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
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;

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

Istanbul, 22 February 2022

RAY SİGORTA A.Ş.

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RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

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

ASSETS

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
I- Current Assets			
A- Cash and Cash Equivalents	**14**	**1,016,677,502**	**911,851,677**
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- Financial Assets and Financial Investments with Risks on Policyholders	**11**	**137,912,350**	**42,735,000**
1- Available-for-Sale Financial Assets	11	137,912,350	42,735,000
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading		-	-
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		-	-
C- Receivables from Main Operations	**12**	**796,243,083**	**587,069,036**
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)
D- Due from Related Parties	**12**	**-**	**67,196**
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		-	-
E- Other Receivables	**12**	**3,309,686**	**2,271,067**
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		-	-
F- Prepaid Expenses and Income Accruals	**17**	**163,311,028**	**123,822,727**
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
G- Other Current Assets	**12 and 19**	**999,916**	**10,255,866**
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		92,220	73,009
8- Provision for Other Current Assets		-	-
I- Total Current Assets		**2,118,453,565**	**1,678,072,569**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

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

ASSETS

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
II- Non-Current Assets			
A- Receivables from Main Operations		-	-
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- Due from Related Parties		-	-
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		-	-
C- Other Receivables		-	-
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		-	-
D- Financial Assets	**9**	**890,420**	**699,773**
1- Investments in Associates	9	875,420	684,773
2- Affiliates	9	15,000	15,000
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		-	-
E- Tangible Assets	**6**	**139,138,846**	**92,358,740**
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)		-	-
F- Intangible Assets	**8**	**22,451,118**	**17,842,903**
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		-	-
G-Prepaid Expenses and Income Accruals	**4.2**	**11,562**	**1,139,779**
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses	4.2	11,562	1,139,779
H--Other Non-Current Assets		-	-
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		-	-
II- Total Non-Current Assets		**162,491,946**	**112,041,195**
TOTAL ASSETS		**2,280,945,511**	**1,790,113,764**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

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

LIABILITIES

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
III- Short-Term Liabilities			
A- Financial Liabilities	**2.1.6 and 20**	**2,774,472**	**2,034,102**
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- Payables Arising from Main Operations	**19**	**582,860,738**	**516,239,914**
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		-	-
C- Due to Related Parties	**19**	**24,492**	**8,466,264**
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		-	-
D- Other Payables	**19**	**61,213,633**	**35,357,265**
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		-	-
E- Insurance Technical Provisions	**17**	**926,841,514**	**711,355,981**
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		-	-
F- Provisions for Taxes and Other Similar Obligations	**19**	**34,916,454**	**25,767,843**
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		-	-
G- Provisions for Other Risks	**23**	**29,871,960**	**9,969,588**
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	29,871,960	9,969,588
H- Deferred Income and Expense Accruals	**19**	**112,848,202**	**81,034,175**
1- Deferred Commission Income	19	112,848,202	81,034,175
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Short-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-term Liabilities		-	-
III - Total Short-Term Liabilities		**1,751,351,465**	**1,390,225,132**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

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

LIABILITIES

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
IV- Long-Term Liabilities			
A- Financial Liabilities		**3,809,513**	**3,374,182**
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- Payables Arising from Main Operations		**-**	-
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		-	-
C- Due to Related Parties		**-**	-
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		-	-
D- Other Payables		**-**	-
1- Deposits and Guarantees Received		-	-
2- Medical Treatment Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables (-)		-	-
E- Insurance Technical Provisions	**17**	**67,648,270**	**48,110,083**
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
F- Other Liabilities and Relevant Accruals		**-**	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	**23**	**7,947,861**	**6,026,032**
1- Provision for Employee Termination Benefits	23	7,947,861	6,026,032
2- Provision for Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		**-**	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long-Term Liabilities	**21**	**10,444,472**	**4,475,629**
1- Deferred Tax Liabilities	21	10,444,472	4,475,629
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		**89,850,116**	**61,985,926**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

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

EQUITY

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
V- Shareholders' Equity			
A- Paid in Capital		**163,069,856**	**163,069,856**
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		-	-
B- Capital Reserves	**15**	**2,070,152**	**2,070,152**
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		-	-
C- Profit Reserves	**15**	**95,634,588**	**61,538,890**
1- Legal Reserves		5,543,354	2,597,170
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)		-	-
5- Revaluation of Financial Assets		(8,558,741)	(2,773,990)
6- Other Profit Reserves	15	98,649,975	61,715,710
D- Retained Earnings		**110,653,506**	**52,300,131**
1- Retained Earnings		110,653,506	52,300,131
E- Retained Earnings		**-**	-
1- Accumulated Losses		-	-
F- Net Profit for the Period		**68,315,828**	**58,923,677**
1- Net Profit for the Year		68,315,828	58,923,677
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
Total Equity		**439,743,930**	**337,902,706**
Total Equity and Liabilities		**2,280,945,511**	**1,790,113,764**

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

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2021 AND 2020

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

I- TECHNICAL SECTION	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Non-Life Technical Income		**973,290,171**	**648,700,221**
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 and Less 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- Non-Life Technical Expense		**(875,331,650)**	**(572,897,620)**
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		-	-
C- Net Technical Income-Non-Life (A - B)		**97,958,521**	**75,802,601**
D- Life Technical Income		-	-
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 and Less 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)		-	-

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2021 AND 2020

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

I- TECHNICAL SECTION	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
E- Life Technical Expense		-	-
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		-	-
1.2- 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		-	-
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		-	-
F- Net Technical Income- Life (D - E)		-	-
G- Pension Business Technical Income		-	-
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		-	-
H- Pension Business Technical Expense		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G - H)		-	-

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2021 AND 2020

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

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	21 and 35	2,412,506	694,892
6- Deferred Taxation		-	-
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 form an integral part of these financial statements.

CONVENIENCE TRANSLATION OF THE STATEMENT OF CASH FLOW FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2021 AND 2020

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

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A. CASH FLOWS FROM OPERATİNG ACTİVİTİES			
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 İNVESTİNG ACTİVİTİES			
1. Disposal of tangible assets	6	35,241	747,170
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 İN FİNANCİNG ACTİVİTİES			
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 form an integral part of these financial statements.

RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN EQUITY
FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2021 AND 2020

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

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		-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	(653,823)	-	-	**(653,823)**
D- Change in the value of financial assets	15	-	-	15,969,347	-	-	-	-	-	-	1,509,399	**17,478,746**
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

	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 2020		**163,069,856**	**-**	**54,392,161**	**-**	**-**	**2,597,170**	**-**	**6,619,711**	**58,923,677**	**52,300,131**	**337,902,706**
II- Changes in Accounting Policy (*)		-	-	-	-	-	-	-	-	-	-	-
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 form an integral part of these financial statements.

RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE DISTRIBUTION OF PROFIT FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2021 AND 2020

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

	Current Period December 31, 2021	Previous Period December 31, 2020
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
1.1. PROFIT FOR THE PERIOD	92,873,210	75,326,123
1.2. TAXES PAYABLE AND LEGAL LIABILITIES	(24,557,382)	(16,402,446)
1.2.1. Corporation Tax (Income Tax)	(24,557,382)	(16,402,446)
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Taxes and Legal Liabilities	-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)	68,315,828	58,923,677
1.3. PREVIOUS YEARS' LOSSES (-)	-	-
1.4. FIRST LEGAL RESERVE	(3,415,791)	(2,946,184)
1.5. LEGAL RESERVES KEPT IN THE COMPANY (-)	-	-
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]	64,900,037	55,977,493
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1. To Common Shareholders	-	-
1.6.2. To Preferred Shareholders	-	-
1.6.3. To Owners of Participating Redeemed Shares	-	-
1.6.4. To Owners of Profit-Sharing Securities	-	-
1.6.5. To Owners of Profit and Loss Sharing Securities	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO FOUNDERS (-)	-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)	-	-
1.10.1. To Common Shareholders	-	-
1.10.2. To Preferred Shareholders	-	-
1.10.3. To Owners of Participating Redeemed Shares	-	-
1.10.4. To Owners of Profit-Sharing Securities	-	-
1.10.5. To Owners of Profit and Loss Sharing Securities	-	-
1.11. SECOND LEGAL RESERVE (-)	-	-
1.12. STATUTORY RESERVES (-)	-	-
1.13. EXTRAORDINARY RESERVES	-	-
1.14. OTHER RESERVES	-	-
1.15. SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECOND LEGAL RESERVE (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To Common Shareholders	-	-
2.3.2. To Preferred Shareholders	-	-
2.3.3. To Owners of Participating Redeemed Shares	-	-
2.3.4. To Owners of Profit-Sharing Securities	-	-
2.3.5. To Owners of Profit and Loss Sharing Securities	-	-
2.4. DIVIDENDS TO EMPLOYEES (-)	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III PROFIT PER SHARE	0,0042	0,0036
3.1. TO COMMON SHAREHOLDERS	0,0042	0,0036
3.2. TO COMMON SHAREHOLDERS (%)	0.42	0.36
3.3. TO PREFERRED SHAREHOLDERS	-	-
3.4. TO PREFERRED SHAREHOLDERS (%)	-	-
IV. DIVIDENDS PER SHARE	-	-
4.1. TO COMMON SHAREHOLDERS	-	-
4.2. TO COMMON SHAREHOLDERS (%)	-	-
4.3. TO PREFERRED SHAREHOLDERS	-	-
4.4. TO PREFERRED SHAREHOLDERS (%)	-	-

(*) The profit distribution proposal for 2021 has not been filled as the General Assembly meeting has not been held as of the date of January,1 - December,31 2021, the 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').

	31 December 2021		31 December 2020	
Name	**Shareholding Amount (TRY)**	**Shareholding Rate (%)**	**Shareholding Amount (TRY)**	**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
PPaid 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 brances, 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 GENERAL INFORMATION (Continued)

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 managers	60	54
Other	251	236
Total	**311**	**290**

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 GENERAL INFORMATION (Continued)

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

Explanations on events after the balance sheet date are presented in detail in the note '46 - Events after the balance sheet 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 Offical 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 polices is disclosed above in ‘Note 2.1.1 - *Information about the principles and the specific accounting policies used in the preparation of the financial statements*’ and each under its own caption in the following sections of this report.

2.1.2 Functional and presentation Currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.3 Rounding of the amounts presented in the financial Statements

Financial information presented in TRY, has been rounded to the nearest TRY 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 and Mistakes in Accounting Estimates

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 far 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 lifes 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets (Continued)

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 - D*erivative 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 Assets

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment on Assets (Continued)

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	31 December 2021		31 December 2020	
Name	**Shareholding Amount(TRY)**	**Shareholding Rate (%)**	**Shareholding Amount(TRY)**	**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**

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 taxes

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Income Taxes (Continued)

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Income Taxes (Continued)

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 Communique, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions

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

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

2.21 Revenue recognition

Written premiums 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

Recourse, salvage and quasi incomes (Continued)

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	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
Total	**115,975,806**	**64,674,611**

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

	31 December 2021	31 December 2020
Motor vehicles	18,918,958	8,733,287
Motor Third party liability	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
Health	148	148
Accident	100	100
Bonding	390	10,000
Total	**20,900,396**	**10,209,801**

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

Interest income and expense

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Leasing transactions (Continued)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Reserve for unearned premiums (Continued)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Reserve for unexpired risks (Continued)

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.

		31 December 2021		31 December 2020	
Branch	**Damage/Bonus**	**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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Provisions for outstanding claims

According to Article 7 of Provision for Outstanding Claims titled of the Communique 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 Comminuque Related to Provision for Outstanding Claims that entered into force in January 1, 2015 by publishin 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 Standart 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 Communique 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Provision for outstanding claims (Continued)

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 Comminuque 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 Standart 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 Communique 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Provision for outstanding claims (Continued)

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	95,590	95,590
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
TOTAL		**697,035,351**	**236,371,914**

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
TOTAL		**468,627,413**	**178,259,074**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Provision for outstanding claims (Continued)

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Provision for outstanding claims (Continued)

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	202,620	-	-	-	41,242,383
Water vehicles	Table 57	690,746	154,808	35,485	3,804	4,810	1,324	1,394	-	-	-	892,370
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	95,210	-	-	-	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	153,160	17,250	822	-	-	-	8,804,969
Air crafts	Table 57	-	-	-	-	-	-	-	-	-	-	-
Accident	Table 57	940,183	264,506	148,152	53,271	21,374	9,590		-	-	-	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	40,150	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)
Total	**47,086,072**	**10,508,040**

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;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Related Parties (Continued)

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 New standards and comments(Continued)

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'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 New standards and comments (Continued)

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

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 COVİD-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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

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.

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.1 Management of insurance risk (Continued)

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

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.

Recent ratings of these companies given by international institutions are as follows:

Reinsurer	S&P	Outlook	AM BEST	Outlook
Milli Reasürans T.A.S.	-	-	B	Stable
VIG RE zajist'ovna 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

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.1 Management of insurance risk (Continued)

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 indentified 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)	-
Total	**1,465,352,005**	**(1,035,536,429)**	**429,815,576**

Total claims liability 31 December 2020	**Gross total claims liability**	**Reinsurance share of total claims liability**	**Net total claims liability**
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)	377,230
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)	-
Total	**1,047,564,486**	**(714,873,193)**	**332,691,293**

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.1 Management of insurance risk (Continued)

Amount of insurance coverage given by branches

	31 December 2021	31 December 2020
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	-
Total	**3,521,480,424,791**	**2,773,097,023,674**

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.

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of insurance risk (Continued)

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:

	31 December 2021	31 December 2020
Cash and cash equivalents *(Note 14)*[(*)]	1,016,646,558	911,829,654
Reinsurer share in provision for outstanding claims *(Note 10), (Note 17)*	1,035,536,429	714,873,193
Receivables from main operations *(Note 12)*	796,243,083	587,069,036
Other prepaid expenses *(Note 17)*	163,322,590	124,962,506
Financial assets *(Note 11)*	137,912,350	42,735,000
Prepaid taxes and funds *(Note 12)*	907,696	10,182,857
Other receivables *(Note 12)*	3,401,906	2,344,076
Due from related parties *(Note 12)*	-	67,196
Total	**3,153,970,612**	**2,394,063,518**

(*) 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:

	31 December 2021		31 December 2020	
	Gross Amount	Provision	Gross Amount	Provision
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 60+ days	131,644,715	121,776,432	109,783,559	104,396,062
Total	**918,019,515**	**121,776,432**	**691,465,098**	**104,396,062**

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of insurance risk (Continued)

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	(655,640)
Provision for receivables from insurance operations at the end of the period	**121,776,432**	**104,396,062**

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of insurance risk (Continued)

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 to1 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	-	-	92,220	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.

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of insurance risk (Continued)

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.

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of insurance risk (Continued)

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**	**EUR**	**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**	**EUR**	**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**

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

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of insurance risk (Continued)

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	**EUR**
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(*)**	**Profit or loss**	**Equity(*)**
US Dollar	11,517,222	11,517,222	7,170,167	7,170,167
EUR	10,568,616	10,568,616	6,355,778	6,355,778
Other	19,727	19,727	4,555	4,555
Total, net	**22,105,565**	**22,105,565**	**13,530,500**	**13,530,500**

(*) 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

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of insurance risk (Continued)

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 amounts.

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.

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of insurance risk (Continued)

Classification of fair value measurements (Continued)

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires 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 - TRY	145,000,000	147,158,764	137,912,350	137,912,350
Total available-for-sale financial assets	**145,000,000**	**147,158,764**	**137,912,350**	**137,912,350**

	31 December 2020			
	Nominal value	**Cost**	**Fair value**	**Net book value**
Debt instruments				
Government bonds - TRY	45,000,000	44,425,797	42,735,000	42,735,000
Total available-for-sale financial assets	**45,000,000**	**44,425,797**	**42,735,000**	**42,735,000**

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 *(Note 11)*	137,912,350	-	-	137,912,350
Total available-for-sale financial assets *Debt instruments:*	**137,912,350**	**-**	**-**	**137,912,350**

	31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Debt instruments:				
Available-for-sale financial assets *(Note 11)*	42,735,000	-	-	42,735,000
Total available-for-sale financial assets *Debt instruments:*	**42,735,000**	**-**	**-**	**42,735,000**

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of insurance risk (Continued)

Gains and losses from financial assets

Gains and losses recognized in the statement of income:	1 January - 31 December 2021	1 January - 31 December 2020
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
Investment income	**408,895,011**	**144,429,446**
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)	-
Investment expenses	**(171,388,848)**	**(56,447,162)**
Financial gains and losses recognized in the statement of income, net	**237,506,163**	**87,982,284**

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 IFRS 8 - Operating Segments standard in this section.

5 SEGMENT REPORTING (Continued)

Insurance Fire and Natural Disaster

Insurance on fire and natural disasters covers material damages occurred due to fire, lightining, explotion 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.

5 SEGMENT REPORTING (Continued)

	Fire	Transportation	Accident	Engineering	Other	Unallocated	Total
1 January - 31 December 2021							
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)	-	(784,682)	-	-	-	(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)
Technical Income (*)	**109,751,279**	**43,915,671**	**543,365,414**	**15,831,634**	**73,072,099**	**-**	**785,936,097**
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)
Technical Expense	**(66,950,366)**	**(22,209,362)**	**(574,826,319)**	**(27,046,299)**	**(63,995,819)**	**-**	**(755,028,165)**
Investment Income						408,895,011	**408,895,011**
Personnel Expenses						(83,909,542)	**(83,909,542)**
Administrative Expense						(36,393,943)	**(36,393,943)**
Other and Investment Expense (*)						(229,038,754)	**(229,038,754)**
Profit Before Tax							**90,460,704**
Tax Expense							**(22,144,876)**
Net Profit							**68,315,828**

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

SEGMENT REPORTING (Continued)

	Fire	Transportation	Accident	Engineering	Other	Unallocated	Total
1 January - 31 December 2020							
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)
Technical Income (*)	**67,725,522**	**24,222,202**	**417,895,345**	**13,674,376**	**55,830,636**	**-**	**579,348,081**
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)
Technical Expense	**(33,562,648)**	**(8,276,030)**	**(379,547,961)**	**5,184,903**	**(60,599,030)**	**-**	**(476,800,766)**
Investment Income						144,429,446	**144,429,446**
Personnel Expenses						(67,882,364)	**(67,882,364)**
Administrative Expense						(28,214,490)	**(28,214,490)**
Other and Investment Expense (*)						(76,248,676)	**(76,248,676)**
Profit Before Tax							**74,631,231**
Tax Expense							**(15,707,554)**
Net Profit							**58,923,677**

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

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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 Difference	31 December 2021
Cost:					
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
	105,858,499	**3,253,837**	**(35,241)**	**47,080,000**	**156,157,095**
Accumulated depreciation:					
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)
	(13,499,759)	**(6,969,623)**	**29,927**	**3,421,206**	**(17,018,249)**
Carrying amounts	**92,358,740**				**139,138,846**

(*) 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)
Net book value after increasing in value	**128,201,680**	**81,013,508**

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.

6 TANGIBLE ASSETS (Continued)

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

	1 January 2020	Additions	Disposals	Valuation Difference	31 December 2020
Cost:					
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
	82,697,180	**4,747,904**	**(632,140)**	**19,045,555**	**105,858,499**
Accumulated depreciation:					
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)
	(13,782,902)	**(6,594,830)**	**607,608**	**6,270,365**	**(13,499,759)**
Carrying amounts	**68,914,278**				**92,358,740**

(*) 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
Net book value after valuation	**128,140,144**	**80,950,196**		**128,350,000**	**17,023,575**

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, building	16,148,867	(7,258,411)	8,890,456	16,148,867	(6,934,506)	9,214,361
İzmir - Konak, building	874,708	(612,201)	262,507	874,708	(594,707)	280,001
Net book value at cost value	**17,023,575**	**(7,870,612)**	**9,152,963**	**17,023,575**	**(7,529,213)**	**9,494,362**

7 INVESTMENT PROPERTIES

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

8 INTANGIBLE ASSETS

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
Cost:				
Rights	31,668,063	8,051,487	-	39,719,550
	31,668,063	**8,051,487**	**-**	**39,719,550**
Accumulated amortization:				
Rights	(13,825,160)	(3,443,272)	-	(17,268,432)
	(13,825,160)	**(3,443,272)**	**-**	**(17,268,432)**
Carrying amounts	**17,842,903**			**22,451,118**

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
Cost:				
Rights	24,931,294	6,736,769	-	31,668,063
	24,931,294	**6,736,769**	**-**	**31,668,063**
Accumulated amortization:				
Rights	(10,522,158)	(3,303,002)	-	(13,825,160)
	(10,522,158)	**(3,303,002)**	-	**(13,825,160)**
Carrying amounts	**14,409,136**			**17,842,903**

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%
Investments in associates, net	**890,420**		**699,773**	

Name	Total assets	Shareholders' equity	Retained 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**
Reserve for unearned premiums, ceded *(Note 17)*	751,577,297	580,033,197
Provision for outstanding claims, ceded *(Note 4.2), (Note 17)*	1,035,536,429	714,873,193
Receivables from reinsurance companies *(Note 12)*	19,382,148	7,248,977
Commission income accrual from reinsurers and receivables due to paid claims *(Note 17)*	29,996,958	9,891,002
Total	**1,836,492,832**	**1,312,046,369**

There is no value decrease for reinsuarance assets.

Reasuarance liabilities	**31 December 2021**	**31 December 2020**
Commission debts related to written premiums to reinsurance companies *(Note 19)*	572,742,664	258,820,542
Depository from reasurance company *(Note 19)*	-	248,950,061
Total	**572,742,664**	**507,770,603**

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)	(356,551,989)
Reserve for unearned premiums, ceded at the end of the period *(Note 17)*	751,577,297	580,033,197
Premiums earned, ceded *(Not 17)*	**(1,087,709,730)**	**(755,273,541)**
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
Claims incurred, ceded *(Note 17)*	**787,996,088**	**456,778,505**
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)
Commission income earned from reinsurers *(Note 32)*	**154,917,758**	**120,239,048**
Total, net	**(144,795,884)**	**(178,255,988)**

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			
	Nominal value	**Cost**	**Fair value**	**Net book value**
Debt instruments:				
Government bonds - TRY	145,000,000	147,158,764	137,912,350	137,912,350
Total available for sale financial assets	**145,000,000**	**147,158,764**	**137,912,350**	**137,912,350**

	31 December 2020			
	Nominal value	**Cost**	**Fair value**	**Net book value**
Debt instruments:				
Government bonds - TRY	45,000,000	44,425,797	42,735,000	42,735,000
Total available for sale financial assets	**45,000,000**	**44,425,797**	**42,735,000**	**42,735,000**

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**
Balance at the beginning of the period	**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)
Balance at the end of the period	**137,912,350**	**-**	**137,912,350**

	31 December 2020		
	Trading	**Until Maturity**	**Total**
Balance at the beginning of the period	-	-	-
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)
Balance at the end of the period	**42,735,000**	**-**	**42,735,000**

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)*	-	67,196
Total	**800,552,685**	**599,663,165**

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 receivables from insurance operations (Note 4.2) (*)	(1,161,561)	(1,023,339)
Total receivables from insurance operations, net	**795,375,735**	**586,201,688**

(*) 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)
Receivables from main operations *(Note 4.2)*	**796,243,083**	**587,069,036**

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
Total	**49,759,411**	**48,264,372**

12 LOANS AND RECEIVABLES (Continued)

Subrogation receivables are presented below:

	31 December 2021	31 December 2020
Subrogation receivables - gross	23,439,854	12,305,471
Subrogation receivables - reinsurance share	(2,539,458)	(2,095,670)
Subrogation receivables	**20,900,396**	**10,209,801**

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
Cash and cash equivalents in the balance sheet	**1,016,677,502**	**911,851,677**	**911,851,677**	**735,460,231**
Interest accruals on banks deposits	(21,334,406)	(3,003,115)	(3,003,115)	(15,994,221)
Bank deposits - blocked (*) (Note 17)	(143,000,000)	(103,000,000)	(103,000,000)	(74,500,000)
Cash and cash equivalents in the statement of cash flows	**852,343,096**	**805,848,562**	**805,848,562**	**644,966,010**

(*) 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.

14 CASH AND CASH EQUIVALENTS (Continued)

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:

	31 December 2021	31 December 2020
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
Bank deposit	**778,694,768**	**745,863,919**

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 pf 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 ravalued carrying amount of the asset (charged to the statement of income) and the depreciation based on the asset's origial 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.

15 EQUITY (Continued)

Other Capital Reserves (Continued)

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)
Other capital reserves at the end of the period	**95,634,588**	**61,538,890**

(*) 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)
Valuation of financial assets at the end of period	**95,634,588**	**61,538,890**

Accumulated Losses

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
End of the period 31 December	**110,653,506**	**52,300,131**

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.

15 EQUITY (Continued)

Legal Reserves (Continued)

	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)
Valuation of financial assets at the end of period	**8,558,741**	**2,773,990**

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 policie*.

17 INSURANCE CONTRACT AND REINSURANCE ASSETS (Continued)

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
Reserve for unearned premiums, ceded (Note 10)	(751,577,297)	(580,033,197)
Reserve for unearned premiums, SSI share	(16,943,409)	(14,562,899)
Reserves for unearned premiums, net	**515,067,800**	**393,024,251**
Reserve for unexpired risks, gross	32,517,294	11,596,260
Reserve for unexpired risks, ceded (Note 10)	(29,996,958)	(9,891,002)
Provision for unexpired risks, net	**2,520,336**	**1,705,258**
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)
Provision for outstanding claims, net	**429,815,576**	**332,691,293**
Equalization provision, net	47,086,072	32,045,262
Other technical provisions, net	**47,086,072**	**32,045,262**
Total technical provisions, net	**994,489,784**	**759,466,064**
Short-Term	926,841,514	711,355,981
Medium and long-term	67,648,270	48,110,083
Total technical provisions, net	**994,489,784**	**759,466,064**

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

	31 December 2021			
Reserved for unearned premiums	**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)
Reserve for unearned premiums at the end of the period	**1,283,588,506**	**(751,577,297)**	**(16,943,409)**	**515,067,800**

	31 December 2020			
Reserve for unearned premiums	**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)
Reserve for unearned premiums at the end of the period	**987,620,347**	**(580,033,197)**	**(14,562,899)**	**393,024,251**

17 INSURANCE CONTRACT AND REINSURANCE ASSETS (Continued)

	31 December 2021		
Provision for outstanding claims	**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)
Provision for outstanding claims at the end of the period	**1,110,750,738**	**(958,695,237)**	**152,055,501**
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
Outstanding claims reserve at the end of the period	**1,465,352,005**	**(1,035,536,429)**	**429,815,576**

	31 December 2020		
Provision for outstanding claims	**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)
Provision for outstanding claims at the end of the period	**874,526,060**	**(629,594,930)**	**244,931,130**
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)	402,970
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)
Outstanding claims reserve at the end of the period	**1,047,564,486**	**(714,873,193)**	**332,691,293**

	31 December 2021		
Provision for unexpired risks, net	**Gross**	**Reinsurer share**	**Net**
Beginning of the period - 1 January	**11,596,260**	**(9,891,002)**	**1,705,258**
Net change	20,921,034	(20,105,956)	815,078
End of the period - 31 December	**32,517,294**	**(29,996,958)**	**2,520,336**

	31 December 2020		
Provision for unexpired risks, net	**Gross**	**Reinsurer share**	**Net**
Beginning of the period - 1 January	**10,168,187**	**(8,581,127)**	**1,587,060**
Net change	1,428,073	(1,309,875)	118,198
End of the period - 31 December	**11,596,260**	**(9,891,002)**	**1,705,258**

	31 December 2021	**31 December 2020**
	Net	**Net**
Beginning of the period - 1 January	32,045,262	23,007,706
Net change	15,040,810	9,037,556
End of the period - 31 December	**47,086,072**	**32,045,262**

17 INSURANCE CONTRACT AND REINSURANCE ASSETS (Continued)

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
Total gross incurred claims	**544,671,819**	**1,383,783,743**	**654,319,430**	**811,976,350**	**762,648,453**	**757,992,803**	**1,040,614,960**	**5,956,007,558**

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
Total gross incurred claims	**480,776,003**	**499,159,582**	**1,038,030,386**	**584,467,003**	**717,144,850**	**645,764,822**	**513,355,858**	**4,478,698,505**

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 (*)	Placed (*)	Carrying amount
Non-life:			
Bank deposits *(Note 14)* (**)	145,438,963	143,000,000	143,000,000
Total	**145,438,963**	**143,000,000**	**143,000,000**

17 INSURANCE CONTRACT AND REINSURANCE ASSETS (Continued)

Claim development tables (Continued)

	31 December 2020		
	Should be placed (*)	**Placed (*)**	**Carrying amount**
Non-life:			
Bank deposits *(Note 14)* (**)	114,536,856	103,000,000	103,000,000
Total	**114,536,856**	**103,000,000**	**103,000,000**

(*) "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.

(**) 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).

17 INSURANCE CONTRACT AND REINSURANCE ASSETS (Continued

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)
Deferred commission expenses at the end of the period	**161,365,448**	**120,316,017**

18 INVESTMENT CONTRACT LIABILITES

None.

19 TRADE AND OTHER PAYABLES AND DEFERRED INCOME

	31 December 2021	31 December 2020
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 personnel	24,492	8,466,264
Total	**791,863,519**	**666,865,461**
Short-term liabilities	681,469,217	588,114,961
Long-term liabilities	110,394,302	78,750,500
Total	**791,863,519**	**666,865,461**

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
Other liabilities		
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
	46,762,776	**24,849,225**

19 TRADE AND OTHER PAYABLES AND DEFERRED INCOME (Continued)

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
Total payables arising from insurance operations	**582,860,738**	**267,289,853**
Cash deposited by insurance and reinsurance companies *(Note 10)*	-	248,950,061
Payables arising from main operations	**582,860,738**	**516,239,914**

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)
Corporate tax assets, net	**907,696**	**10,182,857**

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)	(673,420)
Total lease liabilities	**6,583,985**	**5,408,284**

20 FINANCIAL LIABILITIES (Continued)

	2021	2020
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
Total lease liabilities as of December 31	**6,583,985**	**5,408,284**

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:

	2021	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	1,718,891	-
Deferred tax effect of owner occupied property recognized 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		
	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 2020
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 BENEFIT 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)**

35 INCOME TAX (Continued)

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/(loss) 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 oss	**(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.

42 RISKS (Continued)

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
Payables from main operations	**323,616,312**	**54,142,156**
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
Technical provision	**730,165,271**	**480,355,334**
VIG Re	24,287,420	14,944,642
VIG Holding	3,139,203	3,551,048
Other	369,562	285,069
Deferred commission income	**27,796,185**	**18,780,759**

45 RELATED PARTY TRANSACTIONS (Continued)

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
Premiums written	**397,824,736**	**311,508,533**
VIG Re	40,260,340	20,041,191
VIG Holding	8,449,497	11,026,270
Other	1,852,380	642,587
Commissions received	**50,562,217**	**31,710,048**
VIG Re	143,481,023	82,781,579
VIG Holding	73,352,769	43,384,127
Other	2,612,169	180,908
Reinsurers' share on paid claims	**219,445,961**	**126,346,614**
VIG Holding	3,154,266	2,532,580
Operational Expenses, net	**3,154,266**	**2,532,580**

46 EVENTS AFTER THE REPORTING DATE

None.

47 OTHER

Items and amounts classified under the "other" account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet

They are presented in the related notes above.

47 OTHER (Continued)

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
Other expenses	**(47,886,356)**	**(11,196,119)**
Other fees and non-deductible expenses	*(24,009,661)*	*(1,471,359)*
Finance expense restrictions	*(23,876,695)*	*(9,724,760)*
Deferred tax expense	-	-
Other income	**4,143,149**	**1,987,329**
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	211,380	234,680
Provision for lawsuits	125,661	257,657
Provision for personnel bonuses	-	(5,484,680)
Provision for dubtful receivables from main operations	(907,079)	(115,717)
Other provision expense	2,904,481	53,262
Provisions	**23,876,695**	**9,724,760**

47 OTHER (Continued)

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
Total	**423,000**	**316,000**

(*) Fees are excluding VAT.

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