is a signatory or member of (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.), and international principles adopted by it (International Capital Market Association (ICMA) Green/Sustainable Bond Principles, etc.).	Irrelevant	It is irrelevant in terms of the current situation and coverage of our Company's activities.
54			It makes concrete efforts for inclusion in Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Irrelevant	It is irrelevant in terms of the current situation and coverage of our Company's activities.
55		Corporate Governance	It shows maximum efforts to comply with all mandatory Corporate Governance principles set forth in the Capital Markets Board Corporate Governance Communique no. II-17.1, as well as all principles pertaining to Corporate Governance.	Full Compliance	Our Company is showing maximum efforts for compliance with Corporate Governance Principles, as stated and reflected also in our activity report, URF- Corporate Governance Compliance Report, and KYBF- Corporate Governance Information Form.
56			It takes into account the sustainability issue, the environmental impacts of its activities and the principles in this regard in the course of determination of its corporate management strategy.	Full Compliance	In line with its corporate activities and developments, our Company shows maximum efforts for compliance with all policies and practices relating to ESG, particularly compliance with corporate governance principles.
57			As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding stakeholders and to strengthen the communication with stakeholders, and it consults to the stakeholders in determining the measures and strategies in the field of sustainability.	Full Compliance	Within the frame of reporting of compliance with the Corporate Governance Principles, information on relations with stakeholders is included in our activity report, URF- Corporate Governance Compliance Report, and KYBF- Corporate Governance Information Form.
58			It works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Full Compliance	"Our both physical and online supports to our social aid and support projects to which individual participation is also encouraged are continued also in the year 2021. We continued to show the importance attached to the equality of opportunity in education with our support given to Darüşşafaka Society since long years. In 43rd İstanbul Marathon organized in 2021, with our Virtual Running team, we determined our own racing track ourselves, and were ""First Company Among Top Fundraisers"" in 15 km category, thereby once more showing the support given to education. Our running team was the ""Top Fundraising Company"" in Darüşşafaka's 'If it is for Education, we Run for Help' campaign, and was ""Second Company Among Top Fundraisers"" in all donation campaigns organized all over Turkey. Thanks to this success in our campaign, we were able to touch education lives of more than 80 students. In the year 2019, we have been the 1st among fundraisers, and have been the 3rd among fundraisers in all campaigns raising funds for all non-governmental organisations. Thanks to this support, we have assured the continuity of education life of 147 students. "
59			It strives for becoming a member of and for making contributions to efforts for international standards and initiatives in the field of sustainability.	Irrelevant	It is irrelevant in terms of the current situation of our Company's activities.
60			It discloses its policies and programs focused on the fight against bribery and corruption and on the principle of tax integrity.	Full Compliance	Our Company has adopted ethical principles and established an Ethics Committee in order to protect rights of its stakeholders. If and when needed, Early Detection of Risk Committee, Audit Committee and/or Corporate Governance Committee are also kept informed thereabout. Furthermore, our Policy on Fight Against Bribery and Corruption is also published in our corporate internet site.

**Note:** Some values in the tables in this Annual Report and some values in the Treasury Report of 31.12.2021, which includes footnotes approved by the independent audit and published in the annex of the related report, may differ due to rounding.



**RAY SİGORTA A.Ş.**  
**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS**  
**FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021**  
**AND THE INDEPENDENT AUDITOR’S REPORT**  
**(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR’S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR’S REPORT**

To the General Assembly of Ray Sigorta A.Ş.

**A) Audit of the Financial Statements**

**1. Opinion**

We have audited the accompanying financial statements of Ray Sigorta A.Ş. (the “Company”) which comprise the balance sheet as at December 31, 2021 and the statement of income, statement of changes in shareholders’ equity, statement of cash flows and statement of profit distribution for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards (“TFRS”) for the matters not regulated by insurance legislation “Regulation on Insurance Accounting and Financial Reporting Principles”.

**2. Basis for Opinion**

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

**3. Key Audit Matters**

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

**Key Audit Mater**

**Estimation of claims incurred but not reported**

As explained in Notes 2 and 17, the Company has accounted for the net incurred but not reported claims provision amounting to TRY 236,371,914 as of December 31, 2021.

Above mentioned provision is calculated according to the best estimation methods determined within the opinion of the Company’s actuary in accordance with “Circular on Outstanding Claim Provisions” dated December 5, 2014 and numbered 2014/16 published by the Under secretariat of the Treasury. The reason we focus on this area during our audit is the significance of the incurred but not reported claims provision for the financial statements and the significant actuarial judgments and estimates required by the nature of provision in the financial statements.

**How our audit addressed the matter**

We tested the design and operational effectiveness of the key controls implemented by the Company’s management in relation to the ultimate claims used in the calculation of incurred but not reported claims provision.

We performed reconciliation of the data used in the calculation of incurred but not reported claims for selected branches with the financial statements. Our actuaries have assessed the estimated loss ratios and expected damage developments trends together with the selected actuarial techniques considering past damage experiences and sector developments. In addition, for selected branches, we made an estimation of the reasonable ranges for the incurred but not reported claims provision and compared them with the Company’s records.

We checked the adequacy and accuracy of the disclosures in the financial statements related to such provisions.

**4. Other Mather**

The financial statements of the Company as of 31 December 2020 and for the year then ended were audited by another audit firm whose report dated 25 February 2021 expressed an unqualified opinion.

**5. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

**6. Auditor’s Responsibilities for the Audit of the Financial Statements**

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent

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

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

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

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

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **B) Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from January 1 to December 31, 2021 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on February 22, 2022.

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

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

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

#### **ORIGINALLY ISSUED IN TURKISH**

Talar Gül, SMMM  
Partner

**RAY SİGORTA ANONİM ŞİRKETİ**  
**FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

We confirm that the financial statements and related disclosures and footnotes as at 31 December 2021 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkish Prime Ministry Undersecretariat of Treasury 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.

İstanbul, 22 February 2022

**Koray ERDOĞAN**  
Member of Board of Directors  
General Manager

**Derya ÖZTÜRK**  
Member of the Management Board  
Financial Affairs  
Deputy General Manager

**Mustafa ÖNDER**  
Finance Manager

**Banu GÖNENÇ**  
Actuary

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Ray Sigorta Anonim Şirketi Statement of Income  
For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

ASSETS			
I- Current Assets	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A- Cash and Cash Equivalents</b>	<b>14</b>	<b>1,016,677,502</b>	<b>911,851,677</b>
1- Cash	14	30,944	22,023
2- Cheques Received	14	12	12
3- Banks	14	778,694,768	745,863,919
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months	14	237,951,778	165,965,723
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>	<b>11</b>	<b>137,912,350</b>	<b>42,735,000</b>
1- Available-for-Sale Financial Assets	11	137,912,350	42,735,000
2- Held to Maturity Investments		-	-
5		\$	-
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
<b>C- Receivables from Main Operations</b>	<b>12</b>	<b>796,243,083</b>	<b>587,069,036</b>
1- Receivables from Insurance Operations	12	796,537,296	587,225,027
2- Provision for Receivables from Insurance Operations	12	(1,161,561)	(1,023,339)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12	121,482,219	104,240,071
10- Provision for Doubtful Receivables from Main Operations	12	(120,614,871)	(103,372,723)
<b>D- Due from Related Parties</b>	<b>12</b>	<b>-</b>	<b>67,196</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel	12	-	67,196
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>E- Other Receivables</b>	<b>12</b>	<b>3,309,686</b>	<b>2,271,067</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	12	3,309,686	2,269,595
4- Other Miscellaneous Receivables	12	-	1,472
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>F- Prepaid Expenses and Income Accruals</b>	<b>17</b>	<b>163,311,028</b>	<b>123,822,727</b>
1- Deferred Acquisition Costs	17	161,365,448	120,316,017
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	17	1,945,580	3,506,710
<b>G- Other Current Assets</b>	<b>12 and 19</b>	<b>999,916</b>	<b>10,255,866</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	12 and 19	907,696	10,182,857
3- Deferred Tax Assets		-	-
4- Job Advances		-	-
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		92,22	73,009
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>2,118,453,565</b>	<b>1,678,072,569</b>

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

Ray Sigorta Anonim Şirketi Statement of Income  
For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

ASSETS			
II- Non-Current Assets	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A- Receivables from Main Operations</b>		<b>-</b>	<b>-</b>
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		<b>-</b>	<b>-</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>		<b>-</b>	<b>-</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>	<b>9</b>	<b>890,42</b>	<b>699,773</b>
1- Investments in Associates	9	875,42	684,773
2- Affiliates	9	15	15
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets		-	-
<b>E- Tangible Assets</b>	<b>6</b>	<b>139,138,846</b>	<b>92,358,740</b>
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property	6	128,440,701	81,360,701
4- Machinery and Equipment's		-	-
5- Furniture and Fixtures	6	9,588,747	8,640,732
6- Motor Vehicles	6	4,270,049	4,270,049
7- Other Tangible Assets (Including Leasehold Improvements)	6	2,745,672	2,720,026
8- Tangible Assets Acquired Through Finance Leases	6	11,111,926	8,866,991
9- Accumulated Depreciation	6	(17,018,249)	(13,499,759)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-

Ray Sigorta Anonim Şirketi Statement of Income  
For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

<b>F- Intangible Assets</b>	<b>8</b>	<b>22,451,118</b>	<b>17,842,903</b>
1- Rights	8	39,719,550	31,668,063
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(17,268,432)	(13,825,160)
7- Advances Paid for Intangible Assets		-	-
<b>G-Prepaid Expenses and Income Accruals</b>	<b>4.2</b>	<b>11,562</b>	<b>1,139,779</b>
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses	4.2	11,562	1,139,779
<b>H--Other Non-Current Assets</b>		<b>-</b>	<b>-</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets		-	-
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		<b>162,491,946</b>	<b>112,041,195</b>
<b>TOTAL ASSETS</b>		<b>2,280,945,511</b>	<b>1,790,113,764</b>

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

Ray Sigorta Anonim Şirketi Statement of Income  
For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

LIABILITIES			
	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	2.1.6 and 20	<b>2,774,472</b>	<b>2,034,102</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	2.1.6 and 20	3,321,439	2,287,381
3- Deferred Leasing Costs	2.1.6 and 20	-546,967	-253,279
4- Current Portion of Long-Term Debts		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>	<b>19</b>	<b>582,860,738</b>	<b>516,239,914</b>
1- Payables Arising from Insurance Operations	19	582,860,738	267,289,853
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies	19	-	248,950,061
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations		-	-
<b>C- Due to Related Parties</b>	<b>19</b>	<b>24,492</b>	<b>8,466,264</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	19	24,492	8,466,264
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>19</b>	<b>61,213,633</b>	<b>35,357,265</b>
1- Deposits and Guarantees Received	19	13,026,318	7,112,546
2- Payables to Social Security Institution	19	14,450,857	10,508,040
3- Other Miscellaneous Payables	19	33,736,458	17,736,679
4- Discount on Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>	<b>17</b>	<b>926,841,514</b>	<b>711,355,981</b>
1- Reserve for Unearned Premiums - Net	17	494,505,602	376,959,430
2- Reserve for Unexpired Risks- Net	2.25 and 17	2,520,336	1,705,258
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	17	429,815,576	332,691,293
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>19</b>	<b>34,916,454</b>	<b>25,767,843</b>
1- Taxes and Funds Payable	19	33,643,532	24,385,166
2- Social Security Premiums Payable	19	1,272,922	1,382,677
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	19	24,557,382	16,402,446
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	19	(24,557,382)	(16,402,446)
7- Provisions for Other Taxes and Similar Liabilities		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>29,871,960</b>	<b>9,969,588</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	29,871,960	9,969,588
<b>H- Deferred Income and Expense Accruals</b>	<b>19</b>	<b>112,848,202</b>	<b>81,034,175</b>
1- Deferred Commission Income	19	112,848,202	81,034,175
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Short-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-term Liabilities		-	-
<b>III - Total Short-Term Liabilities</b>		<b>1,751,351,465</b>	<b>1,390,225,132</b>

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

Ray Sigorta Anonim Şirketi Statement of Income  
For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

LIABILITIES			
IV- Long-Term Liabilities	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A- Financial Liabilities</b>		<b>3,809,513</b>	<b>3,374,182</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Liabilities		4,640,766	3,794,323
3- Deferred Leasing Costs		-831,253	-420,141
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>		<b>-</b>	<b>-</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		<b>-</b>	<b>-</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		<b>-</b>	<b>-</b>
1- Deposits and Guarantees Received		-	-
2- Medical Treatment Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables (-)		-	-
<b>E- Insurance Technical Provisions</b>	<b>17</b>	<b>67,648,270</b>	<b>48,110,083</b>
1- Reserve for Unearned Premiums - Net	17	20,562,198	16,064,821
2- Reserve for Unexpired Risks - Net		-	-
3- Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	17	47,086,072	32,045,262
<b>F- Other Liabilities and Relevant Accruals</b>		<b>-</b>	<b>-</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>7,947,861</b>	<b>6,026,032</b>
1- Provision for Employee Termination Benefits	23	7,947,861	6,026,032
2- Provision for Pension Fund Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
<b>I- Other Long-Term Liabilities</b>	<b>21</b>	<b>10,444,472</b>	<b>4,475,629</b>
1- Deferred Tax Liabilities	21	10,444,472	4,475,629
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>89,850,116</b>	<b>61,985,926</b>

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

Ray Sigorta Anonim Şirketi Statement of Income  
For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

EQUITY			
V- Shareholders' Equity	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A- Paid in Capital</b>		<b>163,069,856</b>	<b>163,069,856</b>
1- (Nominal) Capital	2.13 and 15	163,069,856	163,069,856
2- Unpaid Capital		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences 5- Unregistered Capital			
5- Unregistered Capital			
<b>B- Capital Reserves</b>	<b>15</b>	<b>2,070,152</b>	<b>2,070,152</b>
1- Share Premium	15	2,070,152	2,070,152
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>	<b>15</b>	<b>95,634,588</b>	<b>61,538,890</b>
1- Legal Reserves		5,543,354	2,597,170
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)		-	-
5- Revaluation of Financial Assets		-8,558741	-2,77399
6- Other Profit Reserves	15	98,649,975	61,715,710
<b>D- Retained Earnings</b>		<b>110,653,506</b>	<b>52,300,131</b>
1- Retained Earnings		110,653,506	52,300,131
<b>E- Retained Earnings</b>		<b>-</b>	<b>-</b>
1- Accumulated Losses		-	-
<b>F- Net Profit for the Period</b>		<b>68,315,828</b>	<b>58,923,677</b>
1- Net Profit for the Year		68,315,828	58,923,677
1- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
<b>Total Equity</b>		<b>439,743,930</b>	<b>337,902,706</b>
<b>Total Equity and Liabilities</b>		<b>2,280,945,511</b>	<b>1,790,113,764</b>

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



Ray Sigorta Anonim Şirketi Statement of Income  
For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

I-TECHNICAL SECTION	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A- Non-Life Technical Income</b>		<b>973,290,171</b>	<b>648,700,221</b>
1- Earned Premiums (Net of Reinsurer Share)		800,378,161	605,593,405
1.1- Written Premiums (Net of Reinsurer Share)	17	923,236,788	686,886,877
1.1.1- Written Premiums. gross	17	2,220,372,315	1,699,439,187
1.1.2- Written Premiums. ceded	10 and 17	(1,259,253,830)	(978,754,749)
1.1.3- Written Premiums. transferred to SSI	17	(37,881,697)	(33,797,561)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17 and 29	(122,043,549)	(81,175,274)
1.2.1- Reserve for Unearned Premiums. gross	17	(295,968,159)	(303,674,314)
1.2.2- Reserve for Unearned Premiums. ceded	17	171,544,100	223,481,208
1.2.3- Reserve for Unearned Premiums. SSI share	17	2,380,510	-982,168
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share andLess the Amounts Carried Forward)	17 and 29	-815,078	-118,198
1.3.1- Reserve for Unexpired Risks. gross		(20,921,034)	(1,428,073)
1.3.2- Reserve for Unexpired Risks. ceded		20,105,956	1,309,875
2- Investment Income - Transferred from Non-Technical Section		187,354,074	69,352,140
3- Other Technical Income (Net of Reinsurer Share)		(40,031,332)	(37,741,042)
3.1- Other Technical Income. gross		(40,031,332)	(37,741,042)
3.2- Other Technical Income. ceded			
4. Accrued Salvage and Subrogation Income		25.589.268	11.495.718
<b>B- Non-Life Technical Expense</b>		<b>(875,331,650)</b>	<b>(572,897,620)</b>
1- Incurred Losses (Net of Reinsurer Share)	17	(626,194,991)	(398,816,123)
1.1- Claims Paid (Net of Reinsurer Share)	17 and 29	(529,070,708)	(310,054,581)
1.1.1- Claims Paid. gross	17	(996,403,560)	(574,152,438)
1.1.2- Claims Paid. ceded	10 and 17	467,332,852	264,097,857
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17 and 29	(97,124,283)	(88,761,542)
1.2.1- Change in Provisions for Outstanding Claims. gross	17	(417,787,519)	(281,442,189)
1.2.2- Change in Provisions for Outstanding Claims. ceded	17	320,663,236	192,680,647
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts. gross		-	-
2.2- Provision for Bonus and Discounts. ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17 and 29	(15,040,810)	(9,037,556)
4- Operating Expenses	32	(234,095,849)	(165,043,941)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5.1- Mathematical Provisions		-	-
5.2- Mathematical Provisions. ceded		-	-
6- Other Technical Expense		-	-
6.1- Other Technical Expense. Gross		-	-
6.2- Other Technical Expense. ceded		-	-
<b>C- Net Technical Income-Non-Life (A - B)</b>		<b>97,958,521</b>	<b>75,802,601</b>
<b>D- Life Technical Income</b>		<b>-</b>	<b>-</b>
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums. gross		-	-
1.1.2- Written Premiums. ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)			
1.2.1- Reserve for Unearned Premiums. gross		-	-
1.2.2- Reserve for Unearned Premiums. ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share andLess the Amounts Carried Forward)			
1.3.1- Reserve for Unexpired Risks. gross		-	-
1.3.2- Reserve for Unexpired Risks. ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-

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

Ray Sigorta Anonim Şirketi Statement of Income  
For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

I-TECHNICAL SECTION	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>E- Life Technical Expense</b>		<b>-</b>	<b>-</b>
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid. gross 1.1.2- Claims Paid. ceded		-	-
1.1.2- Claims Paid. ceded			
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)			
1.2.1- Change in Provisions for Outstanding Claims. gross		-	-
1.2.2- Change in Provisions for Outstanding Claims. ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)			
2.1- Provision for Bonus and Discounts. gross		-	-
2.2- Provision for Bonus and Discounts. ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)			
3.1- Change in Mathematical Provisions. gross 3.2- Change in Mathematical Provisions. ceded		-	-
3.2- Change in Mathematical Provisions. ceded			
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)			
4.1- Provision of Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)			
4.2- Provision of Other Technical Reserves, ceded (Net of Reinsurer Share and Less the Amounts Carried Forward)			
5- Changes in Other Technical Reserves(Net of Reinsurer Share and Reserves Carried Forward) (+/-)			
6- Operating Expenses			
7- Investment Expenses			
8- Unrealized Losses on Investments			
9- Investment Income Transferred to the Non-Life Technical Section			
<b>F- Net Technical Income- Life (D – E)</b>		<b>-</b>	<b>-</b>
<b>G- Pension Business Technical Income</b>		<b>-</b>	<b>-</b>
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		<b>-</b>	<b>-</b>
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
<b>I- Net Technical Income - Pension Business (G – H)</b>		<b>-</b>	<b>-</b>

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

Ray Sigorta Anonim Şirketi Statement of Income  
For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

II-NON-TECHNICAL SECTION	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
C- Net Technical Income – Non-Life (A-B)		97.958.521	75.802.601
F- Net Technical Income – Life (D-E)		-	-
I - Net Technical Income – Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		97.958.521	75.802.601
K- Investment Income		408.895.011	144.429.446
1- Income from Financial Assets	4.2	140.268.336	72.523.876
2- Income from Disposal of Financial Assets	4.2	-	-
3- Valuation of Financial Assets	-	2.619.934	1.776.690
4- Foreign Exchange Gains	4.2	266.006.741	70.128.880
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
L- Investment Expense		-370.237.115	-135.697.134
1- Investment Management Expenses (including. interest)	4.2	-11.929.180	-8.194.536
2- Diminution in Value of Investments	4.2	-2.944.612	-
3- Loss from Disposal of Financial Assets	4.2	-	-
4- Investment Income Transferred to Non-Life Technical Section		-187.354.074	-69.352.140
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	4.2	156.515.056	48.252.626
7- Depreciation and Amortization Expenses	6 and 8	(11,494,193)	(9,897,832)
8- Other Investment Expenses		-	-
M- Income and Expenses From Other and Extraordinary Operations		(43,743,207)	(9,208,790)
1- Provisions	47	(23,876,695)	(9,724,760)
2- Rediscounts		-	-
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	21 and 35	2,412,506	694,892
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income and Profits		1,730,643	1,292,437
8- Other Expenses and Losses	47	(24,009,661)	(1,471,359)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit or Loss for the Period		68,315,828	58,923,677
1- Profit or Loss for the Period		92,873,210	75,326,123
2- Corporate Tax Provision and Other Fiscal Liabilities	35	(24,557,382)	(16,402,446)
3- Net Profit or Loss for the Period		68,315,828	58,923,677
4- Monetary Gains and Losses		-	-

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

Ray Sigorta Anonim Şirketi Statement of Cash Flow For  
The Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A - Cash flows from operating activities			
1. Cash provided from insurance activities		1.914.546.486	1.317.580.038
2. Cash provided from reinsurance activities		-	-
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		-1.807.851.153	-922.327.442
5. Cash used in reinsurance activities		-	-
6. Cash used in pension business		-	
7. Cash provided from operating activities		106.695.333	-395.252.596
8. Interest paid		-536.198	-673.420
9. Income taxes paid		-40.705.094	-29.498.899
10. Other cash inflows		3.607.452	612.177
11. Other cash outflows		-133.873.498	-242.776.686
12. Net cash provided from operating activities		-64.812.005	122.915.768
B. Cash flows from investing activities			
1. Disposal of tangible assets	6	35.241	747.17
2. Acquisition of tangible assets	6 and 8	-9.060.389	-10.161.027
3. Acquisition of financial assets	11	-102.732.967	-64.425.756
4. Disposal of financial assets	11	-	19.999.959
5. Interests received		116.259.525	72.745.982
6. Dividends received		-	-
7. Other cash inflows		-	-
8. Other cash outflows		-	-
9. Net cash provided by investing activities		4,501,410	18,906,328
C. Cash used in financing activities			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments	20	(2,686,556)	(2,815,798)
4. Dividends paid		-	-
5. Other cash inflows		-	-
6. Other cash outflows			
7. Net cash used in financing activities		(2,686,556)	(2,815,798)
D. Impact of currency differences on cash and cash equivalents		109,491,685	21,876,254
E. Net increase/(decrease) in cash and cash equivalents		46,494,534	160,882,552
F. Cash and cash equivalents at the beginning of the period	14	805,848,562	644,966,010
G. Cash and cash equivalents at the end of the period	14	852,343,096	805,848,562

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

Convenience Translation Of The Statement Of Changes In Equity  
For The Periods January 1, - December 31, 2021 and 2020

(Currency: Turkish Lira (TL))

Shareholder's Equity – 31 December 2020 – Audited												
	Note	Share Capital	Treasury Shares	Value Increase in Assets	Inflation Adjustments	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period	Retained Earnings/ Previous Years' Losses	Total
I – Balance at 31 December 2019		163,069,856	-	38,422,814	-	-	93,016	-	7,273,534	50,083,088	3,211,798	262,154,106
II- Changes in Accounting Policy <sup>(*)</sup>		-	-	-	-	-	-	-	-	-	-	-
III - New balance (I + II) (1 January 2020)		163,069,856	-	38,422,814	-	-	93,016	-	7,273,534	50,083,088	3,211,798	262,154,106
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1 – In cash		-	-	-	-	-	-	-	-	-	-	-
2 – From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Treasury shares		-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not recognized in the statement of income		-	-	-	-	-	-	-	-1,090,813	-	-	-1,090,813
D- Change in the value of financial assets	15	-	-	32,240,327	-	-	-	-	-	-	2,375,882	34,616,209
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period		-	-	-	-	-	-	-	-	58,923,677	-	58,923,677
I- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
J – Transfers	15	-	-	-	-	-	2,504,154	-	-	-50,083,088	47,578,934	-
II –Balance at 31 December 2020		163,069,856	-	54,392,161	-	-	2,597,170	-	6,619,711	58,923,677	52,300,131	337,902,706
Shareholder's Equity – 31 December 2021 – Audited												
I – Balance at 31 December 2020	Note	Share Capital	Treasury Shares	Value Increase in Assets	Inflation Adjustments	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period	Retained Earnings/ Previous Years' Losses	Total
II- Changes in Accounting Policy <sup>(*)</sup>		-	-	-	-	-	-	-	-	-	-	-
III - New balance (I + II) (1 January 2021)		163,069,856	-	54,392,161	-	-	2,597,170	-	6,619,711	58,923,677	52,300,131	337,902,706
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1 – In cash		-	-	-	-	-	-	-	-	-	-	-
2 – From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Treasury shares		-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not recognized in the statement of income		-	-	-	-	-	-	-	-1,090,813	-	-	-1,090,813
D- Change in the value of financial assets	15	-	-	32,240,327	-	-	-	-	-	-	2,375,882	34,616,209
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period		-	-	-	-	-	-	-	-	68,315,828	-	68,315,828
I - Dividends paid		-	-	-	-	-	-	-	-	-	-	-
J- Transfers	15	-	-	-	-	-	2,946,184	-	-	-58,923,677	55,977,493	-
II – Balance at 31 December 2021		163,069,856	-	86,632,488	-	-	5,543,354	-	5,528,898	68,315,828	110,653,506	439,743,930

The accompanying notes are integral part of these financial statements.

Convenience Translation Of The Distribution Of Profits For The  
Periods January 1, - December 31, 2021 and 2020

	Audited Current Period 31 December 2021(*)	Audited Current Period 31 December 2020
I. DISTRIBUTION OF PERIOD PROFIT		
1.1. PERIOD PROFIT/(LOSS)	92.873.210	75.326.123
2. PAYABLE TAXES AND LEGAL LIABILITIES	-24.557.382	-16.402.446
1.2.1. Corporate Tax (Income Tax)	-24.557.382	-16.402.446
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Tax and Legal Liabilities	-	-
A NET PERIOD PROFIT/(LOSS) (1.1 – 1.2)	68.315.828	58.923.677
1.3. RETAINING LOSS (-)	-	-
4. PRIMARY RESERVE	-3.415.791	-2.946.184
5. COMPULSORY LEGAL FUNDS (-)	-	-
B DISTRIBUTABLE NET PERIOD PROFIT [(A- (1.3 + 1.4 + 1.5))]	64.900.037	55.977.493
1.6. FIRST DIVIDEND TO SHAREHOLDERS	-	-
1.6.1. To Shareholders	-	-
1.6.2. To Privileged Shareholders	-	-
3. To Participating Shareholders	-	-
4. To Participating Bond Shareholders	-	-
5. To Profit and Loss Sharing Certificate Holders	-	-
1.7. DIVIDEND TO PERSONNEL	-	-
1.8. DIVIDEND TO BOARD OF DIRECTORS	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1. To Shareholders	-	-
1.9.2. To Privileged Shareholders	-	-
1.9.3. To Participating Shareholders	-	-
1.9.4. To Participating Bond Shareholders	-	-
1.9.5. To Profit and Loss Sharing Certificate Holders	-	-
1.10. SECOND LEGAL RESERVE (-)	-	-
1.11. STATÜS RESERVE (-)	-	-
1.12. EXTRAORDINARY RESERVES	-	-
1.13. OTHER RESERVES	-	-
1.14. SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
2.3. SHARE TO PARTNERS	-	-
2.3.1. To Shareholders	-	-
2.3.2 To Privileged Shareholders	-	-
2.3.3. To Participating Shareholders	-	-
2.3.4 To Participating Bond Shareholders	-	-
2.3.5 To Profit and Loss Sharing Certificate Holders	-	-
2.4. SHARE TO PERSONNEL (-)	-	-
2.5. SHARE TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE	-	-
3.1. TO SHAREHOLDERS	0,0042	0,0036
3.2. TO SHAREHOLDERS (%)	0,0042	0,0036
3.3. TO PRIVILEGED SHAREHOLDERS	0,42	0,36
3.4. TO PRIVILEGED SHAREHOLDERS (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1. TO SHAREHOLDERS	-	-
4.2. TO SHAREHOLDERS (%)	-	-
4.3. TO PRIVILEGED SHAREHOLDERS	-	-
4.4. TO PRIVILEGED SHAREHOLDERS (%)	-	-
	-	-

(\*) Profit distribution table is not be fulfilled since the proposal for profit distribution as to 2018 has not been prepared yet by the Board of Directors.

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



1 General Information

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

The shareholding structure of Ray Sigorta Anonim Şirketi ('the Company') is presented below. As at 31 December 2021 and 31 December 2020, the shareholder having direct control over the shares of Ray Sigorta Anonim Şirketi ('the Company') is ATBIH GmbH and the ultimate parent company is Vienna Insurance Group AG ('VIG'). 5,04% (31 December 2020: 5.04%) of shares are being traded at Borsa İstanbul A.Ş. ('BİST').

Name	31 December 2021		31 December 2020	
	Shareholding Amount (TL)	Shareholding Rate (%)	Shareholding Amount (TL)	Shareholding Rate (%)
ATBIH GmbH	133.048.627	81,59	133.048.627	81,59
Vienna Insurance Group	20.663.528	12,67	20.663.528	12,67
LVP Holding GmbH	1.145.734	0,70	1.145.734	0,70
Other	8.211.967	5,04	8.211.967	5,04
Paid in Capital	163.069.856	100,00	163.069.856	100,00

1.2 Residence and the legal structure of the Company, country of incorporation and the address of the

registered office (address of the operating centre if it is different from the registered office)The Company was registered in Turkey and has the status of 'Incorporated Company'. The Company's address is 'Cumhuriyet Mahallesi Haydar Aliyev Caddesi No:28 Tarabya-İstanbul' and the Company has eight regional offices; two of them established in İstanbul (Anatolia and Europe) and others established in Antalya, İzmir, Adana, Ankara, Malatya (Eastern Anatolia) and Bursa.

1.3 Business of the Company

The Company operates in almost all non-life insurance branches consisting of mainly accident, health, motor vehicles, air vehicles, water vehicles, transportation, fire and natural disasters, general loss, credit, financial losses, and legal protection.

As at 31 December 2021, the Company serves through, 1.633 authorized agencies, 128 agency branches, 93 broker, 10 broker branches, 1 leasing, 1 bank (31 December 2020: 1.442 authorized agencies, 139 agency branches, 50 Alternatif Bank branches, 71 Fibabanka branches, 93 broker, 9 broker branches, 3 leasing) of which, 1.866 agencies (31 December 2020: 1.807 authorized).

1.4 Description of the main operations of the Company

The Company conducts its operations in accordance with the Insurance Law No.5684 (the 'Insurance Law') issued in 14 June 2007 dated and 26552 numbered Official Gazette and on the basis of this law and within the framework of other regulations and regulations published by Insurance and Insurance and Private Pension Regulation and Supervision Agency ('SEDDK') established by the Presidential Decree of 18 October 2019; The Company operates in insurance branches as mentioned above Note

1.3 Business of the Company. The insurance legislation before the establishment of SEDDK and its regulation activities regarding the insurance sector was published by the TR Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

The Company's shares have been listed on the Istanbul Stock Exchange ('ISE'). The Company operates in their own specific laws and regulations for the matters of establishment, auditing, supervision/oversight, accounting and financial reporting in accordance Capital Market Law No:6362, part of VIII and paragraph of 5 of Article 136.

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

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

	31 December 2021	31 December 2020
Senior and middle level menagers	60	54
Other	251	236
<b>Total</b>	<b>311</b>	<b>290</b>

1.6 Wages and similar benefits provided to the senior management

For the year ended 31 December 2021, wages and similar benefits provided to the senior and middle level management including chairman is amounting to TRY18,215,294 (31 December 2020: TRY5,863,091).

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 4 January 2008 dated and 2008/1 numbered 'Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan' issued by the Turkish Republic Ministry of Treasury and Finance.

In accordance with the above mentioned Communiqué, insurance companies are allowed to transfer technical section operating expense to insurance section through methods determined by Turkish Republic Ministry of Treasury and Finance or by the Company itself. Methods determined by the Company should be approved by the Turkish Republic Ministry of Treasury and Finance, known and exactly distinguishable operating expenses are distributed to related branches directly, while operating expenses are distributed to the sub-branches in accordance with the average of 3 ratios calculated by dividing 'number of the policies produced within the last three years', 'gross premium written within the last three years', and 'number of the claims reported within the last three years' to the 'total number of the policies', 'total gross written premiums' and the 'total number of the claims reported', respectively.

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.

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 financial information of the Company.

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 : Ray Sigorta Anonim Şirketi  
Registered address of the head office : Haydar Aliyev Caddesi No:28 Tarabya 34457 Sarıyer / İstanbul  
The web page of the Company : www.raysigorta.com.tr

The information presented above has not any change since the end of the previous reporting period.

1.10 Events after the reporting date

There haven't been any change at services of the Company, recording of this services and company policies after accounting date.

2 Summary Of Significant Accounting Policies

2.1 Basis of preparation

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

In accordance with Article 136(5) in Section VIII of the Capital Markets Law, numbered 6362 insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. The Company prepares its financial statements in accordance with the Insurance Law and regulations published by the SEDDK. The insurance legislation on financial reporting before the establishment of SEDDK and its regulation activities regarding the insurance sector was published by the Ministry of Treasury and Finance. Therefore, the Company prepares its financial statements in accordance with the Turkish Financial Reporting Standards ('TFRS') in accordance with the provisions of the 'Regulation on Financial Reporting of Insurance and Reinsurance and Pension Companies' published by the TR Ministry of

Treasury and Finance, based on Article 18 of the Insurance Law. and other regulations, explanations and circulars (all 'Reporting Standards') published by the TR Ministry of Treasury and Finance on accounting and financial reporting principles.

Communiqué Related to Presentation of Financial Statements published in Official Gazette dated 18 April 2008 and numbered 26851 by ensuring the comparison of the prior period financial statements and the financial statements of other companies regulated the form and content of the financial statements that are prepared by companies.

#### Other Accounting Policies

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.

#### 2.1.2 Functional and presentation Currency

The accompanying financial statements are presented in TRY, which is the Company's functional currency and reporting.

#### 2.1.3 Rounding scale of the amounts presented in the financial statements

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

#### 2.1.4 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 31 December 2004, except for the financial assets at fair value through profit or loss, available-for-sale financial assets, derivative financial instruments and associates which are measured at their fair values unless reliable measures are available.

At January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

#### 2.1.5 Accounting policies, changes in accounting estimates and errors

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the last annual financial statements.

#### 2.1.6 Changes in Accounting Estimates

Changes in the accounting estimates are applied in the current period in which the change is made, if the change relates only to one period, and are applied prospectively in future periods if they are related to future periods.

The accounting estimates have not been changed in the current period.

The clarification of accounting policies has been given in 3 - Significant accounting estimates and decisions note.

#### 2.2 Consolidation

The Company has not any associate or subsidiary to be consolidated as of the reporting period, so consolidated financial statements have not been prepared.

#### 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. Since the main economic environment, where the Company operates, is Turkey, a geographical segment reporting has not been presented. A business segment reporting of the Company is presented in Note 5 in accordance with TFRS 8 - Operating Segments standard.

#### 2.4 Foreign currency transactions

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

#### 2.5 Tangible assets

Except for buildings in use, tangible assets of the Company are recorded at their historical costs that have been adjusted for the effects of inflation until the end of 31 December 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 31 December 2004. Tangible assets that have been purchased after 1 January 2005 have been recorded at their costs after deducting any exchange rate differences and finance expenses.

The Company measures its properties for use through fair value. For the properties measured at fair value that subject to amortization, the amortization started to be calculated by taking into consideration the rest of lives of related properties as of the date of the fair value determined.

Revaluation surplus arising from fair value measurement in buildings is recorded in 'Other Capital Reserves' under equity by taking into account the effects of deferred tax. Decreases after revaluation arising from fair value measurement in buildings is subtracted from related assets 'Other Capital Reserves' under Shareholders' Equity by comparing on the basis of account. Decreases after revaluation of the assets with no balances in 'Other Capital Reserves' under Shareholders' Equity is associated with profit/loss accounts.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected to the statement of income of the related period.

Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense. There are no pledges, mortgages and other encumbrances on tangible 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 since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation rates and estimated useful lives are as follows:

Tangible Assets	Estimated Useful Lives (years)	Depreciation Rates (%)
Buildings	50	2
Machinery and equipments	3 – 16	6,3 – 33,3
Furniture and fixtures	4 – 16	6,3 – 25
Vehicles	5	20
Other tangible assets (including leasehold improvements)	5 – 10	10 – 20
Leased tangible assets	4 – 10	10 – 25

#### 2.6 Investment properties

Investment properties are held either to earn rentals and/or for capital appreciation or for both. Investment properties are measured initially at cost including transaction costs.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

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

## **2.7 Intangible Assets**

The Company's intangible assets consist of computer softwares and rights.

Intangible assets are recorded at cost in compliance with 'TAS 38 - Accounting for intangible assets'. The cost of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs.

Amortization is charged on a straight-line basis over their estimated useful lives over the cost of the asset.

Intangible assets' useful lives are 3 and 15 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.

Financial assets are classified in four categories; as financial assets fair value through profit or loss, held to maturity financial assets, available for sale financial assets and loans and receivables.

Available for sale financial assets, It consists of financial assets classified under Investments in Associates.

Financial assets available for sale are initially recorded at cost, and in subsequent periods, their valuation is made over the fair value of the relevant financial assets. For investments whose shares are traded on the stock exchange, the prices formed in the stock exchange as of the balance sheet date are taken into account. For investments that are not traded in an active market, the fair value is calculated using valuation methods; The fair value is determined based on the market prices of similar securities traded in the same quality markets in terms of interest, maturity and other similar conditions. Unrealized gains or losses, which represent the difference between the amortized cost of the securities calculated using the effective interest rate method and the fair value, arising from the changes in the fair values of the available for sale financial assets, are shown in the 'Revaluation of Financial Assets' account under equity items. In case of disposal of available for sale financial assets, the value created in the equity accounts as a result of the fair value application is reflected in the income statement. During the initial recognition of financial assets available for sale, transaction costs directly attributable to the acquisition of the relevant financial asset are added to the subject fair value.

Financial assets at fair value through profit or loss are presented as financial assets held for trading in the accompanying financial statements and trading securities and derivatives are included in this category. Financial assets at fair value through profit or loss measured at their fair values and gain/loss arising due to changes in the fair values of related financial assets is recorded in profit/loss. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. Accounting policies of derivatives are detailed in note 2.10 - Derivative financial instruments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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.

Purchase and sale transactions of marketable securities are accounted on delivery date.

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. Subsidiaries are reflected in financial statements at their costs after deducting impairment losses, if any.

A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expire or are surrendered.

## **2.9 Impairment on assets**

### **Impairment on financial asset**

Financial assets or group of financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. A financial asset is impaired 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 operations. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

### **Impairment on Intangible Assets**

On each reporting date, the Company evaluates whether there is an indication of impairment of tangible and intangible 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 period are detailed in Note 47-Other.

## **2.10 Derivative financial instruments**

As of the reporting date, the Company does not have any derivative financial instruments. Derivative instruments are treated as held for trading financial assets in compliance with the standard TAS 39 - Financial Instruments: Recognition and measurement.

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.

As of December 31,2021, the Company does not hold any derivative financial instruments (December 31, 2020: None).

## **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 three months which are ready to be used by the Company or not blocked for any other purpose.

## 2.13 Capital

As at 31 December 2021 and 31 December 2020, the shareholder having direct control over the shares of Ray Sigorta Anonim Şirketi ('the Company') is ATBIH GmbH and the ultimate parent company is VIG. As at 31 December 2021 and 31 December 2020, the share capital and ownership structure of the Company are as follows:

Name	31 December 2021		31 December 2020	
	Shareholding Amount (TL)	Shareholding Rate (%)	Shareholding Amount (TL)	Shareholding Rate (%)
ATBIH GbmH	133.048.627	81,59	133.048.627	81,59
Vienna Insurance Group	20.663.528	12,67	20.663.528	12,67
LVP Holding GmbH	1.145.734	0,70	1.145.734	0,70
Other	8.211.967	5,04	8.211.967	5,04
<b>Paid in Capital</b>	<b>163.069.856</b>	<b>100,00</b>	<b>163.069.856</b>	<b>100,00</b>

## Capital increases and sources during the period

None (31 December 2020: None).

## Privileges on common shares representing share capital

As at 31 December 2021, the issued share capital of the Company is TRY163.069.856 (31 December 2020: TRY163.069.856) and the share capital of the Company consists of 16,306,985,600 (31 December 2020: 16,306,985,600 shares) issued shares with TRY0.01 nominal value each.

## Registered capital system in the Company

The Company has accepted the registered capital system. As of 31 December 2021, the Company's registered capital is TRY200.000.000 (31 December 2020: TRY200.000.000).

## Repurchased own shares by the Company

None (31 December 2020: None).

## 2.14 Insurance and investments 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.

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 at the reporting date, the Company does not have any insurance or investment contracts that contain a DPF.

## 2.16 Investment contracts without DPF

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

## 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

Regarding the tax regulations of the Law No. 7316 and with the regulation numbered 31462, that published in the Official Gazette dated April 22, 2021 the corporate tax rate has been determined to be applied as 25% for 2021 corporate earnings and 23% for 2022 corporate earnings.

This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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 accordance with Turkish Tax Legislation, tax losses can be carried forward to offset against future taxable income for up to five years. The Company has not deductible tax losses.

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.

The law on amending the Tax Procedure Law and the Corporate Tax Law was resolved on January 20, 2022, with the Law number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

### Deferred taxes

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

Regarding the tax regulations of the Law No. 7316 and with the regulation numbered 31462, that published in the Official Gazette dated April 22, 2021 the corporate tax rate has been determined to be applied as 25% for 2021 corporate earnings and 23% for 2022 corporate earnings. Within the scope of the mentioned law, deferred tax assets and liabilities in the financial statements dated 30 June 2021 are calculated with the rate of 25%, 23% for what realizable in 2022, 20% for the following years for the deferred tax assets consisting of deductible temporary differences, taking into account the time intervals in which the mentioned differences will be realized by generating taxable profit in the future. (In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, 'Law on the Amendment of Some Tax Acts and Some Other Laws', corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2020 and 2019 are calculated with 20% tax rate ).

#### 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 18 November 2007 sets details about implementation.

In accordance with the General Communiqué, if a taxpayer enters 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 distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

#### 2.19 Employee benefits

##### 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 at 31 December 2021 is TRY8.284 (31 December 2020: TRY7.117).

In Accordance IAS 19 which published by Public Company Accounting Oversight Board (PCAOB) dated March 12, 2013 is about 'Benefits Employee Accounting Standard' and defined by beginning from December 31, 2012 net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The Company started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The Company accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 - Employee Benefits, The major actuarial assumptions used in the calculation of the total liability as at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Discount rate	2,98%	4,50%
Expected annual salary/limit increase rate	8,50%	8,50%
Expected retirement turnover rate	90,71%	91,79%

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 period as per services rendered in compliance with TAS 19 in the accompanying financial statements.

#### 2.20 Provisions

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

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

#### 2.21 Revenue recognition

##### Written premiums and claims paid

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

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

#### Recourse, salvage and quasi incomes

Pursuant to the "Circular No. 2010/13 on Recourse and Salvage Revenues" of the TR Ministry of Treasury and Finance dated 20 September 2010; the Company may account for income accrual for subrogation receivables without any voucher after the completion of the claim payments made to the insure. If the amount cannot be collected from the counterparty insurance company, the Company provides provision for uncollected amounts due for six months. If the counter party is not an insurance Company, the provision is provided after four months. As at the reporting date, in accordance with the related Communiqué the Company provided TRY 20,894,850 (31 December 2020: TRY 10,192,883)

subrogation receivables and recorded TRY 20,900,396 (31 December 2020: TRY 10,209,801) (Note 12) net subrogation and salvage receivables under receivables from main operations. The Company provided allowance for uncollected subrogation receivables amounting to TRY 549,315 (31 December 2020: TRY622,473) (Note 12) in accordance with Communiqué.

For the years ended 1 January - 31 December 2021 and 2020, salvage and recourse collected are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Motor Vehicles	107.554.353	57.699.073
Third Party Liability For Motor Vehicles (MTPL)	5.139.270	2.453.279
Transportation	1.920.925	1.455.562
Fire and Natural Disaster	880.145	2.786.836
General Losses	442.323	38.839
Indemnification Insurance	24.063	15.037
Health	8.340	1.573
General Responsibility	3.089	1.276
Legal Protection	1.841	-
Water Vehicles	1.117	223.064
Accident	340	-
Financial Losses	-	72
<b>Total</b>	<b>115.975.806</b>	<b>64.674.611</b>

As at 31 December 2021 and 31 December 2020, accrued subrogation and salvage income per branches is as follows:

	31 December 2021	31 December 2020
Motor Vehicles	18.918.958	8.733.287
Third Party Liability For Motor Vehicles	1.112.958	1.000.130
Transportation	598.667	348.778
Fire and Natural Disaster	255.770	111.161
General Losses	13.405	6.197
Bonding	390	10.000
Health	148	148
Accident	100	100
<b>Total</b>	<b>20.900.396</b>	<b>10.209.801</b>

#### Commission income and expense

As further disclosed in Note 2.24 - Reserve for unearned premiums, commissions paid to the agencies related to the production of the insurance policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced before 1 January 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after 1 January 2008.

#### Interest income and expense

Interest income and expense are recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (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 transactions

The Company has applied TFRS 16 for leases with more than 12 months of lease term.

The Company recognises the lease payments as an expense on a straight-line basis lower than 12 months of lease term.

The Company leases many assets including real estates, vehicles and IT equipment's. The maximum period of the financial lease contracts is 10 years. Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate. If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Lease liability is measured at fair value of rent payments that have not been paid on the date rent is actually begin in accordance TFRS 16. Rent payments are discounted as using incremental borrowing rate. Company uses its incremental borrowing rate as the discount rate. As of 31 December 2021, incremental borrowing rate used by the Company for TRY lease liabilities reflected through statement of financial position is 11.54%. This borrowing rate is determined by using duration on lease contracts of the Company.

Book value of the lease liability after the lease actually started; remeasured as reflectable to increase the interest in the lease liability, decreased as reflectable the lease payments made, to reflect all reassessments and changes made in the lease, or to reflect fixed lease payments of its revised core.

The interest on the lease liability for each period in the lease term is the amount found as calculated by fixed periodic interest rate to the remaining balance of the lease liability.

After the lease actually starts, the lease liability is remeasured to reflect changes in lease payments. The remeasured amount of the lease liability is reflected in the financial statements as a correction in the right of use.

In case of a change in the duration of the first lease or use of the purchase option, a revised discount rate is used to reflect the changes in the interest rate. However, if there is a change in the lease liabilities arising from a change in an index used in determining the future lease payments or the amounts expected to be paid within the context of the residual value commitment, the unmodified discount rate is used.

Regarding a change that is not recognized as a separate lease, the lease liability is remeasured by reducing the revised lease payments at a revised discount rate at the date of implementation of the change. The revised discount rate is determined as the incremental borrowing rate at the date of application of the change. For changes that narrow the scope of the lease, the carrying amount of the right of use is reduced to reflect the partial or complete termination of the lease. Gains or losses related to the partial or complete termination of the lease are recognized in profit or loss. Corrections are made on the right of use for all other changes.

#### 2.23 Dividend distribution

The principles that are stated in the declaration of profit sharing, titled II-19.1, which were published in the federal register in 23 Jan 2014 by the Capital Market Board should be executed according to the decrees that are stated in the core contract between the partners and the profit sharing policies that were announced by the companies to the public. The Company's 'Dividend Policy' was approved at the Annual General Meeting held on March 31, 2014.

Additionally, as stated within the aforementioned decision of CMB, for entities required to prepare consolidated financial statements, it has been agreed upon to require the net distributed profit calculations to be performed on the net profit for the period as stated on the consolidated financial statements, so long that the distribution



can be funded through statutory resources.

The Company did not perform dividend distribution in 2021. According to Company’s General Assembly meeting on 29 March 2021, since the net profit of period amount TRY58,923,677 is not distributed on the grounds of preserving the existing Equity structure “when considering ‘distributable amount per share’ in accordance with the policy of the profit distrubition of the Company.Assembly decided to transfer the TRY55,977,493 portion of net profit amount of 2020 to ‘retained earnings’ after allocation of TRY2,946,184 legal reserves.

**2.24 Reserve for unearned premiums**

In accordance with the ‘Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves’ (‘Communiqué on Technical Reserves’) which was issued in 26606 numbered and 7 August 2007 dated Official Gazette and put into effect starting from 1 January 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies. For commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves.

Reserve for unearned premiums is calculated for all insurance contracts except for the contracts for which the mathematical reserve is provided. 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 1 January 2008, the Turkish Treasury issued 4 July 2007 dated and 2007/3 numbered ‘Communiqué to Assure the Compliance of the Technical Reserves of Insurance, Reinsurance and Pension Companies With the Insurance Law No,5684’ (‘Compliance Communiqué’) to regulate the technical provisions between the issuance date and enactment date of the Communiqué on Technical Reserves. In accordance with the Compliance Communiqué, it is stated that companies should consider earthquake premiums written after 14 June 2007 in the calculation of the reserve for unearned premiums while earthquake premiums were deducted in the calculation of the reserve for unearned premiums before. Accordingly, the Company has started to calculate reserve for unearned premiums for the earthquake premiums written after 14 June 2007, while the Company had not calculated reserve for unearned premiums for the earthquake premiums written before 14 June 2007.

According to the 2009/9 Numbered Communiqué Related to Application of Technical Reserves issued on 27 March 2009 reserve for unearned premiums is calculated by taking into account that all polices become active at 12:00 at noon and end at 12:00 at noon.

According to the Communiqué on Technical Reserves, for the calculation of unearned premium reserves of foreign currency indexed insurance agreements, foreign currency selling exchange rates announced by Turkish Central Bank will be considered, unless there is a specified exchange rate in the agreement.

As at the reporting date, the Company has booked reserve for unearned premiums amounting to TRY 1,283,588,506 (31 December 2020: TRY987,620,347) and reinsurer share in reserve for unearned premiums amounting TRY751,577,297 (31 December 2020: TRY580,033,197). Furthermore, reserve for unearned premiums includes Social Security Institution (‘SSI’) share amounting to TRY16,943,409 (31 December 2020:TRY14,562,899) as at 31 December 2021.

**2.25 Reserve for unexpired risks**

In accordance with the Communiqué on Technical Reserves, while providing reserve for unearned premiums, 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 reserve for unearned premiums already provided. In performing this test, it is required to multiply the reserve for unearned premiums, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (provision for outstanding claims, net at the end of the period + claims paid, net - provision

for outstanding claims, net at the beginning of the period) to earned premiums (written premiums, net + reserve for unearned premiums, net at the beginning of the period - reserve for unearned premiums, net at the end of the period). In the calculation of earned premiums; deferred commission expenses paid to the agencies and deferred commission income received from the reinsurance firms which were netted off from reserve for unearned premiums both at the beginning of the period and at the end of the period are not taken into consideration.

In accordance with Treasury Communiqué numbered 2012/15, unexpired risk reserve started to be calculated over main branches as of December 31, 2012. The test is performed on branch basis and in case where the expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the reserve for unearned premiums of that specific branch is added to the reserves of that branch.

In addition, in accordance with the “Circular on the Unexpired Risk Reserve in Motor Crafts Liability Branch” dated 30 December 2021 and numbered 2021/31, calculations that will affect the financial statements for the accounting period of 1 January - 31 December 2021 are made. The Technical Provisions of Insurance, Reinsurance and Pension Companies and if the ratio used for the Unexpired Risk Reserve calculation method in the third paragraph of the 6th article of the Regulation on Assets to be Invested Provisions is used as 100% instead of 95% and in case of the Unexpired Risk Reserve calculation method specified in the Circular on the Unexpired Risk Reserve No. 2019/5 is used, in the 4th article of the same Circular gross loss premium rates; It was allowed to use 105% instead of 100%, where all of the direct production was transferred to the pools established in Turkey, and 90% instead of 85% used for other works. It has been stated that the differences between the periods due to the mentioned rate changes should be accepted as a change in the estimation method and the effect of this change on the financial statements should be explained comparatively in the notes.

In the calculation of the Unexpired Risk Reserve made according to the Circular No. 2019/5 for the Motor Vehicles Liability branch, the use of the loss premium rate as 100% instead of 95% in accordance with the Circular No. 2021/31 has a decreasing effect amounting TRY 6,375,739 over the net reserve for the unexpired risk reserve recorded as of 31 December 2021.

According to the Communiqué numbered 2011/18, the Company excluded both the premiums transferred to SSI and claims related to treatment costs from calculation of reserve for unexpired risks in motor third party liability, compulsory transportation financial liability and compulsory personal accident for bus transportation branches. Accordingly, as at the reporting date, the Company has provided net reserve for unexpired risk amounting to TRY32,517,294 (31 December 2020: TRY11,596,260) and unexpired risk amounting of reassurance to TRY29,996,958 (31 December 2020: TRY9,891,002) in the accompanying unconsolidated financial statements.

Branch	Damage/Bonus	31 December 2021		31 December 2020	
		Gross DERK	Net DERK	Gross DERK	Net DERK
Third Party Liability For Motor Vehicles (MTPL)	100%	613,903	243,085	-	-
General Responsibility	131%	29,674,088	2,020,099	7,448,457	1,150,279
Fidelity	263%	1,680,604	226,756	4,147,803	554,979
Financial Losses	99%	548,699	30,396	-	-
Total		32,517,294	2,520,336	11,596,260	1,705,258

**2.26 Provision for outstanding claims**

According to Article 7 of Provision for Outstanding Claims titled of the Communiqué Related to Technical Reserves of Insurance and Reinsurance Companies and the Technical Reserves Invested to Assets dated 7 August 2007 and numbered 26606 entered into force by publishing in the Official Gazette, the Company allocates the provision for outstanding claims for incurred and identified but the actual unpaid claims amounts in the prior accounting periods or current period or for the claims realized with its expected amounts but not be reported when the cost could not be calculated.

Claims incurred before the accounting periods but reported subsequent to those dates are considered as incurred but not reported (‘IBNR’) claims.

In accordance with the Regulation on the amendment of the relevant Regulation published in the Official Gazette dated July 17, 2012 and numbered 28356, 'Inquired but not reported compensation amount, principles of content and implementation shall be calculated by the actuarial chain ladder method determined by the Undersecretariat or by other calculation methods to be determined by the Undersecretariat.'

Claims incurred before the accounting periods but reported after these dates are accepted as the claims incurred but not reported. In accordance with the Communiqué Related to Provision for Outstanding Claims that entered into force in January 1, 2015 by publishing in December 5, 2014 and numbered 2014/16, IBNR account in non-life branches can be made calculation of Actuarial Chain Ladder Method (ACLM) with its six different methods as Standard Chain, Claim/Premium, Cape Code, Frequency/Volume, Munich Chain Method or BornhuetterFerguson. The difference between the amount of accrued and outstanding claims provision determined using the actuarial chain ladder methods determined as IBNR, calculated negative IBNR results are reflected in the financial reports as 100% in the direction of Communiqué of the Republic of Turkey Ministry of Treasury and Finance numbered with 2011/23 on 'Explanations Regarding the Calculation of Inquired But Not Reported (IBNR)'.

The Company has applied the IBNR Test method for assessing the Company actuary for branches with insufficient number of files and has not made a major damage claim for these branches.

According to the method explained above, the amount calculated (included subrogation accrual) by the Company is amounting to TRY697,035,351 (31 December 2020: TRY468,627,413) and re-share is amounting TRY460,663,437 (31 December 2020: TRY290,368,339) in financial statements.

The company has made a major damage item election in the fire branch with the Box-Plot method as same as last year and no major damage item has been elected in other branches. Major damage elimination limit in Fire and Natural Disasters branch has been determined as TRY563,431 (31 December 2020 elimination limit: TRY531,044).

According to Turkey Insurance, Reinsurance and Pension Companies Association ('MTI') dated September 6, 2017 numbered 2017/4 on 'Medical Compulsory Liability Insurance About the Sector Announcement Related to Bad Ideas' reported, it took the lead sharing premium and claims in the respective sub-branches General Liability branch not included in IBNR account

The Company transfers to the Risky Insured Pool, which was announced in the Regulation on the Amendment of the Regulation on Tariff Implementation Principles in Highways Motor Vehicles Compulsory Financial Liability Insurance published in the Official Gazette on July 11, 2017. The additional reserves allocated for the claims received from the Risky Insured Pool and transferred to the Risky Insured Pool are determined in the 'Summary Actuarial Valuation Report of the Risky Insured Pool Final Damage/Premium Ratio Estimation as of June 30, 2021, sent by the Motor Vehicles Bureau. It is calculated on the basis of the damage/premium ratio. In the Mandatory Traffic branch, the IBNR amount is calculated by separating the material and physical according to the cause of the damage, and by excluding the works transferred to the Risky Insured Pool from the company data.

Claims incurred before the accounting periods but reported subsequent to those dates are considered as incurred but not reported claims.

In accordance with the Regulation on the amendment of the relevant Regulation published in the Official Gazette dated July 17, 2012 and numbered 28356, 'Inquired but not reported compensation amount, principles of content and implementation shall be calculated by the actuarial chain ladder method determined by the Undersecretariat or by other calculation methods to be determined by the Undersecretariat.'

Claims incurred before the accounting periods but reported after these dates are accepted as the claims incurred but not reported. In accordance with the Communiqué Related to Provision for Outstanding Claims that entered into force in January 1, 2015 by publishing in December 5, 2014 and numbered 2014/16, IBNR account in non-life branches can be made calculation of Actuarial Chain Ladder Method (ACLM) with its six different methods as Standard Chain, Claim/Premium, Cape Code, Frequency/Volume, Munich Chain Method or BornhuetterFerguson. The difference between the amount of accrued and outstanding claims provision determined using the actuarial chain ladder methods determined as IBNR, calculated negative IBNR results are reflected in the financial reports as 100% in the direction of Communiqué of the Republic of Turkey Ministry of Treasury and Finance numbered with 2011/23 on 'Explanations Regarding the Calculation of Inquired But Not Reported (IBNR)'.

The Company has applied the IBNR Test method for assessing the Company actuary for branches with insufficient number of files and has not made a major damage claim for these branches.

According to the method explained above, the amount calculated (included subrogation accrual) by the Company is amounting to TRY697,035,351 (31 December 2020: TRY468,627,413) and re-share is amounting TRY460,663,437 (31 December 2020: TRY290,368,339) in financial statements.

The company has made a major damage item election in the fire branch with the Box-Plot method as same as last year and no major damage item has been elected in other branches. In fire and natural disasters branch has been determined as branch major damage election limit TRY563,431 (31.12.2020 election: TRY531,044).

According to Turkey Insurance, Reinsurance and Pension Companies Association ('MTI') dated September 6, 2017 numbered 2017/4 on 'Medical Compulsory Liability Insurance About the Sector Announcement Related to Bad Ideas' reported, it took the lead sharing premium and claims in the respective sub-branches General Liability branch not included in IBNR account.

In addition, in accordance with the decision of the Minimum Wage Determination Commission dated 16.12.2021 and numbered 2021/1 published in the Official Gazette dated 17.12.2021 and numbered 31692, the minimum wage amount to be applied between 01.01.2022 and 31.12.2022 was increased by 50%. For this reason, and also in order to eliminate the IBNR and IBNER effect that may occur retrospectively due to the increase in the exchange rates in material damages, file pending, calculated IBNR, claims transferred to the Risky Insured Pool and claims taken over from the Risky Insured Pool are gross TRY94,580,758, net effect of TRY39,982,029 was calculated.

In accordance with 'Communiqué Related to Information on Calculation of Incurred But Not Reported Claims Reserve' numbered 2011/23 and dated November 26, 2011, companies may decrease their outstanding claims reserve balances based on the winning ratio of the sub-branches calculated from the last five years claims. Winning ratio used for decrease in provision for outstanding claims could not exceed 25% (15% for the new sub-branches which do not have five year data). Based on the aforementioned regulation, the Company calculated winning ratio within 8% - 25% from the last five year data set and TRY195,225,299 (31 December 2020: TRY144,030,952) as IBNR and TRY152,250,250 (31 December 2020: TRY108,369,776) as reinsurer's share of IBNR is excluded from outstanding claims reserve balance.

Net IBNR amount calculated by using actual reinsurance transfer ratios determined on agreements in branch basis. Net-off working were carried out on a damage period basis for the Compulsory Traffic branch and on a cumulative basis for other branches. Accordingly, the gross and net additional reserve amounts allocated by the Company as of 31 December 2021, 31 December 2020 are given below;

31 December 2021			
Branch	Winning Ratios Used	Gross Amount Decreased	Net Amount Decreased
Motor Vehicles	Standard	(1,894,789)	(1,894,789)
Accident	Standard	1,012,216	540,264
Legal Protection	Test IBNR	95,59	95,59
Water Vehicles	Standard	1,124,824	118,162
Transportation	Standard	5,880,707	1,529,483
General Losses	Standard	15,264,206	2,193,224
Bonding	Test IBNR	1,473,189	234,654
General Liability	Damage Bonus	108,317,795	16,675,343
Air Crafts	Test IBNR	65	-
Financial Losses	Test IBNR	3,858,757	149,534
Fire And Natural Disasters	Standard	4,819,249	1,756,858
Health	Standard	1,616,617	556,111
Compulsory Traffic	Standard	542,401,583	207,108,312
Facultative Public Liability	Standard	13,065,342	7,309,168
<b>Total</b>		<b>697,035,351</b>	<b>236,371,914</b>

31 December 2020			
Branch	Winning Ratios Used	Gross Amount Decreased	Net Amount Decreased
Motor Vehicles	Standard	5,113,058	5,113,058
Accident	Standard	640,696	341,192
Legal Protection	Test IBNR	24,596	24,596
Water Vehicles	Standard	640,003	73,985
Transportation	Standard	3,606,582	739,183
General Losses	Standard	8,794,909	1,299,669
Bonding	Test IBNR	1,070,627	113,213
General Liability	Damage Bonus	58,767,290	8,791,927
Air Crafts	Test IBNR	103	-
Financial Losses	Test IBNR	1,195,982	52,706
Fire And Natural Disastersu	Standard	4,366,261	1,636,676
Health	Standard	2,105,087	706,913
Compulsory Traffic	Standard	377,173,891	156,151,550
Facultative Public Liability	Standard	5,128,327	3,214,405
<b>Total</b>		<b>468,627,413</b>	<b>178,259,074</b>

At the end of each period, an outstanding claim adequacy table is prepared by the Company in order to measure the adequacy of the outstanding claims provision for the branches where the new activity has been started and for which there is not sufficient data. During the preparation of the adequacy table and in the calculation of the outstanding claims reserve; outstanding claims that are accrued and accounted for, realized but not reported are taken into consideration. Proportion of outstanding claims to total outstanding claims reserve, including all expense amounts related to the file subject to outstanding claims provision in this framework, represents the outstanding claim adequacy ratio. If the outstanding claim adequacy ratio for these branches is more than 100%, the difference between this ratio and 100% rate is multiplied by the provision for outstanding claims reserve in the current period, and the difference in the adequacy ratio is found.

The adequacy ratio difference amount is added separately for each branch and the provision for outstanding outstanding claims to be set aside in the current year is calculated. In this framework, the Company has calculated the outstanding claims reserve adequacy ratio calculated for the branches that have started the new activity and not enough data as of December 31, 2021 to be, which is calculated for the branches with the outstanding claim adequacy ratio above 100% in the accompanying financial statements.

“Circular on the Discounting of Net Cash Flows Arising from Unpaid Compensation Provisions”, numbered 2016/22, published by the Ministry of Treasury and Finance and dated 30 December 2021 and numbered 2021/30, published by the Insurance and Private Pension Regulation and Supervision Agency. In accordance with the Circular No. 2016/22 Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Compensation Provisions, 14% is allowed to be taken into account in the calculation of discount. It has been stated that the differences between the periods due to the mentioned rate change should be accepted as a change in the estimation method and the effect of this change on the financial statements should be explained comparatively in the notes. Accordingly, as of 31 December 2021, a gross discount of TRY 364,268,462 and a net of TRY 122,319,078 has been recognized in the financial statements. (Gross TRY158,167,519 , net TRY55,240,706 as of 31 December 2020).

It has been determined that the effect of the discount rate change, which was amended in accordance with the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Outstanding Claims Provisions, dated 30 December 2021 and numbered 2021/30, reduced the effect of TRY 104,240,343 in gross and TRY 34,583,966 in net.

The discounting was made using the standard formulation in Table 57 - ACLM, as outlined in the General. The methods applied by the Company to estimate the net cash flows as of 31 December 2021 and 31 December 2020, and the net cash flows included in the financial statement for each main branch are given below.

31 December 2021												
Branch	Method Used	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Motor Vehicles	Table 57	81.015.629	2.055.106	1.100.853	1.973.421	1.918.856	1.330.200	743.241	-	-	-	90.137.306
Water Vehicles	Table 57	616.363	171.552	17.979	90	5	-	-	-	-	-	805.989
Compulsory Traffic	Table 57	104.045.770	57.435.221	45.172.272	37.251.607	30.709.957	24.154.229	19.317.362	14.663.831	7.737.844	914.453	341.402.546
Facultative Public Liability	Table 57	4.739.315	2.385.087	1.337.797	2.243.667	1.620.720	1.544.553	748.674	-	-	-	14.619.813
Air Crafts Liability	Table 57	-	-	-	-	-	-	-	-	-	-	-
Water Crafts Liability	Table 57	-	-	-	-	-	-	-	-	-	-	-
Rail Vehicles	Table 57	-	-	-	-	-	-	-	-	-	-	-
Fire And Natural Disasters	Table 57	11.890.083	1.780.268	668.201	297.997	242.261	49.205	11.278	-	-	-	14.939.293
Air Crafts	Table 57	-	-	-	-	-	-	-	-	-	-	-
Accident	Table 57	1.652.542	192.112	72.487	46.481	5.509	15.062	-	-	-	-	1.984.193
General Losses	Table 57	12.249.003	1.477.796	782.196	504.449	483.508	565.126	476.813	-	-	-	16.538.891
Financial Losses	Table 57	1.427.535	-	-	-	-	-	-	-	-	-	1.427.535
Health	Table 57	7.134.800	45.624	1.776	3.176	928	-695	-1.800	-	-	-	7.183.809
Transportation	Table 57	5.810.361	495.302	142.803	55.328	69.018	43.259	6.925	-	-	-	6.622.996
Credit	Table 57	-	-	-	-	-	-	-	-	-	-	-
General Liability	Table 57	5.495.902	9.014.517	10.069.412	8.119.455	10.091.641	8.710.702	2.539.349	-	-	-	54.040.978
Bonding	Table 57	2.128.536	-	-	-	-	-	-	-	-	-	2.128.536
Legal Protection	Table 57	302.770	-	-	-	-	-	-	-	-	-	302.770



31 December 2020												
Branch	Method Used	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Motor vehicles	Table 57	36,880,014	1,238,688	996,058	861,429	566,931	496,643	202,62	-	-	-	41,242,383
Water vehicles	Table 57	690,746	154,808	35,485	3,804	4,81	1,324	1,394	-	-	-	892,37
Compulsory Traffic	Table 57	92,018,952	52,172,637	38,634,072	32,440,064	27,153,048	18,722,886	4,773,436	-	-	-	265,915,094
Facultative Public Liability	Table 57	2,590,399	1,448,385	1,351,437	1,636,871	1,254,943	619,632	95,21	-	-	-	8,996,876
Air Crafts Liability	Table 57	-	-	-	-	-	-	-	-	-	-	-
Water Crafts Liability	Table 57	-	-	-	-	-	-	-	-	-	-	-
Rail Vehicles	Table 57	-	-	-	-	-	-	-	-	-	-	-
Fire and natural disasters	Table 57	7,065,975	951,359	399,326	217,077	153,16	17,25	822	-	-	-	8,804,969
Air crafts	Table 57	-	-	-	-	-	-	-	-	-	-	-
Accident	Table 57	940,183	264,506	148,152	53,271	21,374	9,59		-	-	-	1,437,076
General losses	Table 57	9,686,721	1,043,299	534,902	525,793	575,836	533,615	390,696	-	-	-	13,290,863
Financial losses	Table 57	381,315	-	-	-	-	-	-	-	-	-	381,315
Health	Table 57	5,331,112	-	-	-	-	-	-	-	-	-	5,331,112
Transportation	Table 57	3,422,553	355,283	105,534	40,15	31,632	4,404		-	-	-	3,959,556
Credit	Table 57	-	-	-	-	-	-	-	-	-	-	-
General liability	Table 57	1,750,440	4,572,205	9,530,149	10,219,126	5,044,306	3,640,762	1,387,833	-	-	-	36,144,822
Indemnity Insurance	Table 57	1,469,456	-	-	-	-	-	-	-	-	-	1,469,456
Legal protection	Table 57	66,106	-	-	-	-	-	-	-	-	-	66,106

## 2.27 Equalization provision

In accordance with the Communiqué on Technical Reserves put into effect starting from 1 January 2008, the companies should provide equalization provision in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Equalization provision, started to be provided in 2008, is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for un-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. The companies should provide equalization provision up to reaching 150% of the highest premium amount written in a year within the last five years.

In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization provisions. Claims payments are deducted from first year's equalization provisions by first in first out method. Equalization provisions are presented under 'other technical reserves' in the accompanying financial statements. As at the reporting date, the Company provided equalization provision amounting to TRY47,086,072 in the accompanying unconsolidated financial statements (31 December 2020: TRY32,045,262).

Net losses 31 December 2021 resulted from earthquake occurred in several cities amounting to TRY528,942 (31 December 2020: TRY2,413,554) are decreased from prior periods' equalization provision.

	31 December 2021	31 December 2020
Opening Balance	32,045,262	9,250,306
Provisions during the year	15,569,752	33,797,561
Discounted from equalization earthquake	-528,942	(32,539,827)
<b>Total</b>	<b>47,086,072</b>	<b>10,508,040</b>

## 2.28 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.

## 2.29 Earnings 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.

## 2.30 Events after the reporting date

Post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

## 2.31 New standards and comments

### a) Standards, amendments and interpretations applicable as at 31 December 2021:

The company has evaluated the effects of the standards and amendments mentioned below on the financial statements and has come to the opinion that the changes made do not have a significant effect on the financial statements.

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

**b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021**

**Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
  - **Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

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

The company has evaluated the changes in the standards mentioned below that have been published but not yet effective, and has started working on the TFRS 17 standard and its effects. The company management is of the opinion that the changes made, except for the TFRS 17 standard, will not have a significant impact on the financial statements.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

**2.32 COVID-19**

**Measures taken and strategy changes**

The company has been closely monitoring the international development of the Coronavirus ('Covid-19') cases, which have affected the whole world, since the beginning of February 2020, and has been gradually implementing the highest level of measures from the beginning.

The company has taken the necessary measures for the safety of both its customers and the society regarding the Covid-19 outbreak, prioritizing the health of its employees. It shares with its employees and customers in the most transparent way all the decisions it makes and reviews by evaluating the developments instantly.

Since the company has a strong technological infrastructure that will support all of its employees to work from home, remote working has been implemented as of March 20, 2020, and has carried out insurance activities uninterruptedly.

In line with the Business Continuity Plan, for transactions and requests to customers regarding contracts and policies; Ray Sigorta Mobile application, online transactions and customer relations unit on Ray Sigorta website continue to serve. Within the scope of its customer-oriented service strategy, the company aims to produce solutions for the needs of its customers and ensures that necessary actions are taken in a timely manner.

**3 Critical Accounting Estimates And Judgments In Applying Accounting Policies**

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 10	-	Reinsurance assets/liabilities
Note 11	-	Financial assets
Note 12	-	Loans and receivables
Note 17	-	Insurance liabilities and reinsurance assets
Note 17	-	Deferred acquisition costs
Note 19	-	Trade and other payables, deferred income
Note 21	-	Deferred income taxes
Note 23	-	Provisions for other liabilities and charges

**4. Management of insurance and financial risk**

**4.1. Management of insurance risk**

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

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

Potential risks that may be exposed in transactions are managed based on the requirements set out in the Company’s ‘Risk Management Policies’ issued by the approval of the Board of Directors. The main objective of risk management policies is to determine the risk measurement, assessment, and control procedures and maintain consistency between the Company’s asset quality and limitations allowed by the insurance standards together with the Company’s risk tolerance of the accepted risk level assumed in return for a specific consideration. In this respect, instruments that are related to risk transfer, such as; insurance risk selection, risk quality follow-up by providing accurate and complete information, effective monitoring of level of claims by using risk portfolio claim frequency, treaties, facultative reinsurance contracts and coinsurance agreements, and risk management instruments, such as; risk limitations, are used in achieving the related objective.

Risk tolerance is determined by the Company’s Board of Directors by considering the Company’s long-term strategies, equity resources, potential returns and economical expectations, and it is presented by risk limitations. Authorization limitations during policy issuing include authorizations for risk acceptances granted based on geographical regions in relation to unacceptable special risks or pre- approved acceptable special risks, insurance coverage to agencies, district offices, technical offices, assistant general managers and top management in the policy issuance period and authorizations for claim payment granted to district offices, claim management administration, automobile claims administration and Claim Committee established by the managing director and assistant managing director in the claim payment period.

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

It is essential that all the authorized personnel in charge of executing policy issuance transactions, which is the initial phase of insurance process, should ensure to gather or provide all the accurate and complete information to issue policies in order to obtain evidence on the acceptable risks that the Company can tolerate from the related insurance transactions. On the other hand, decision to be made on risk acceptance will be possible by transferring the coverage to the reinsurers and/or coinsurers and considering the terms of the insurance policy.

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

**Reinsurance**

The Company works with reinsurance companies in order to afford reinsurance assurance related to other collateral guarantee given under the life insurance and non-life insurance branches for preservation of financial structure and allocation of professional risk considering the existing and varying product structure. In this context, Company’s job acceptance capacity and elasticity are increased with the reinsurance agreements and it is provided that the risk is spreaded to different reinsurers by working with different reinsurance companies. Serving to customers with different product structures is intended by working with varying reinsurers.

Reinsurer	S&P	Outlook	AM BEST	Outlook
Milli Reasürans T.A.S.	-	-	B	Stable
VIG RE zajišťovna a.s.	A+	Stable	-	-
Vienna Insurance Group AG	A+	Stable	-	-
Hannover Rück SE	AA-	Stable	A+	Stable
Everest Reinsurance Company	A+	Stable	A+	Stable
Barents Re Reinsurance Company, Inc. (CS)	-	-	A	Negative
Polish Re (Polskie Towarzystwo Reasekuracji S.A.)	-	-	A-	Stable
China Reinsurance (Group) Corporation	A	Stable	A	Stable
MAPFRE RE, Compañía de Reaseguros, S.A.	A	Stable	A	Stable
Odyssey Re Europe S.A.	A-	Positive	A	Stable
Nacional de Reaseguros, S.A.	A	Stable	A	Stable

**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 that Istanbul might be exposed to in terms of its severity and any potential losses incurred in accordance with the generally accepted international earthquake models. The total amount of protection for catastrophic risks of the company is identified taking into the compensation amount for an earthquake will occur in a 1000 years.

**Insurance risk concentration**

The Company’s gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

Total claims liability 31 December 2021	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor vehicles liability (MTPL)	597,268,798	(336,467,710)	260,801,088
Fire and natural disasters	321,058,182	(307,310,122)	13,748,060
General Liability	176,370,596	(140,494,226)	35,876,370
General Losses	117,128,810	(102,448,224)	14,680,586
Motor vehicles	85,628,283	(478,387)	85,149,896
Transportation	52,410,690	(46,257,945)	6,152,745
Financial Losses	45,371,965	(43,967,621)	1,404,344
Water Vehicles	36,706,807	(35,971,588)	735,219
Health	16,997,478	(9,976,536)	7,020,942
Bonding	12,796,077	(10,702,119)	2,093,958
Accident	3,316,403	(1,461,887)	1,854,516
Legal protection	297,852	-	297,852
Aircrafts	64	(64)	-
<b>Total</b>	<b>1,465,352,005</b>	<b>(1,035,536,429)</b>	<b>429,815,576</b>



<b>Total claims liability 31 December 2020</b>	<b>Gross total claims liability</b>	<b>Reinsurance share of total claims liability</b>	<b>Net total claims liability</b>
Motor vehicles liability (MTPL)	483,345,583	(251,436,292)	231,909,291
Fire and natural disasters	186,276,160	(177,945,832)	8,330,328
General Liability	136,224,138	(108,819,071)	27,405,067
General Losses	103,989,807	(91,793,949)	12,195,858
Motor vehicles	40,594,151	(852,710)	39,741,441
Transportation	33,994,227	(30,228,294)	3,765,933
Water Vehicles	19,811,511	(18,966,818)	844,693
Financial Losses	17,938,462	(17,561,232)	377,23
Health	13,002,426	(7,728,434)	5,273,992
Bonding	9,896,390	(8,442,678)	1,453,712
Accident	2,426,131	(1,097,781)	1,328,350
Legal protection	65,398	-	65,398
Aircrafts	102	(102)	-
<b>Total</b>	<b>1,047,564,486</b>	<b>(714,873,193)</b>	<b>332,691,293</b>

#### Amount of insurance coverage given by branches

	<b>31 December 2021</b>	<b>31 December 2020</b>
Motor vehicles liability (MTPL)	2,265,565,999,800	2,056,915,069,363
Fire and natural disasters	357,679,441,491	267,031,633,646
Transportation	234,741,364,582	76,626,922,199
General Losses	166,003,619,418	130,492,823,465
General Liability	70,084,517,838	65,596,095,063
Motor vehicles	265,423,541,871	30,580,225,391
Accident	49,725,387,845	40,123,760,811
Health	74,790,053,482	65,727,542,990
Financial Losses	26,334,111,396	30,305,309,458
Water Vehicles	5,728,787,639	4,113,978,541
Aircrafts Liability	1,795,751,000	2,411,448,000
Legal Protection	2,679,332,500	2,021,542,000
Aircrafts	95,126,050	611,925,550
Bonding	679,620,691	538,747,197
Loans	153,769,188	-
<b>Total</b>	<b>3,521,480,424,791</b>	<b>2,773,097,023,674</b>

## 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 Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Duties and responsibilities of the Risk Management and Internal Control Department include design and implementation of risk management system and identification and implementation of risk management policies. It is also responsible for ensuring that the Company implements all necessary risk management techniques. Activities of the Risk Management and Internal Control Department are managed directly by General Manager. The Board of Directors monitors the effectiveness of the risk management system through company's chairman of the supervisory board.

Risk management policies and guidelines are set by the Board of Directors and applied by the top management. These policies include organisation and scope of the risk management function, risk measurement and

assessment methods, duties and responsibilities of the Board of Directors, top management and all of the employees, procedures followed in the case of limit extension and compulsory approval and confirmation processes for certain situations.

### Credit Risk

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The balance sheet items that the Company is exposed to credit risks are as follows:

- cash at banks
- other cash and cash equivalents
- available for sale financial assets (except equity-shares)
- Premium receivables from policyholders
- receivables from intermediaries (agencies)
- receivables from reinsurance companies related to commissions and claims paid
- reinsurance shares of insurance liability
- receivables from related parties
- other receivables

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of the reinsurance contract.

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
Cash and cash equivalents <i>(Note 14)<sup>(*)</sup></i>	1.016.646.558	911.829.654
<i>Reinsurer share in provision for outstanding claims (Note 10), (Note 17)</i>	1.035.536.429	714.873.193
<i>Receivables from main operations (Note 12)</i>	796.243.083	587.069.036
<i>Other prepaid expenses (Note 17)</i>	163.322.590	124.962.506
<i>Financial assets (Note 11)</i>	137.912.350	42.735.000
Prepaid taxes and funds <i>(Note 12)</i>	907.696	10.182.857
Other receivables <i>(Note 12)</i>	3.401.906	2.344.076
Due from related parties <i>(Note 12)</i>	-	67.196
<b>Total</b>	<b>3.153.970.612</b>	<b>2.394.063.518</b>

<sup>(\*)</sup> Cash balance accounting to TRY30,944 are not included (31 December 2020: TRY22,023).

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

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>Gross Amount</b>	<b>Provision</b>	<b>Gross Amount</b>	<b>Provision</b>
Not past due	698.984.328	-	519.102.334	-
Past due 0-30 days	71.179.317	-	45.776.582	-
Past due 31-60 days	16.211.155	-	16.802.623	-
Past due 61-90 days	131.644.715	121.776.432	109.783.559	104.396.062
<b>Total</b>	<b>918.019.515</b>	<b>121.776.432</b>	<b>691.465.098</b>	<b>104.396.062</b>

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

	2021	2020
At the beginning of the period - 1 January	-1.023.339	-1.135.124
Change in recovery and premium receivables provision’s under administrative follow-up	-211.380	-234.680
Change in claim premium receivables provision’s under legal follow-up	300.863	860.859
Change in claim recovery receivables provision’s under legal follow-up	-227.705	-514.394
At the end of the period - 31 December	-1.161.561	-1.023.339

	31 December 2021	31 December 2020
Provision for receivables from insurance operations at the beginning of the period	104.396.062	105.051.702
Collections and additions during the period, net	17.380.370	-655.64
Provision for receivables from insurance operations at the end of the period	121.776.432	104.396.062

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments.

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:

31 December 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated
Cash and cash equivalents	1,016,677,502	471,137,052	456,855,716	45,411,981	43,272,753	-	-
Financial assets	137,912,350	-	-	-	89,087,350	48,825,000	-
Receivable from main operation	796,243,083	60,229,786	202,100,097	280,073,039	123,512,968	33,068,438	97,258,755
Other receivables and current assets	4,309,602	-	-	92,22	4,036,080	181,302	-
Other prepaid expenses	1,957,142	-	-	-	1,945,580	11,562	-
Total monetary assets	1,957,099,679	531,366,838	658,955,813	325,577,240	261,854,731	82,086,302	97,258,755
Liabilities from financial leases	6,583,985	-	-	-	2,774,472	3,809,513	-
Liabilities from main operations	582,860,738	48,556,337	431,209,862	16,576,088	35,215,422	-	51,303,029
Other liabilities	61,213,633	37,083,936	9,930,711	1,172,667	-	13,026,319	-
Insurance technical provisions (*)	429,815,577	100,662,096	38,832,930	19,726,933	28,247,430	242,346,188	-
Provisions for taxes and other similar obligations	34,916,454	34,916,454	-	-	-	-	-
Provisions for other risks and expense accruals	37,819,821	-	-	21,091,850	8,780,110	7,947,861	-
Total monetary liabilities	1,153,210,208	221,218,823	479,973,503	58,567,538	75,017,434	267,129,881	51,303,029

(\*) Provision for outstanding claims is presented as short-term liabilities in the accompanying financial statements whereas maturity distribution is presented according to projected payment dated in the above table.

31 December 2020	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated
Cash and cash equivalents	911.851.677	391.656.820	460.109.611	30.000.000	30.085.246	-	-
Financial assets(*)	42.735.000	-	-	-	42.735.000	-	-
Receivable from main operations	587.069.036	49.681.639	121.361.837	243.865.715	66.429.061	37.764.083	67.966.701
Receivable from related parties	67.196	67.196	-	-	-	-	-
Other receivables and current assets	12.526.933	-	-	73.009	12.292.420	161.504	-
Other prepaid expenses	4.646.489	-	-	-	3.506.710	1.139.779	-
Total monetary assets	1.558.896.331	441.405.655	581.471.448	273.938.724	155.048.437	39.065.366	67.966.701

Liabilities from financial leases	5.408.284	-	-	-	2.034.102	3.374.182	-
Liabilities from main operations	516.239.914	39.086.971	154.329.180	256.594.093	34.429.557	-	31.800.113
Other liabilities	35.357.265	20.500.503	7.546.158	198.058	-	7.112.546	-
Insurance technical provisions(*)	332.691.293	53.744.479	25.632.682	15.398.378	21.519.683	216.396.071	
Provisions for taxes and other similar obligations	25.767.843	25.767.843	-	-	-	-	-
Provisions for other risks and expense accruals	15.995.620	-	-	4.149.855	5.819.733	6.026.032	-
Total monetary liabilities	931.460.219	139.099.796	187.508.020	276.340.384	63.803.075	232.908.831	31.800.113

\* Provision for outstanding claims is presented as short-term liabilities in the accompanying financial statements whereas maturity distribution is presented according to projected payment dated in the above table.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, 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.

Currency Risk

The Company is exposed to 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 periods, foreign currency assets and liabilities evaluated by the Central Bank of the Republic of Turkey’s spot purchase rates and the differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of income.

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

31 December 2021	US Dollar	Euro	Other Currencies	Total
Cash and cash equivalents	41.257.220	31.441.835	177.757	72.876.812
Receivables from main operations	211.910.571	148.764.686	2.067.331	362.742.588
Total foreign currency assets	253.167.791	180.206.521	2.245.088	435.619.400
Liabilities from main operations	128.986.482	61.343.122	2.047.819	192.377.423
Insurance technical provisions	9.009.085	13.177.247	-	22.186.332
Total foreign currency liabilities	137.995.567	74.520.369	2.047.819	214.563.755
Net financial position	115.172.224	105.686.152	197.269	221.055.645

31 December 2020	US Dollar	Euro	Other Currencies	Total
Cash and cash equivalents	28.056.156	15.565.814	-	43.621.970
Receivables from main operations	173.587.883	106.406.542	1.287.135	281.281.560
Total foreign currency assets	201.644.039	121.972.356	1.287.135	324.903.530
Liabilities from main operations	124.309.794	48.748.874	1.241.586	174.300.254
Insurance technical provisions	5.632.572	9.656.208	-	15.288.780
Other financial liabilities	-	9.497	-	9.497
Total foreign currency liabilities	129.942.366	58.414.579	1.241.586	189.598.531
Net financial position	71.701.673	63.557.777	45.549	135.304.999

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

If technical provision denominated in any currency not specified, it is evaluated are evaluated by the Central Bank of the Republic of Turkey's spot sales rates as at 31 December 2021 and as at 31 December 2020 foreign currency transactions are recorded at the foreign exchange rates ruling at the dates of the transactions and foreign currency denominated monetary items are evaluated by the Central Bank of the Republic of Turkey's spot purchase rates as at 31 December 2021 and as at 31 December 2020.

#### Exposure to currency risk

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

	US Dollar	Euro
31 December 2021 (Buying)	13,3290	15,0867
31 December 2021 (Selling)	13,3530	15,1139
31 December 2020 (Buying)	7,3405	9,0079
31 December 2020 (Selling)	7,3537	9,0241

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

	31 December 2021		31 December 2020	
	Profit or loss	Equity <sup>(*)</sup>	Profit or loss	Equity <sup>(*)</sup>
US Dollar	11.517.222	11.517.222	7.170.167	7.170.167
Euro	10.568.616	10.568.616	6.355.778	6.355.778
Other	19.727	19.727	4.555	4.555
<b>Total, net</b>	<b>22.105.565</b>	<b>22.105.565</b>	<b>13.530.500</b>	<b>13.530.500</b>

<sup>(\*)</sup> Equity effect also includes profit or loss effect of 10% depreciation of TRY against related currencies.

#### Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre- approved limits for repricing bands. As at reporting date; the interest rate profile of the Company's interest earning financial assets and interest bearing financial liabilities are detailed as below:

	31 December 2021	31 December 2020
Financial assets with fixed interest rates:		
Cash at banks (Note 14)	703.223.406	698.592.221
Financial liabilities (Note 20)	6.583.985	5.408.284
Available for sale financial assets – Government bonds (Note 11 )	137.912.350	42.735.000

#### Interest rate sensitivity of the financial instruments

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss and on the net interest income for the trading financial assets and financial liabilities held at 31 December 2021 and 2020. This analysis assumes that all other variables remain constant. Tax effect of changes in interest rate is not taken into consideration in the calculations. As at 31 December 2021 and 31 December 2020, the Company has no financial asset held for trading.

#### Fair value information

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

The Company has classified its financial assets as financial assets held for trading. As at the reporting date, 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. Equity shares not traded in active markets are measured at cost less impairment losses if any.

The Company management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying amou

#### Fair value sensitivity of the equities

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

The effect of the changes in the fair values of the stocks traded in the BIST and measured with their fair values as a result of possible fluctuations in the index (all other variables being constant) on the profit/loss of the Company (excluding the tax effect) is as follows:

As at 31 December 2021 and 31 December 2020, the Company has no financial asset held for trading.

#### Classification of fair value measurements

IFRS 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.

As at 31 December 2021 and 31 December 2020 the Company's available-for-sale financial assets are detailed as follows:

	31 December 2021			
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds – TL	145.000.000	147.158.764	137.912.350	137.912.350
<b>Total available-for-sale financial assets</b>	<b>145.000.000</b>	<b>147.158.764</b>	<b>137.912.350</b>	<b>137.912.350</b>

	31 December 2020			
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds – TL	45.000.000	44.425.797	42.735.000	42.735.000
<b>Total available-for-sale financial assets</b>	<b>45.000.000</b>	<b>44.425.797</b>	<b>42.735.000</b>	<b>42.735.000</b>

The classification of fair value measurements of assets and liabilities measured at fair value is as follows: (31 December 2020: None).

	31 December 2021			
	Level 1	Level 2	Level 3	Total
Debt instruments:				
Available-for-sale financial assets (Not 11)	137,912,350	-	-	137,912,350
<b>Total available-for-sale financial assets</b>	<b>137,912,350</b>	<b>-</b>	<b>-</b>	<b>137,912,350</b>

	31 December 2020			
	Level 1	Level 2	Level 3	Total
Debt instruments:				
Available-for-sale financial assets (Not 11)	42.735.000	-	-	42.735.000
<b>Total available-for-sale financial assets</b>	<b>42.735.000</b>	<b>-</b>	<b>-</b>	<b>42.735.000</b>



<i>Gains and losses recognized in the statement of income:</i>	<b>1 January 31 December 2021</b>	<b>1 January 31 December 2020</b>
Interest income from time deposit	127.668.336	68.255.935
Foreign exchange gains	266.006.741	70.128.880
Income from marketable securities to be held until maturity	-	2.017.941
Income from government bonds classified as available for sale financial assets	12.600.000	2.250.000
Valuation of available for sale financial instruments	2.619.934	1.776.690
<b>Investment income</b>	<b>408.895.011</b>	<b>144.429.446</b>
Foreign exchange losses	-156.515.056	-48.252.626
Investment expenses – including interest	-11.929.180	-8.194.536
Valuation Allowance of Investments	-2.944.612	
<b>Investment expenses</b>	<b>-171.388.848</b>	<b>-56.447.162</b>
<b>Financial gains and losses recognized in the statement of income, net</b>	<b>237.506.163</b>	<b>87.982.284</b>

### Capital management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by the Turkish Treasury
- 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 Turkish Treasury on 23 August 2015 dated and 29454 numbered; the Company measured its minimum capital requirement as TRY436,316,889 as at 31 December 2021. As at 31 December 2021, the capital amount of the Company presented in financial statements is TRY486,830,002 and it has capital surplus amounting to TRY50,513,113 (31 December 2020: TRY26,337,400) according to the communiqué.

### 5 Segment reporting

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.

### Business segment

A business segment reporting of the Company is presented in accordance with TFRS 8 – Operating Segments standard in this section.

### Insurance Fire and Natural Disaster

Insurance on fire and natural disasters covers material damages occurred due to fire, lightning, explosion or smoke, steam and temperature resulted from fire, lightning and explosion up to insurance policy limits.

### Motor Third Party Liability Insurance

According to the Motorway Traffic Code numbered 2918, Motor Third Party Liability Insurance is covers vehicle owner's legal liability for all bodily damages to third persons and financial damages to other vehicles. Damages caused by the trailer or semi-trailers (included light trailers) or the vehicles pulled is covered by the insurance of the trailer. However, the trailers used for transportation of people should be included in an additional liability insurance in order to obtain coverage.

In order to reduce and prevent the damage in the accident happened, reasonable and necessary expenses of the policyholder is compensated by the Company. This insurance also covers unfair claims against the policyholders.

### Motor Vehicles (Casco)

Insurance on motor vehicles covers the following dangers related with vehicles. It is possible to widen policy scope for accessories or audio, display and communication devices which are not included in standard version of the vehicle by specifying on the insurance policy.

- Accident with the motorized or non-motorized vehicles which used in high-ways,
- Crash with fixed or moving items without desire of the driver or accidents due to crash, capsize, fall or tumble
- The actions of third parties resulted from bad intention or mischief,
- Burn,
- Theft or attempted theft

### Health-illness Insurance

Insurance on health compensates treatment costs of illnesses or accidental injuries during the period of insurance and, if any, daily allowances in this general framework with special conditions up to the amount written in the policy. Geographical limits of the insurance are stated in the policy.

### Geographical segment

The main geographical segment which the Company operates is Turkey. Hence, the Company has not disclosed report on geographical segments.

<b>1 January - 31 December 2021</b>	<b>Fire</b>	<b>Transportation</b>	<b>Accident</b>	<b>Engineering</b>	<b>Other</b>	<b>Unallocated</b>	<b>Total</b>
1- Earned Premiums (Net of Reinsurer Share)	113,438,189	39,689,769	555,652,821	15,176,747	76,420,635	-	800,378,161
1.1- Written Premiums (Net of Reinsurer Share)	127,169,572	42,762,205	645,430,286	16,756,070	91,118,655	-	923,236,788
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	(13,700,987)	(3,072,436)	(88,992,783)	(1,579,323)	(14,698,020)	-	(122,043,549)
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	(30.396)	-	(784.602)	-	-	-	(815.078)
2- Other Technical Income (Net of Reinsurer Share)	(3,686,910)	4,225,902	(12,287,407)	654,887	(3,348,536)	-	(14,442,064)
<b>Technical Income (*)</b>	<b>109,751,279</b>	<b>43,915,671</b>	<b>543,365,414</b>	<b>15,831,634</b>	<b>73,072,099</b>	<b>-</b>	<b>785,936,097</b>
1- Incurred Losses (Net of Reinsurer Share)	(39,266,980)	(9,388,859)	(506,769,072)	(15,714,724)	(55,055,356)	-	(626,194,991)
1.1- Claims Paid (Net of Reinsurer Share)	(32,822,133)	(7,111,521)	(422,503,581)	(12,810,312)	(53,823,161)	-	(529,070,708)
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	(6,444,847)	(2,277,338)	(84,265,491)	(2,904,412)	(1,232,195)	-	(97,124,283)
2- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	(27,683,386)	(12,820,503)	(68,057,247)	(11,331,575)	(8,940,463)	-	(128,833,174)
<b>Technical Expense</b>	<b>(66,950,366)</b>	<b>(22,209,362)</b>	<b>(574,826,319)</b>	<b>(27,046,299)</b>	<b>(63,995,819)</b>	<b>-</b>	<b>(755,028,165)</b>
Investment Income						408,895,011	<b>408,895,011</b>
Personnel Expenses						(83,909,542)	<b>(83,909,542)</b>
Administrative Expense						(36,393,943)	<b>(36,393,943)</b>
Other and Investment Expense (*)						(229,038,754)	<b>(229,038,754)</b>
<b>Profit Before Tax</b>							<b>90,460,704</b>
<b>Tax Expense</b>							<b>(22,144,876)</b>
<b>Net Profit</b>							<b>68,315,828</b>

(\*) The investment incomes transferred from non-technical branches amounting to TRY187,354,074 has not been included.

1 January – 31 December 2020	Fire	Transportation	Accident	Engineering	Other	Unallocated	Total
1- Earned Premiums (Net of Reinsurer Share)	70.375.401	22.552.674	441.635.551	12.340.821	58.688.958	-	605.593.405
1.1- Written Premiums (Net of Reinsurer Share)	95.899.375	24.129.187	486.083.695	13.439.519	67.335.101	-	686.886.877
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	-25.523.974	-1.576.513	-44.329.946	-1.098.698	-8.646.143	-	-81.175.274
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	-	-	-118.198	-	-	-	-118.198
2- Other Technical Income (Net of Reinsurer Share)	-2.649.879	1.669.528	-23.740.206	1.333.555	-2.858.322	-	-26.245.324
<b>Technical Income (*)</b>	<b>67.725.522</b>	<b>24.222.202</b>	<b>417.895.345</b>	<b>13.674.376</b>	<b>55.830.636</b>	<b>-</b>	<b>579.348.081</b>
1- Incurred Losses (Net of Reinsurer Share)	-17.285.136	-5.782.720	-326.560.879	-10.442.370	-38.745.018	-	-398.816.123
1.1- Claims Paid (Net of Reinsurer Share)	-14.943.568	-4.691.890	-245.872.849	-8.654.184	-35.892.090	-	-310.054.581
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	-2.341.568	-1.090.830	-80.688.030	-1.788.186	-2.852.928	-	-88.761.542
2- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	-16.277.512	-2.493.310	-52.987.082	15.627.273	-21.854.012	-	-77.984.643
<b>Technical Expense</b>	<b>-33.562.648</b>	<b>-8.276.030</b>	<b>-379.547.961</b>	<b>5.184.903</b>	<b>-60.599.030</b>	<b>-</b>	<b>-476.800.766</b>
Investment Income						144.429.446	<b>144.429.446</b>
Personnel Expenses						-67.882.364	<b>-67.882.364</b>
Administrative Expense						-28.214.490	<b>-28.214.490</b>
Other and Investment Expense (*)						-76.248.676	<b>-76.248.676</b>
<b>Profit Before Tax</b>							<b>74.631.231</b>
<b>Tax Expense</b>							<b>-15.707.554</b>
<b>Net Profit</b>							<b>58.923.677</b>

(\*) The investment incomes transferred from non-technical branches amounting to TRY69,352,140 has not been included.

## 6 Tangible assets

Movements in tangible assets in the period from 1 January to 31 December 2021 are presented below:

	1 January 2021	Additions	Disposals	Valuation	31 December 2021
<b>Cost</b>					
Buildings for own use	81.360.701	-	-	47.080.000	128.440.701
Furniture and fixtures	8.640.732	983.256	-35.241	-	9.588.747
Motor vehicles	4.270.049	-	-	-	4.270.049
Other tangible assets (including leasehold improvements)	2.720.026	25.646	-	-	2.745.672
Leased tangible assets	140.695	-	-	-	140.695
Right-of-use assets	8.726.296	2.244.935	-	-	10.971.231
	<b>105.858.499</b>	<b>3.253.837</b>	<b>-35.241</b>	<b>47.080.000</b>	<b>156.157.095</b>
<b>Accumulated depreciation:</b>					

Buildings for operational use	-347.193	-3.313.034	-	3.421.206	-239.021
Furniture and fixtures	-4.581.406	-1.089.767	29.927	-	-5.641.246
Motor vehicles	-2.664.271	-1.152.598	-	-	-3.816.869
Other tangible assets (including leasehold improvements)	-2.088.748	-229.363	-	-	-2.318.111
Leased tangible assets	-140.694	-	-	-	-140.694
Right-of-use assets	-3.677.447	-1.184.861	-	-	-4.862.308
	<b>-13.499.759</b>	<b>-6.969.623</b>	<b>29.927</b>	<b>3.421.206</b>	<b>-17.018.249</b>
<b>Carrying amounts</b>	<b>92.358.740</b>				<b>139.138.846</b>

(\*) As of 31 December 2021, right-of-use assets comprises from leased buildings, office equipments, vehicles and IT equipments.

The Company's buildings for own use are revalued. "Headquarter Building" located in İstanbul and İzmir Office" buildings are presented in financial statements at the amounts determined in the expertise report dated December 30, 2021, is appraised by independent appraisal experts authorized by Capital Markets Board of Turkey using sales comparison method.

The Company's buildings for own use are designated as "Level 2" as fair value.

	31 December 2021 Net book value	31 December 2020 Net book value
Headquarter building	126.000.000	79.800.000
İzmir office	2.350.000	1.470.000
Other buildings	88.845	88.845
Land	1.856	1.856
Depreciation	-239.021	-347.193
<b>Net book value after increasing in value</b>	<b>128.201.680</b>	<b>81.013.508</b>

Revaluation surplus arising from fair value measurement in buildings is recorded in "Other Capital Reserves" under equity by taking into account the effects of deferred tax. Decreases after revaluation arising from fair value measurement in buildings is subtracted from related assets "Other Capital Reserves" under Shareholders' Equity by comparing on the basis of account. Decreases after revaluation of the assets with no balances in "Other Capital Reserves" under Shareholders' Equity is associated with profit / loss accounts.

Movements in tangible assets in the period from 1 January to 31 December 2020 are presented below:

	1 January 2020	Additions	Disposals	Valuation	31 December 2020
<b>Cost:</b>					
Buildings for own use	62.315.146	-	-	19.045.555	81.360.701
Furniture and fixtures	6.716.399	1.924.333	-	-	8.640.732
Motor vehicles	4.902.189	-	-632.140	-	4.270.049
Other tangible assets (including leasehold improvements)	2.716.041	3.985	-	-	2.720.026
Leased tangible assets	140.695	-	-	-	140.695
Right-of-use assets	5.906.710	2.819.586		-	8.726.296
	<b>82.697.180</b>	<b>4.747.904</b>	<b>-632.140</b>	<b>19.045.555</b>	<b>105.858.499</b>
<b>Accumulated depreciation:</b>					
Buildings for operational use	-4.387.633	-2.229.925	-	6.270.365	-347.193
Furniture and fixtures	-3.649.357	-932.049	-	-	-4.581.406
Motor vehicles	-2.417.476	-854.403	607.608	-	-2.664.271
Other tangible assets (including leasehold improvements)	-1.864.095	-224.652	-	-	-2.088.748
Leased tangible assets	-140.694	-	-	-	-140.694
Right-of-use assets	-1.323.647	-2.353.801	-	-	-3.677.448
	<b>-13.782.902</b>	<b>-6.594.830</b>	<b>607.608</b>	<b>6.270.365</b>	<b>-13.499.759</b>
<b>Carrying amounts</b>	<b>68.914.278</b>				<b>92.358.740</b>

\* As of 31 December 2020, right-of-use assets comprises from leased buildings, office equipments, vehicles and IT equipments.

There is not any change in depreciation method in the current period.

There is not any mortgage over tangible assets of the Company as at 31 December 2021 and 31 December 2020.

As of 31 December 2021 and 2020, details of buildings for own use below:

	31 December 2021 Net Book Value	31 December 2020 Net Book Value	Expert Date	Expert Value	Cost Value
İstanbul - Sarıyer, building	125,835,584	79,718,859	30 December 2021	126,000,000	16,148,867
İzmir - Konak, building	2,304,560	1,231,337	26 July 2021	2,350,000	874,708
<b>Net book value after valuation</b>	<b>128,140,144</b>	<b>80,950,196</b>		<b>128,350,000</b>	<b>17,023,575</b>

As of 31 December 2021 and 31 December 2020, the cost values of the buildings that belongs to Company which remeasured with market approach presented below:

	31 December 2021			31 December 2020		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
İstanbul – Sarıyer	16,148,867	(7,258,411)	8,890,456	16,148,867	(6,934,506)	9,214,361
İzmir – Konak	874,708	-612,201	262,507	874,708	-594,707	280,001
<b>Net book value at cost value</b>	<b>17,023,575</b>	<b>(7,870,612)</b>	<b>9,152,963</b>	<b>17,023,575</b>	<b>(7,529,213)</b>	<b>9,494,362</b>

## 7 Investment properties

There is no investment property (31 December 2020: None).

## 8 Intangible assests

Movements in intangible assets in the period from 1 January to 31 December 2021 are presented below:

	1 January 2021	Additions	Disposals	31 December 2021
<b>Cost:</b>				
Rights	31,668,063	8,051,487	-	39,719,550
	<b>31,668,063</b>	<b>8,051,487</b>	-	<b>39,719,550</b>
<b>Accumulated amortization:</b>				
Rights	(13,825,160)	(3,443,272)	-	(17,268,432)
	<b>(13,825,160)</b>	<b>(3,443,272)</b>	-	<b>(17,268,432)</b>
<b>Carrying amounts</b>	<b>17,842,903</b>			<b>22,451,118</b>

Movements in intangible assets in the period from 1 January to 31 December 2020 are presented below:

	1 January 2020	Additions	Disposals	31 December 2020
<b>Cost:</b>				
Rights	24,931,294	6,736,769	-	31,668,063
	<b>24,931,294</b>	<b>6,736,769</b>	-	<b>31,668,063</b>
<b>Accumulated amortization:</b>				
Rights	(10,522,158)	(3,303,002)	-	(13,825,160)
	<b>(10,522,158)</b>	<b>(3,303,002)</b>	-	<b>(13,825,160)</b>
<b>Carrying amounts</b>	<b>14,409,136</b>			<b>17,842,903</b>

## 9 Investments in associates

In 7 June 2012, Risk Ekspert Risk Danışmanlık Hizmetleri Limited Company has been founded with 30% partnership of the Company as it was registered in "Ticari Sicil Gazetesi". As of 31 December 2021 and 2020, the Company's share amount is accounted with acquisition cost as it has been predicted in accordance with Consolidation Communique. Since the mentioned affiliate's total asset amount is lower than 1% of the Company's total asset amount.

	31 December 2021		31 December 2020	
	Carrying value	Participation rate	Carrying value	Participation rate
Tarım Sigortaları Havuz İşlt. A.Ş.	875.420	4.35%	684.773	4.54%
Risk Ekspert Risk ve Hasar Danışmanlık Hiz. Ltd. Şti.	15.000	30.00%	15.000	30.00%
<b>Investments in associates, net</b>	<b>890.420</b>		<b>699.773</b>	

Name	Total assets	Shareholders' equity	Retaines earnings	Profit for the period	Audited or not	Period
Tarım Sigortaları Havuz İşlt. A.Ş.	45.918.503	30.808.108	59.144	9.602.203	Not audited	31 December 2021
Risk Ekspert Risk ve Hasar Danışmanlık Hiz. Ltd. Şti.	1.375.130	512.724	462.724	549.179	Not audited	30 September 2021

## 10 Reinsurance assets and liabilities

As at 31 December 2021 and 31 December 2020, reinsurance assets and liabilities of the Company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	31 December 2021	31 December 2020
<i>Reserve for unearned premiums, ceded (Note 17)</i>	751.577.297	580.033.197
<i>Provision for outstanding claims, ceded (Note 4.2), (Note 17)</i>	1.035.536.429	714.873.193
<i>Receivables from reinsurance companies (Note 12)</i>	19.382.148	7.248.977
<i>Commission income accrual from reinsurers and receivables due to paid claims (Note 17)</i>	29.996.958	9.891.002
<b>Total</b>	<b>1.836.492.832</b>	<b>1.312.046.369</b>

There is no value decrease for reinsuarance assets.

Reasuarance Liabilities	31 December 2021	31 December 2020
<i>Commission debts related to written premiums to reinsurance companies (Note 19)</i>	572.742.664	258.820.542
<i>Depository from reasuarance company (Note 19)</i>	0	248.950.061
<b>Total</b>	<b>572.742.664</b>	<b>507.770.603</b>

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



	31 December 2021	31 December 2020
Premiums ceded during the period (Note 17)	-1.259.253.830	-978.754.749
Reserve for unearned premiums, ceded at the beginning of the period (Note 17)	-580.033.197	-356.551.988
Reserve for unearned premiums, ceded at the end of the period (Note 17)	751.577.297	580.033.197
<b>Premiums earned, ceded (Note 17)</b>	<b>-1.087.709.730</b>	<b>-755.273.540</b>
Claims paid, ceded during the period (Note 17)	467.332.852	264.097.857
Provision for outstanding claims, ceded at the beginning of the period (Note 17)	-714.873.193	-522.192.545
Provision for outstanding claims, ceded at the end of the period (Note 17)	1.035.536.429	714.873.193
<b>Claims incurred, ceded (Note 17)</b>	<b>787.996.088</b>	<b>456.778.505</b>
Commission income accrued from reinsurers during the period	186.731.785	143.199.024
Deferred commission income at the beginning of the period (Note 19)	81.034.175	58.074.199
Deferred commission income at the end of the period (Note 19)	-112.848.202	-81.034.175
<b>Commission income earned from reinsurers (Note 32)</b>	<b>154.917.758</b>	<b>120.239.048</b>
<b>Total, net</b>	<b>-144.795.884</b>	<b>-178.255.988</b>

## 11 Financial assets

As at 31 December 2021 and 31 December 2020 the Company's financial asset portfolio are detailed as follows:

31 December 2021				
Debt instruments:	Nominal value	Cost	Fair value	Net book value
Government bonds – TRY	145.000.000	147.158.764	137.912.350	137.912.350
<b>Total available-for-sale financial assets</b>	<b>145.000.000</b>	<b>147.158.764</b>	<b>137.912.350</b>	<b>137.912.350</b>

31 December 2020				
Debt instruments:	Nominal value	Cost	Fair value	Net book value
Government bonds - TRY	45.000.000	44.425.797	42.735.000	42.735.000
<b>Total available for sale financial assets</b>	<b>45.000.000</b>	<b>44.425.797</b>	<b>42.735.000</b>	<b>42.735.000</b>

There is no debt security issued during the period or issued before and paid during the period by the Company.  
There is no financial asset that is overdue but not impaired among the Company's financial investments portfolio.  
As at 31 December 2021 and 31 December 2020, movements of the financial assets during the period are presented below:

31 December 2021			
	Trading	Until Maturity	Total
<b>Balance at the beginning of the period</b>	42.735.000	-	42.735.000
Acquisitions during the period	102.732.967	-	102.732.967
Disposals (sale and redemption)	-	-	-
Change in the fair value of financial assets	-7.555.617	-	-7.555.617
<b>Balance at the end of the period</b>	<b>137.912.350</b>	<b>-</b>	<b>137.912.350</b>

31 December 2020			
	Trading	Until Maturity	Total
<b>Balance at the beginning of the period</b>	-	-	-
Acquisitions during the period	44.425.797	19.999.959	64.425.756
Disposals (sale and redemption)	-	-19.999.959	-19.999.959
Change in the fair value of financial assets	-1.690.797	-	-1.690.797
<b>Balance at the end of the period</b>	<b>42.735.000</b>	<b>-</b>	<b>42.735.000</b>

As of 31 December 2021, the Company does not have any financial assets given as deposit for the Republic of Turkey Ministry of Treasury and Finance due its insurance activities (31 December 2020: None).

## 12 Loans and receivables

	31 December 2021	31 December 2020
Receivables from main operations (Note 4.2)	796.243.083	587.069.036
Other receivables (Note 4.2)	3.401.906	2.344.076
Prepaid taxes and funds (Note 4.2)	907.696	10.182.857
Receivables from related parties (Note 4.2)	0	67.196
<b>Total</b>	<b>800.552.685</b>	<b>599.663.165</b>

As at 31 December 2021 and 31 December 2020, the details of the receivables from main operations are as follows:

	31 December 2021	31 December 2020
Receivables from agencies, brokers and intermediaries	503.807.989	372.488.881
Receivables from guaranteed credit card	164.741.820	113.639.497
Receivables from insurance companies	58.566.184	81.758.164
Receivables from reinsurance companies (Note 10)	19.382.148	7.248.977
Receivables from policyholders	29.138.759	1.879.707
Receivables from subrogation (Note 2.21)	20.900.396	10.209.801
Provision from doubtful receivables from insurance operations (Note 4.2) (*)	-1.161.561	-1.023.339
<b>Total receivables from insurance operations, net</b>	<b>795.375.735</b>	<b>586.201.688</b>

(\*) Receivables from insurance operations includes TRY612,246 provision from agencies receivables and the rest of receivables comprises from salvage and subrogation receivable provisions (31 December 2020: TRY400,866).

Doubtful receivables from main operations	121.482.219	104.240.071
Provisions for doubtful receivables from main operations (Note 4.2)	-120.614.871	-103.372.723
<b>Receivables from main operations (Note 4.2)</b>	<b>796.243.083</b>	<b>587.069.036</b>

As at 31 December 2021 and 31 December 2020, the details of mortgages and other guarantees for the Company's receivables are presented below:

	31 December 2021	31 December 2020
Letters of guarantees	18.404.997	14.762.955
Mortgage notes	14.152.703	14.602.708
Collateral cheques	5.170.210	5.455.910
Collateral bills	1.205.000	1.699.978
Public securities	6.000	6.000
Other guarantees	10.820.501	11.736.821
<b>Total</b>	<b>49.759.411</b>	<b>48.264.372</b>

Subrogation receivables are presented below:

	31 December 2021	31 December 2020
Subrogation receivables - gross	23.439.854	12,305,472
Subrogation receivables - reinsurance share	-2.539.458	(2,095,670)
<b>Subrogation receivables</b>	<b>20.900.396</b>	<b>10,209,802</b>

## Provisions for overdue receivables and receivables not due yet

a) Receivables under legal and administrative follow up (due): TRY9,415,159 (31 December 2020: TRY10,322,238).

b) Provision for subrogation receivables under legal and administrative follow up: TRY111,199,712 (31 December 2020: TRY93,050,485). There is no reinsurance share of interest on subrogation receivables on the balance sheet as of 31 December 2021 (31 December 2020: TRY13,599,130) (Note 47).

c) Receivables from insurance operations: TRY1,161,561 (31 December 2020: TRY1,023,339).

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 instruments

As at 31 December 2021, the Company does not have derivative financial instruments (31 December 2020: None).

### 14 Cash and cash equivalents

As at 31 December 2021 and 31 December 2020, cash and cash equivalents are as follows:

	31 December 2021		31 December 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	30.944	22.023	22.023	14.316
Cheques received	12	12	12	12
Banks	778.694.768	745.863.919	745.863.919	607.833.612
Other cash and cash equivalents	237.951.778	165.965.723	165.965.723	127.612.291
<b>Cash and cash equivalents in the balance sheet</b>	<b>1.016.677.502</b>	<b>911.851.677</b>	<b>911.851.677</b>	<b>735.460.231</b>
Interest accruals on banks deposits	-21.334.406	-3.003.115	-3.003.115	-15.994.221
<i>Bank deposits – blocked (*) (Note 17)</i>	-143.000.000	-103.000.000	-103.000.000	-74.500.000
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>852.343.096</b>	<b>805.848.562</b>	<b>805.848.562</b>	<b>644.966.010</b>

(\*) As at 31 December 2021 and 31 December 2020 cash collateral kept in favour of the Insurance and Insurance and Private Pension Regulation and Supervision Agency ('SEDDK') and TARSIM as a guarantee for the insurance activities.

As of 31 December 2021, the maturity distribution of the Company's time deposits is between 3-365 days (31 December 2020: 2-174 days). The interest rates of time deposits are given below.

	31 December 2021	31 December 2020
TRY	15.70%-25.75%	8.81%-10.91%
As at 31 December 2021 and 31 December 2020, bank deposits are further analyzed as follows:		
Foreign currency denominated bank deposits		
- demand deposit	72.876.812	43.621.970
- time deposit	-	-
Bank deposits in Turkish Lira		
- demand deposit	2.594.550	3.649.728
- time deposit	703.223.406	698.592.221
<b>Bank deposit</b>	<b>778.694.768</b>	<b>745.863.919</b>

### 15 Equity

#### Paid in capital

The shareholder having direct or indirect control over the shares of the Vienna Insurance Group. The Company does not increase its share capital in the period ended at 31 December 2021.

As at 31 December 2021, the issued share capital of the Company is TRY163,069,856 (31 December 2020: TRY163,069,856). The share capital of the Company consists of 16,306,985,600 (31 December 2020: 16,306,985,600 shares) issued shares with TRY0.01 nominal value each.

### Other capital reserves

In accordance with "TAS 16 - Tangible Assets", the Company accounts for property for operational use using the revaluation model. Increases in the carrying amounts arising on revaluation of properties, net of tax, are accounted for in "Other profit reserves" under shareholders' equity. At each accounting period, the difference between depreciation based on the revalued carrying amount of the asset (charged to the statement of income) and the depreciation based on the asset's original cost is transferred revaluation increases arising from the revaluation of property for operational use are not allowed to be used in capital increases.

In accordance with the 4 July 2007 dated and 2007/3 numbered Compliance Communiqué issued by the Turkish Treasury, it was stated that the companies would not further provide earthquake provision for the year 2007.

However, it was also stated that earthquake provisions provided in previous periods (earthquake provision in the financial statements as at 31 December 2006) should be transferred to the reserve accounts under equity in accordance with the 5th Temporary Article of the Insurance Law. The companies had to transfer total amount of provisions, including earthquake provisions reserved as at 31 December 2006 and related gains obtained from investment of these amounts, to the account called as "549.01 – transferred earthquake provisions" which would be opened as at 1 September 2007 within Uniform Chart of Account and the reserves amount should not be subject to dividend distribution or should not be transferred to other accounts.

Other capital reserves distribution is presented below:

	31 December 2021	31 December 2020
Revaluation fund	95.191.229	57.166.151
Earthquake provision transferred to profit reserve	9.265.404	9.265.400
Transfer to legal reserves (*)	5.543.354	2.597.170
Valuation of financial assets	-8.558.741	-2.773.990
Actuarial losses, net	-5.806.658	-4.715.841
<b>Other capital reserves at the end of the period</b>	<b>95.634.588</b>	<b>61.538.890</b>

(\*) According to Company's General Assembly meeting on 29 March 2021, Company transferred TRY58,923,677 of the net profit of period amount TRY2,946,184 to legal reserves as primary reserves in accordance with the policy of the profit distribution of the Company, Capital Market Board regulations and Turkish Commercial Code article 519.

Other capital reserves distribution is presented below:

	31 December 2021	31 December 2020
Beginning of period 1 January	6.619.711	57.166.151
Actuarial (gain)/loss	-1.363.517	9.265.400
Deferred tax effect	-5.806.658	-4.715.841
<b>Valuation of financial assets at the end of period</b>	<b>95.634.588</b>	<b>61.538.890</b>

As of 1 January - 31 December 2021 and 2020, the movement table of the Accumulated Losses are presented below:

	1 January - 31 December 2021	1 January - 31 December 2020
Beginning of period 1 January	52.300.131	3.211.798
Transfer of net profit for the previous year	58.923.677	50.083.088
Transfer to legal reserves	-2.946.184	-2.504.154
Other transfers, net	2.375.882	1.509.399
<b>End of the period 31 December</b>	<b>110.653.506</b>	<b>52.300.131</b>

### 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.

	31 December 2021	31 December 2020
Legal reserves	5,543,354	2,597,170

### Valuation of financial assets

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. However, assets that are not traded in an active market are measured by using 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 profit or loss.

As of the reporting date, the unrealized gains and losses arising from the changes in the fair values of financial assets are recognized in "Valuation of Financial Assets" under the equity as follows:

	31 December 2021	31 December 2020
Valuation of financial assets at the beginning of period	2.773.990	-
Change in current year	7.230.939	3.467.487
Deferred tax effect	-1.446.188	-693.497
<b>Valuation of financial assets at the end of period</b>	<b>8.558.741</b>	<b>2.773.990</b>

### 16 Other reserves and equity component of DPF

As at 31 December 2021 and 31 December 2020, change in fair values of available-for-sale financial assets which is presented as "valuation of financial assets" and earthquake provisions provided in the previous years presented under "other profit reserves" are explained in detail in Note 15 - Equity above. As at 31 December 2021 and 31 December 2020, the Company does not hold any insurance or investment contracts which contain a DPF.

### 17 Insurance contract 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 at 31 December 2021 and 31 December 2020, details of the technical reserves of the Company are as follows:

	31 December 2021	31 December 2020
Reserve for unearned premiums, gross	1.283.588.506	987.620.347
<i>Reserve for unearned premiums, ceded (Note 10)</i>	<i>-751.577.297</i>	<i>-580.033.197</i>
Reserve for unearned premiums, SSI share	-16.943.409	-14.562.899
<b>Reserves for unearned premiums, net</b>	<b>515.067.800</b>	<b>393.024.251</b>
Reserve for unexpired risks, gross	32.517.294	11.596.260
<i>Reserve for unexpired risks, ceded (Note 10)</i>	<i>-29.996.958</i>	<i>-9.891.002</i>
<b>Provision for unexpired risks, net</b>	<b>2.520.336</b>	<b>1.705.258</b>
Provision for outstanding claims, gross	1.465.352.005	1.047.564.486
Provision for outstanding claims, ceded (Note 10)	-1.035.536.429	-714.873.193
<b>Provision for outstanding claims, net</b>	<b>429.815.576</b>	<b>332.691.293</b>
Equalization provision, net	47.086.072	32.045.262
<b>Other technical provisions, net</b>	<b>47.086.072</b>	<b>32.045.262</b>
<b>Total technical provisions, net</b>	<b>994.489.784</b>	<b>759.466.064</b>
Short-term	926.841.514	711.355.981
Medium and long-term	67.648.270	48.110.083
<b>Total technical provisions, net</b>	<b>994.489.784</b>	<b>759.466.064</b>

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

Reserved for unearned premiums	31 December 2021			
	Gross	Reinsurer share	SSI share	Net
Reserve for unearned premiums at the beginning of the period	987.620.347	-580.033.197	-14.562.899	393.024.251
Premiums written during the period	2.220.372.315	-1.259.253.830	-37.881.697	923.236.788
Premiums earned during the period	-1.924.404.156	1.087.709.730	35.501.187	-801.193.239
<b>Reserve for unearned premiums at the end of the period</b>	<b>1.283.588.506</b>	<b>-751.577.297</b>	<b>-16.943.409</b>	<b>515.067.800</b>

Reserve for unearned premiums	31 December 2020			
	Gross	Reinsurer share	SSI share	Net
Reserve for unearned premiums at the beginning of the period	683.946.033	-356.551.989	-15.545.067	311.848.977
Premiums written during the period	1.699.439.187	-978.754.749	-33.797.561	686.886.877
Premiums earned during the period	-1.395.764.873	755.273.541	34.779.729	-605.711.603
<b>Reserve for unearned premiums at the end of the period</b>	<b>987.620.347</b>	<b>-580.033.197</b>	<b>-14.562.899</b>	<b>393.024.251</b>



Provision for outstanding claims	31 December 2021		
	Gross	Reinsurer share	Net
Provision for outstanding claims at the beginning of the period	1.047.564.486	-714.873.193	332.691.293
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	1.059.589.812	-711.154.896	348.434.916
Claims paid during the period	-996.403.560	467.332.852	-529.070.708
<b>Provision for outstanding claims at the end of the period</b>	<b>1.110.750.738</b>	<b>-958.695.237</b>	<b>152.055.501</b>
Discount for litigation files	-195.225.299	152.250.250	-42.975.049
Adequacy difference in the provision for outstanding compensation	10.958.734	-10.377.389	581.345
Incurred but not reported claims	697.035.351	-460.663.437	236.371.914
Provisions for outstanding claims discount adjustment	-158.167.519	241.949.384	83.781.865
<b>Outstanding claims reserve at the end of the period</b>	<b>1.465.352.005</b>	<b>-1.035.536.429</b>	<b>429.815.576</b>

Provision for outstanding claims	31 December 2020		
	Gross	Reinsurer share	Net
Provision for outstanding claims at the beginning of the period	766.122.298	-522.192.547	243.929.751
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	682.556.200	-371.500.240	311.055.960
Claims paid during the period	-574.152.438	264.097.857	-310.054.581
<b>Provision for outstanding claims at the end of the period</b>	<b>874.526.060</b>	<b>-629.594.930</b>	<b>244.931.130</b>
Discount for litigation files	-144.030.952	108.369.776	-35.661.176
Adequacy difference in the provision for outstanding compensation	6.609.484	-6.206.514	402.97
Incurred but not reported claims	468.627.413	-290.368.339	178.259.074
Provisions for outstanding claims discount adjustment	-158.167.519	102.926.814	-55.240.705
<b>Outstanding claims reserve at the end of the period</b>	<b>1.047.564.486</b>	<b>-714.873.193</b>	<b>332.691.293</b>

Provision for unexpired risks, net	31 December 2021		
	Gross	Reinsurer share	Net
<b>Beginning of the period - 1 January</b>	11.596.260	-9.891.002	1.705.258
<b>Net change</b>	20.921.034	-20.105.956	815.078
<b>End of the period - 31 December</b>	<b>32.517.294</b>	<b>-29.996.958</b>	<b>2.520.336</b>
Provision for unexpired risks. net	31 December 2020		
	Gross	Reinsurer share	Net
<b>Beginning of the period - 1 January</b>	10.168.187	-8.581.127	1.587.060
<b>Net change</b>	1.428.073	-1.309.875	118.198
<b>End of the period - 31 December</b>	<b>11.596.260</b>	<b>-9.891.002</b>	<b>1.705.258</b>

	31/Aralık/2021 Net	31/Aralık/2020 Net
<b>Beginning of the period - 1 January</b>	32.045.262	23.007.706
<b>Net change</b>	15.040.810	9.037.556
<b>End of the period - 31 December</b>	<b>47.086.072</b>	<b>32.045.262</b>

Claim development tables

The basic assumption used in the estimation of provisions for outstanding claims is the Company's past experience on claim developments. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because

of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the reporting date. Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent financial statements. Development of insurance liabilities enables to measure the performance of the Company in estimation of its ultimate claim losses. The amounts presented on the top of the below tables show the changes in estimations of the Company for the claims in subsequent years after claim years. The amounts presented on the below of the below tables give the reconciliation of total liabilities with provision for outstanding claims presented in the accompanying financial statements.

31 December 2021								
Claim year	2015	2016	2017	2018	2019	2020	2021	Total gross incurred claims
Claim incurred in accident period	226.201.820	222.836.979	294.375.434	423.400.165	459.592.783	513.355.858	1.040.614.960	3.180.377.999
1 year later	83.069.944	151.741.951	151.687.284	197.143.382	186.172.040	244.636.945		1.014.451.546
2 years later	50.730.602	191.815.876	72.465.539	96.598.500	116.883.630			528.494.147
3 years later	46.620.903	198.270.565	65.938.747	94.834.303				405.664.518
4 years later	46.309.326	273.365.014	69.852.426					389.526.766
5 years later	46.226.988	345.753.358						391.980.346
6 years later	45.512.236							45.512.236
<b>Total gross incurred claims</b>	<b>544.671.819</b>	<b>1.383.783.743</b>	<b>654.319.430</b>	<b>811.976.350</b>	<b>762.648.453</b>	<b>757.992.803</b>	<b>1.040.614.960</b>	<b>5.956.007.558</b>
31 December 2020								
Claim year	2014	2015	2016	2017	2018	2019	2020	Total gross incurred claims
Claim incurred in accident period	225.840.918	226.201.820	222.836.979	294.375.434	423.402.968	459.592.783	513.355.858	2.365.606.760
1 year later	105.925.736	83.069.944	151.741.951	151.687.284	197.143.382	186.172.040	-	875.740.336
2 years later	32.695.818	50.730.602	191.815.876	72.465.539	96.598.500	-	-	444.306.336
3 years later	29.037.718	46.620.903	198.270.565	65.938.747	-	-	-	339.867.932
4 years later	30.886.479	46.309.326	273.365.014	-	-	-	-	350.560.819
5 years later	30.067.897	46.226.988	-	-	-	-	-	76.294.885
6 years later	26.321.437	-	-	-	-	-	-	26.321.437
<b>Total gross incurred claims</b>	<b>480.776.003</b>	<b>499.159.582</b>	<b>1.038.030.386</b>	<b>584.467.004</b>	<b>717.144.850</b>	<b>645.764.822</b>	<b>513.355.858</b>	<b>4.478.698.505</b>

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

31 December 2021(**)			
	Should be placed <sup>(*)</sup>	Placed <sup>(*)</sup>	Carrying amount
<i>Non-life:</i>			
<i>Bank deposits (Note 14)(**)</i>	145.438.963	143.000.000	143.000.000
<b>Total</b>	<b>145.438.963</b>	<b>143.000.000</b>	<b>143.000.000</b>

31 December 2020			
	Should be placed <sup>(*)</sup>	Placed <sup>(*)</sup>	Carrying amount
<i>Non-life:</i>			
<i>Bank deposits (Note 14)</i>	114.536.856	103.000.000	103.000.000
<b>Total</b>	<b>114.536.856</b>	<b>103.000.000</b>	<b>103.000.000</b>

<sup>\*</sup>According to the 10th article of the "Communiqué Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies" which regulates necessary guarantee amount, minimum guarantee fund for capital adequacy calculation period will be established as a guarantee in two months following the calculation period. According to "Regulations Regarding to Capital Adequacy Measurement and Assessment of Insurance, Reinsurance, and Private Pension Companies", companies must prepare their capital adequacy tables twice in a financial year at June and December periods and must sent capital adequacy tables to the Turkish Treasury Department within two months.

<sup>(\*\*)</sup>The company has calculated the amount of collateral to be established, determined by using the financial data for the 31 December 2021 accounting period, in the following period from the balance sheet date, and it is TRY145,438,963. As a result of the related calculation, a total of TRY159,000,000 guarantee allocation was provided as of the report signature date, by adding TRY21,000,000 to the TRY138,000,000 already established in favor of the SEDDK.

The Company has determined the actuarial chain ladder methods ('ACLM') calculation method to be used for each branch within the framework of the opinions of the company actuary, in accordance with the "Circular on Outstanding Claims Reserves" dated 5 December 2014 and numbered 2014/16 published by the Ministry of Treasury and Finance. In addition, statistical distributions were used to determine the damage development factors when deemed necessary within the framework of the Company's actuary's opinions.

**Company's number of life insurance policies, additions, disposals during the period 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.

**Deferred commission expenses**  
The Company capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As at 31 December 2021, short-term prepaid expenses amounting to TRY163,322,590 (31 December 2020: TRY124,962,506) consist of deferred commission expenses amounting to TRY161,365,448 (31 December 2020: TRY120,316,017) and other prepaid expenses amounting to TRY1,957,142 (31 December 2020: TRY4,646,489).

As at 31 December 2021 and 31 December 2020, the movements of deferred commission expenses are presented below:

	31 December 2021	31 December 2020
Deferred commission expenses at the beginning of the period	120.316.017	86.955.210
Commissions accrued during the period (Note 32)	269.628.212	190.305.150
Commissions expensed during the period	-228.578.781	-156.944.343
<b>Deferred commission expenses at the end of the period</b>	<b>161.365.448</b>	<b>120.316.017</b>

**18 Investment contract liabilities**  
None.

**19 Trade and other payables and deferred income**

	31 December 2021	31 December 200
Payables from main operations	582.860.738	516.239.914
Short-term deferred income (Note 10)	112.848.202	81.034.175
Other payables	46.762.776	24.849.225
Taxes and funds payable and other similar obligations	34.916.454	25.767.843
Payables to SSI	14.450.857	10.508.040
Payable to personnels	24.492	8.466.264
<b>Total</b>	<b>791.863.519</b>	<b>666.865.461</b>
Short-term liabilities	681.469.217	588.114.961
Long-term liabilities	110.394.302	78.750.500
<b>Total</b>	<b>791.863.519</b>	<b>666.865.461</b>

Payables arising from main operations of the Company as at 31 December 2021 and 31 December 2020 are as follows:

Other liabilities	31 December 2021	31 December 2020
Payables to vendors and contracted maintenance hall	32.687.231	17.650.503
Received Cash Agency Guarantees	13.026.318	7.112.546
Other	1.049.227	86.176
	<b>46.762.776</b>	<b>24.849.225</b>

Payables arising from main operations of the Company as at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Payables to reinsurance companies (Note 10)	572.742.664	258.820.542
Payables to agencies, brokers and intermediaries	10.118.074	8.469.311
<b>Total payables arising from insurance operations</b>	<b>582.860.738</b>	<b>267.289.853</b>
Cash deposited by insurance and reinsurance companies (Note 10)	-	248.950.061
<b>Payables arising from main operations</b>	<b>582.860.738</b>	<b>516.239.914</b>

Corporate tax liabilities and prepaid taxes are disclosed below:

	31 December 2021	31 December 2020
Prepaid Taxes	25.465.078	26.585.303
Provision of calculated corporate tax	-24.557.382	-16.402.446
<b>Corporate tax assets, net</b>	<b>907.696</b>	<b>10.182.857</b>

**Total amount of investment incentives which will be benefited in current and forthcoming periods**  
None.

**20 Financial liabilities**  
TFRS 16 "Leases" has been issued by POA at 16 April 2018 and the Company has initially adopted TFRS 16 Leases from 1 January 2019. The Company presents lease liabilities under Other Financial Liabilities. The Company has no financial liabilities as at 31 December 2020 apart from lease liabilities. As of 31 December 2021, the company has TRY6,583,985 financial liabilities under TFRS 16 Leases standard (31 December 2020: TRY5,408,284).

As of 31 December 2021 and 31 December 2020, the movement table of the total lease obligation and lease obligations that the Company is as follows:

	31 December 2021	31 December 2020
Short-term lease liabilities	3.321.439	2.287.381
Long-term lease liabilities	4.640.766	3.794.323
Alternative borrowing rate and discount amount	-1.378.220	-673.42
<b>Total lease liabilities</b>	<b>6.583.985</b>	<b>5.408.284</b>
	<b>2021</b>	<b>2020</b>
Total lease liabilities as of January 1	5.408.284	4.647.202
Rent payments	-2.686.556	-2.815.798
Interest cost	1.617.322	673.423
Additions	2.244.935	2.819.586
Foreign currency valuation	-	83.871
<b>Total lease liabilities as of December 31</b>	<b>6.583.985</b>	<b>5.408.284</b>

21 Deferred Tax

As at 31 December 2021 and 31 December 2020, deferred tax assets and liabilities are attributable to the following:

	31 December 2021		31 December 2020	
	Temporary differences	Deferred tax assets / (liabilities)	Temporary differences	Deferred tax assets / (liabilities)
Equalization Provision	32.045.263	6.409.053	32.045.263	6.409.053
Benefit Severance and unused leave provision	14.793.132	3.163.985	10.036.587	2.007.317
Provision for lawsuits	1.934.839	386.968	1.809.178	361.836
Provision for unexpired risks	2.520.337	504.067	1.705.259	341.052
Temporary differences from IFRS 16	475.062	95.012	295.296	59.059
Provision for receivables	612.246	140.817	400.866	80.173
Actuarial chain difference	6.080.146	1.398.434	-	-
Other	2.291.294	526.998	4.503.332	900.666
Subrogation provisions	549.315	126.342	622.473	124.495
Depreciation adjustments for TAS	-115.980.738	-23.196.148	-73.796.402	-14.759.280
Deferred tax assets/(liabilities). net		-10.444.472		-4.475.629

As at 31 December 2021 and 2020, the movements of deferred tax assets are presented below:

	31 December 2021	31 December 2020
Beginning of period - 1 January	-4.475.629	-964.291
Deferred tax income. net	2.412.506	694.892
Deferred tax effect of financial assets and actuarial losses/gains recognized at equity	1.718.890	-
Deferred tax effect of owner occupied property recog-nized at equity	-10.100.240	-4.206.230
End of period - 31 December	-10.444.472	-4.475.629

Deferred tax rate applied as 20% and 25% for temporary difference that will be recovered after 2020 financial year.  
Deferred tax assets are recognized in the records provided that it is highly probable that future taxable profit will be available against which the temporary differences can be utilized. The Company does not have any deductible financial losses as of the balance sheet date (31 December 2020: None).

22 Retirement benefit obligations  
None.

23 Other liabilities and provisions

As at 31 December 2021 and 31 December 2020 the details of the provisions for expense accruals are as follows:

	31 December 2021	31 December 2020
Personnel bonus provision(*)	14.037.515	-
Provision for unused vacation pay liability	6.845.271	4.010.555
Provision for lawsuits	1.934.839	1.809.178
Other expense provisions	7.054.335	4.149.855
Provision for expense accruals	29.871.960	9.969.588

(\*) Since the amount of bonuses to be paid to the personnel has been finalized on 31 December 2020, the relevant amount has been classified in the payables to personnel account.

Movements of provision for employee termination benefits during the period are presented below:

	31 December 2021	31 December 2020
Provision at the beginning of the period	6.026.032	4.584.432
Interest and service cost	1.753.812	1.091.429
Payments made during the period	-1.195.500	-467.109
Actuarial difference (Note 15)	1.363.517	817.280
Provision at the end of the period	7.947.861	6.026.032

24 Net insurance premium

As at 31 December 2021 and 31 December 2020, written premiums are distribution to the following:

	1 January - 31 December 2021			1 January - 31 December 2020		
	Reinsurance			Reinsurance		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Fire and Natural Disasters	592.962.569	-467.166.889	125.795.680	434.294.065	-339.174.234	95.119.831
Financial Losses	30.089.753	-28.715.860	1.373.893	25.470.239	-24.690.695	779.544
Transportation	85.230.651	-45.316.939	39.913.712	51.051.980	-29.203.599	21.848.381
Water vehicles	26.675.147	-23.826.654	2.848.493	18.601.997	-16.321.192	2.280.805
Land vehicles liability	537.177.849	-332.495.576	204.682.273	455.435.501	-274.699.409	180.736.092
Land vehicles	418.046.736	-786.069	417.260.667	285.579.348	-449.725	285.129.623
Accident	13.577.742	-5.913.957	7.663.785	12.019.086	-5.323.994	6.695.092
General liability	134.332.497	-125.021.253	9.311.244	67.167.539	-58.148.280	9.019.259
General Damages	308.857.827	-219.637.456	89.220.371	285.585.181	-222.707.838	62.877.343
Aircraft	630.903	-630.903	-	968.691	-968.691	-
Aircraft liability	147.359	-147.359	-	369.779	-369.779	-
Bonding	2.325.262	-2.027.541	297.721	1.560.640	-1.360.548	200.092
Legal protection	3.929.923	-	3.929.923	2.845.977	-	2.845.977
Health	65.475.427	-44.536.401	20.939.026	58.489.164	-39.134.327	19.354.837
Loans	912.670	-912.670	-	-	-	-
Total written premiums	2.220.372.315	-1.297.135.527	923.236.788	1.699.439.187	-1.012.552.311	686.886.876

25 Fee revenue

None.



26 Investment income

	31 December 2021	31 December 2020
Income from financial investments	140.268.336	72.523.876
Interest income from time deposits	127.668.336	68.255.935
Interest income from debt instruments	12.600.000	4.267.941
Foreign exchange gains	266.006.741	70.128.880
Current account exchange differences	219.289.633	59.243.369
Currency differences on bank deposits	46.717.108	10.885.511
Financial investment valuation	2.619.934	1.776.690
	408.895.011	144.429.446

27 Net income accrual on financial assets

Net realized gains on financial assets are presented in Note 4.2 - Financial Risk Management.

28 Assets held at fair value through profit or loss

Presented in “Note 4.2 - Financial Risk Management”.

29 Insurance rights and claims

	1 January - 31 December 2021	1 January - 31 December 2021
Claims paid, net off reinsurers’ share	-529.070.708	-310.054.581
Changes in reserve for unearned premiums, net off reinsurers’ share	-122.043.549	-81.175.274
Changes in provision for outstanding claims, net off reinsurers’ share	-97.124.283	-88.761.542
Change in equalization provisions	-15.040.810	-9.037.556
Changes in reserve for unexpired risks, net off reinsurers’ share	-815.078	-118.198
Total	-764.094.428	-489.147.151

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 at 31 December 2021 and 31 December 2020; the details of the operating expenses are disclosed as follows:

	1 January-31 December 2021	1 January-31 December 2020
Commission expenses (Note 17)	269.628.212	190.305.150
Employee benefit expenses (Note 33)	83.909.542	67.882.364
Communication and information technologies expenses	14.234.072	11.404.639
Other expenses	11.263.871	8.676.150
Administration expenses	5.660.054	4.469.260
Advertising and marketing expenses	4.317.856	2.545.426
Commission income from reinsurers (Note 10)	-154.917.758	-120.239.048
Total	234.095.849	165.043.941

33 Employee benefits expenses

	1 January-31 December 2021	1 January-31 December 2020
Wages and salaries	51.513.305	41.790.731
Bonus payments	15.399.533	14.850.496
Employer’s share of social security premium	8.364.660	6.673.847
Social Benefits	7.389.466	4.087.385
Severance and notice payments	1.242.578	479.905
Total	83.909.542	67.882.364

34 Financial costs

Finance costs of the period are presented in “Note 4.2 - Financial Risk Management” above. As of 31 December 2021, the interest expense incurred on right of use assets is TRY1,617,322 (31 December 2020: TRY673,423).

35 Income tax

Income tax expense in the accompanying financial statements is as follows:

	1 January-31 December 2021	1 January-31 December 2020
Current tax expense provision:		
Corporate tax provision	-24.557.382	-16.402.446
Deferred taxes:		
Origination and reversal of temporary differences	2.412.506	694.892
Total income tax expense recognised in profit or loss	-22.144.876	-15.707.554

As at 31 December 2021 and 31 December 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:

	1 January-31 December 2021	Tax Rate (%)	1 January-31 December 2020	Tax Rate (%)
Profit before tax	90.460.704		74.631.231	
Taxes on income per statutory tax rate	-22.615.176	25	-16.418.871	22
Effect of change in tax rate	1.812.319	25	-89.513	22
Disallowable expenses	-768.404	25	-	22
Other	-573.615	25	800.830	22
Total tax income recognized in profit or loss	-22.144.876	25	-15.707.554	22

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 period to the weighted average number of shares.

	1 January-31 December 2021	1 January-31 December 2020
Net profit / (loss) for the period	68.315.828	58.923.677
Weighted average number of shares	16.306.985.600	16.306.985.600
Earning per share (TRY)	0.0042	0.0036

### 38 Dividends per share

None.

### 39 Cash generated from operations

The cash flows from operating activities are presented in the accompanying statement of cash flows.

### 40 Convertible bonds

None.

### 41 Redeemable preference shares

None.

### 42 Risks

In the normal course of its operations, the Company is exposed to legal disputes, claims and challenges, which mainly stem from its insurance operations. The necessary income/expense accruals for the revocable cases against/on behalf of the Company are provided under provision for outstanding claims in the accompanying financial statements.

As at 31 December 2021, total amount of the claims that the Company face is TRY802,867,243 in gross (31 December 2020: TRY630,908,575). The Company provided provision for outstanding claims in the financial statements by considering collateral amounts.

As a result of the full examination of the accounts and transactions of the year 2018, initiated by the Ministry of Treasury and Finance, Turkish Tax Inspection Board, with the Company on 19 August 2020, the salvage income obtained as a result of the sale of scrap vehicles was paid to the Company for 2018, on the grounds that they were not subject to insurance transactions tax. A total of TRY3,759,980 tax and tax penalty, including tax and TRY1,879,990 tax penalty, has been imposed. For the relevant amount, the company has submitted a declaration of abandonment of the settlement request before the assessment and will use its right to file a lawsuit against the Tax Office.

As at 31 December 2021, ongoing law suits prosecuted by the Company against the third parties amounting TRY121,482,219 (31 December 2020: TRY104,240,071).

### 43 Commitments

The details of the guarantees that are given by the Company for the operations in non-life branches are presented in Note 17.

### 44 Business combinations

None.

### 45 Related party transactions

The ultimate controlling party of the Company is VIG Group and the affiliates and associates of VIG Group are defined as related parties of the Company.

The related party balances as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
VIG Re	157.050.498	41.365.089
VIG Holding	165.965.419	11.952.369
Other	600.395	824.698
<b>Payables from main operations</b>	<b>323.616.312</b>	<b>54.142.156</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
VIG Holding	418.358.626	283.309.847
VIG Re	304.588.722	192.175.817
Kooperativa	1.622.318	1.661.229
Other	5.595.605	3.208.441
<b>Technical provisions</b>	<b>730.165.271</b>	<b>480.355.334</b>
VIG Holding	3.139.203	3.551.048
VIG Re	24.287.420	14.944.642
Other	369.562	285.069
<b>Deferred commission income</b>	<b>27.796.185</b>	<b>18.780.759</b>

No guarantees have been taken against receivables from related parties.

There are no doubtful receivables 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 during the year ended 31 December 2021 and 2020 are as follows:

	1 January-31 December 2021	1 January-31 December 2020
VIG Re	265.209.311	193.663.716
VIG Holding	119.421.789	110.434.407
Other	13.193.636	7.410.410
<b>Premiums written</b>	<b>397.824.736</b>	<b>311.508.533</b>
VIG Re	40.260.340	20.041.191
VIG Holding	8.449.497	11.026.270
Other	1.852.380	642.587
<b>Commissions received</b>	<b>50.562.217</b>	<b>31.710.048</b>
VIG Re	143.481.023	82.781.579
VIG Holding	73.352.769	43.384.127
Other	2.612.169	180.908
<b>Reinsurers' share on paid claims</b>	<b>219.445.961</b>	<b>126.346.614</b>
VIG Holding	3.154.266	2.532.581
<b>Operational Expenses, net</b>	<b>3.154.266</b>	<b>2.532.581</b>

### 46 Events after the reporting date

None.

### 47 Others

**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.

**The Other income / profit and expenses / losses balances for the year ended 1 January - 31 December 2021 and 31 December 2020 are as follows:**

	1 January-31 December 2021	1 January-31 December 2020
<b>Other expenses</b>	<b>-47.886.356</b>	<b>-11.196.119</b>
Other fees and non-deductible expenses	-24.009.661	-1.471.359
Finance expense restrictions	-23.876.695	-9.724.760
Deferred tax expense	-	-
<b>Other income</b>	<b>4.143.149</b>	<b>1.987.329</b>
Profit on sale of tangible assets	2.000	715.797
Deferred tax income	2.412.506	694.892
Income from subsidiaries	230.439	60.906
Various income	1.498.204	515.734

**“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.

**For the years ended 31 December 2021 and 2020, details of discount and provision expenses are as follows::**

	1 January-31 December 2021	1 January-31 December 2020
Subrogation receivables provision under legal follow-up	18.149.227	13.170.993
Provision for unused vacation	2.834.716	984.245
Provision for employment termination benefits	558.309	624.320
Provision for receivables from policyholder and intermediaries	211.38	234.680
Provision for lawsuits	125.661	257.657
Provision for personnel bonuses	-	-5.484.680
Provision for doubtful receivables from main operations	-907.079	-115.717
Other provision expense	2.904.481	53.262
<b>Provisions</b>	<b>23.876.695</b>	<b>9.724.760</b>

**Fees for services acquired from independent auditor/independent audit firm;**

	1 January-31 December 2021	1 January-31 December 2020
Independent audit fee for the reporting period*	358.000	250.000
Fees for other assurance services*	65.000	66.000
<b>Total</b>	<b>423.000</b>	<b>316.000</b>

(\*) Fees are excluding VAT.



