

2021

Annual Report



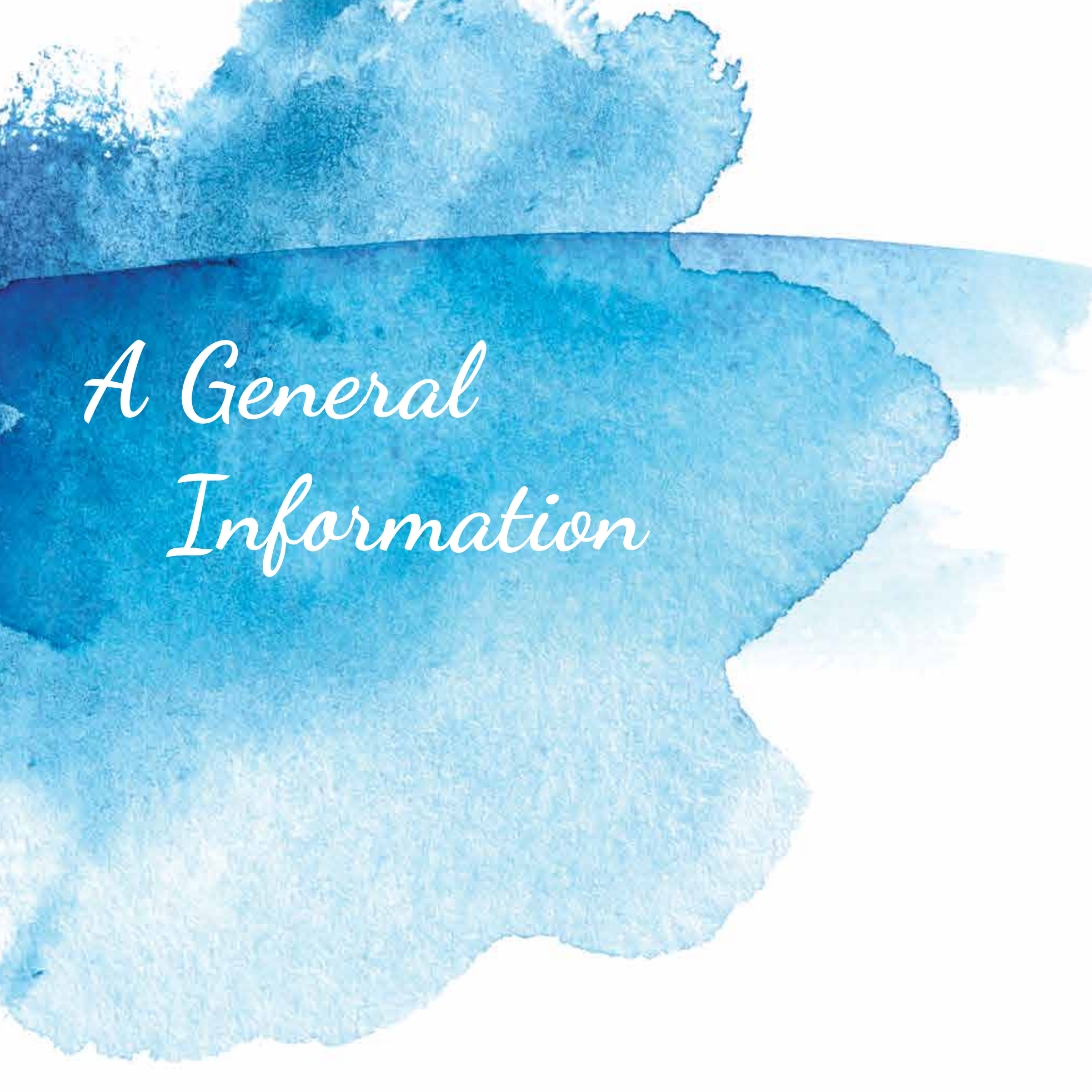




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A General Information

A-1 Declaration of Management

Following declaration has been prepared and submitted to the Board of Directors pursuant to Paragraph 1 of Article 19 of Regulation on Financial Organization of Insurance, Reinsurance, and Pension Companies by the individuals specified in the above-mentioned provision of legislation as well as Resolution of the Board of Directors dated 11.03.2022 and numbered 2022/03/01. We hereby declare that the contents of "Katılım Emeklilik ve Hayat A.Ş. Board of Directors' Activity Report pertaining to activities of 2021" have been prepared in accordance with Article 516 of Turkish Code of Commerce No 6102, the provisions of the "Regulation on Determination of the Minimum Content of the Companies' Annual Activity Reports," which is published by the Ministry of Customs and Trade, as well as the principles and procedures outlined in Chapter Six, Article 17 of the "Regulation on Financial Organization of Insurance, Reinsurance and Pension Companies" under the titles:

- **Presentation and General Information on the Company,**
- **Information on Company Management and Corporate Management Structure,**
- **Assessments on Financial Information and Risk Management.**

A-2 Summarized Financial Information on the Results of the Accounting Period Activities

Within the scope of Group Life Insurance activities, Katılım Emeklilik ve Hayat A.Ş. has made gross premium production equal to TRY 83.5 Million in the year 2021. On the other hand, the company has made a gross indemnity payment equal to TRY 23.1 Million in the same period. The total amount of technical expenses, including the afore-mentioned gross indemnity payment, is TRY 64.3 Million.

As for Personal Pension activities, the company's fund has reached to total value of TRY 16.0 Million. On the other hand, the company has made a gross indemnity payment equal to TRY 973.3 Thousand. Within the scope of Health segment activities, the company has made gross premium production equal to TRY 66.7 Million. On the other hand, the company has made a gross indemnity payment equal to TRY 42.0 Million. For non-life segments, Personal Accident and Health, in particular, the total amount of technical expenses, including the afore-mentioned gross indemnity payment, is TRY 71.4 Million.

As for Personal Pension segment activities, the company's fund has reached to total value of TRY 5.730 Billion. Within this scope, the company has made technical pension income amounting to TRY 114.3 Million while spending TRY 76.5 Million on technical pension expenses.

While the total amount of investment income within the activity period is TRY 53.2 Million, the total amount of investment expenses is TRY 14.2 Million, and the total amount of other expenses is TRY 6,1 Million.

Within this context, the company has closed the activity period of 2021 with business-related profit after tax amounting to TRY 55.9 Million. (The accounting period of 2020 was completed with commercial profit amounting to TRY 41.9 Million).

A-3 Company Information, Historical Development, Corporate Values, Our Vision and Mission

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KEP: katilimemeklilik@hs03.kep.tr

Pursuant to applicable laws and related legislation, the company establishment permission has been granted by the writ of the Republic of Turkey's Ministry of Treasury and Finance dated November 27, 2013 and numbered 18631.

Company establishment proceedings were completed quickly, and thereafter, Katılım Emeklilik ve Hayat A.Ş. was founded to carry out activities in the field of Personal Pension and Group Life Insurance on December 23, 2013, by being registered to the Istanbul Trade Registry Office under the trade registry number 895027.

Following the completion of official establishment proceedings, the company submitted the requisite petitions (i) dated 27/12/2013 and numbered GM-016 to carry out activities in the field of Personal Pension; (ii) dated 14/01/2014 and numbered GM-14-003 to carry out activities in the field of Group Life Insurance. Upon reviews and assessments conducted by the Ministry of Treasury and Finance, on 09/05/2014, our company was granted the mandatory license to carry out business activities in Personal Pension, Life Insurance, Accident Insurance, Capital Redemption, Investment Fund, and Marriage/Birth Insurance. The news about the operating license regarding Group Life Insurance segment activities was published on the Trade Registry Gazette dated 20.05.2014 and numbered 8575; the news about the operating license regarding Personal Pension segment activities was published on the Trade Registry Gazette dated 26/06/2014 and numbered 8576, and the news about the operating license regarding Disease/Health segment activities was published on the Trade Registry Gazette dated 06/09/2017 and numbered 9402.

Our Corporate Values

Meeting customer demand and exceeding expectations by utilizing interest-free financial instruments based on the principles of “participation, sharing, and trust,” Katılım Emeklilik ve Hayat A.Ş. raises awareness among its customer base by improving their financial literacy. Our corporate goal is to become a distinguished brand in Turkey and contribute to the Turkish economy by providing transparent, fast, high-quality services.

Our Mission

To aid our customers on their journey towards achieving their financial objectives with interest-free instruments of insurance and pension, in accordance with our ethical principles.

Our Vision

To create value for our customers by providing trustworthy, accurate, and advanced insurance solutions in interest-free pensions and life insurances, and by giving our potential customers better insight on financial literacy; to become the leading interest-free insurance company in Turkey with the support of our customers.



A-4 Review of Our Chairman of the Board of Directors pertaining to 2021 and Expectations

The world was also under the impact of the coronavirus pandemic in 2021. All stakeholders of the national economies and the business world, particularly the global economy, continued to experience the negative effects of the pandemic in its second year. The new variants that emerged while waiting for normalization not only negatively affected the future plans of individuals and institutions but also increased the material and moral costs that had to be paid. We can say that the financial table worsened in 2021 with the effect of the problems in the supply chain caused by the pandemic and the rise in energy prices.

World Under the Pressure of Inflation

We see that the economies of both developed and developing countries are under inflation pressure in 2021. The FED's announcement of increasing interest rates in 2022 revealed the difficulty of the process for developing countries. According to the IMF's World Economic Outlook Report, the world is entering 2022 with a weak outlook. We can state that Turkey is positively differentiated from other emerging economies with its double-digit growth rate in 2021. The economic stakeholders will closely follow the impact of global uncertainties and risks on the Turkish economy, which is expected to continue in 2022.

We can say that the exchange rate increases towards the end of the year made the process even more difficult for the Turkish economy. The markets welcomed the transition to a horizontal course with the "currency protected TRY deposit/participation account" application announced in December, but it is expected for the high inflation chart that started in 2021 to continue for a while.

Innovations Continue in BES

The developments also affected the insurance industry, which is an important actor in finance, and the Personal Pension System (BES) as

well. However, with its strong technological infrastructure, high knowledge, well-equipped human resources, and advanced organizational structure, the Turkish insurance industry has quickly adapted to the new conditions arising from the pandemic process. In this process, by better understanding the value of saving and securing their future, our people showed favor to our sector as a reliable port. All this success and the rising trend were appreciated by the regulation, and crucial regulations were implemented.

On the other hand, the inclusion of those under the age of 18 in the BES created excitement both in the sector and in families. The fact that parents start to include their newborn babies in the personal pension system reveals their interest and trust in the sector. In addition to BE-FAS, which provides the opportunity to invest in different funds in the sector, new opportunities such as enabling integrated plans, increasing the state contribution to 30% by 2022, providing the participant with the opportunity to use financing under favorable conditions in return for their savings in BES are welcomed in the sector. This new trend offers a win-win-based platform to the industry, our citizens, and the Turkish economy.

The regulations in the BES increased the competitiveness and flexibility of the BES and enabled the savings -which the Turkish economy needed the most- to be strengthened and protected with a higher yield than inflation. As Katılım Emeklilik, we use our best efforts to take a leading role in making BES the center of savings. We are particularly pleased to take the leading role in the adoption of interest-free-based products and the developing of innovative products.

A Bigger, Stronger Katılım Emeklilik

Despite the epidemic conditions, all of our employees devotedly embraced

their work and contributed to our participants to have a higher yield than inflation. We can say that we have achieved all our goals with growth above the sector. We keep our targets for 2022 even higher by increasing customer satisfaction by focusing on customer experience. Our stable growth target continues in the new year as well.

Digitization has been at the center of our business processes since day one. In 2021, we continued to increase our digitalization investments. We have started to implement many innovative applications, from on-line products and services to our new website.

We continue our efforts with an increasing momentum in order for BES and participation insurance to reach broader segments. I would like to take this opportunity to thank all of our colleagues who have had a part in the success we have achieved in the past year and to all our stakeholders who have never spared their support.

Yours Sincerely,

Ufuk UYAN

Chairman of Board of Directors





A-5 Review of Our General Manager pertaining to 2021 and Expectations

Even though the effects of the pandemic continue, 2021 has been a process where normalization steps have been taken, and organizations, as well as global and national economies, have adapted themselves to the new situation. In terms of the pension and insurance sector, the importance of securing both the future and the present has been better understood. Reaching 13.3 million participants and a fund size of TRY 250 billion, the Personal Pension System (including BES and OKS) gained momentum upward as the entire sector. It has been a year where the expectations of our people have been met with the services we can offer remotely with the human resources with high knowledge in addition to the technological infrastructure. This success was appreciated and encouraged by the regulation side, and new regulations supported this potential as of the beginning of 2022.

Regulations such as increasing the state contribution to 30 percent starting at the age of 18, BEFAS, integrated plans, and finally allowing the participant to receive loans under favorable conditions in return for their savings in BES have increased the competitiveness and flexibility of the BES. Thus, the BES strengthened the savings side of the Turkish economy, which was the most needed, and ensured that our people's savings were protected with a higher yield than inflation.

As Katılım Emeklilik, the pioneer of the participation-based category, we have also demonstrated our difference in 2021, in the sector, with our dynamic perspective, firm structure, and knowledge throughout this acceleration period.

While the BES under the age of 18 caused excitement both in the sector and in families, we were among the companies that produced the most premiums in the industry with our unique product advantages. We have had thousands of babies and children who have entered the system from the age group of 0 and whose future we have secured.

As we leave behind a year where financial fluctuations were intense,

we, as Katılım Emeklilik ve Hayat A.Ş., were able to complete the year with a yield ratio of 39.62 percent in the 2021 yield comparison based on the founding company calculated by the EGM. Even in an environment where monthly inflation was high in December, we were happy to be able to achieve real yields above the 36 percent inflation rate in terms of keeping our real yield promise to our participants.

When we focus the period on the perspective of the last 5 years, we are also proud of being the company that provides the highest yield to its participants in the sector with a yield of 208.5 percent. In the same period, we have succeeded in offering real yields to our participants, which is above the 134 percent inflation rate.

In this process, interest-free funds continued to raise the pension system with high yields. We meet the expectations of our people who are religiously sensitive to interest in the best way, both with participation-based BES and participation insurance, both in terms of product quality and services and technological infrastructure and accessibility. This, naturally, brought growth. The interest-free funds diverged positively from the sector average in 2021 as well. The market share of interest-free funds is also increasing rapidly from year to year, and by the end of 2021, the market share of interest-free funds has exceeded 20%.

In 2021, as Katılım Emeklilik, our fund size increased from TRY 3.7 billion to TRY 5.7 billion, growing faster than the industry average. In 2021, we achieved a growth of approximately 52 percent, which is higher than the average increase of 43.1 percent in the sector.

In summary, as Katılım Emeklilik, we have achieved all of our targets for 2021. We play a leading role in increasing the attractiveness of BES every year with our 850 thousand BES contracts, 230 thousand insurance contracts, fund size exceeding TRY 5.7 billion, and our interest-free funds that have managed to rank high in yields, and we continue to grow and expand our industry.

As Katılım Emeklilik, we continue to develop our insurance products

that touch every aspect of life, in addition to the interest-free BES, in the participation insurance segment. We continue to grow by reaching our targets every year in the insurance segment. We increased our profitability in 2021. We managed to close 2021 with an after-tax commercial profit of approximately TRY 55.8 million with our agile structure.

We are also very hopeful for 2022. Our support for the insurance sector and participation in insurance continues to increase. On the other hand, our ambitious growth continues in the health segment. As Katılım Sağlık, which brings Turkey's first interest-free private health insurance to the sector, we provide flexible solutions to changing conditions. The process that started with complementary health insurance continues today with our corporate brand, Katılım Sağlık, with many new products. Katılım Sağlık has also become one of the fastest-growing brands during the pandemic period.

We continue to grow with our innovative approach, contribute to the country's economy, and be worthy of our nation's belief in us. I would like to thank for their support and express my gratitude to our esteemed Board of Directors, all employees of Katılım Emeklilik, our bank employees, our shareholders, all our stakeholders, and our participants who chose us.

Yours Sincerely,

Ayhan SİNCEK

General Manager



A-6 Information on the Amendment of the Articles of Association and the Structure of Partnership

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At the Board of Directors meeting held on 30 June 2021, the process of making an application to the Republic of Turkey, Ministry of Commerce regarding the amendment of the Articles of Association pursuant to the “Regulation on Insurance and Personal Pension Activities within the Scope of Participation Principles” and the “Circular No. 2021/3” was initiated.

On August 17, 2021, permission was obtained from the Ministry of Commerce, General Directorate of Domestic Trade, with the letter, numbered E-50035491-431.02-00066429387.

With the Extraordinary General Assembly Meeting on November 01, 2021, the amendment of the articles of association was discussed and registered on November 29, 2021.

It was announced in the Turkish Trade Registry Gazette dated December 02, 2021 and numbered 10464, and the process was completed.

No transaction was made in 2021 regarding the capital, and it continues as follows.

Title of Partner	Partnership Share	Capital Amount
Albaraka Türk Katılım Bankası A.Ş.	% 50	TRY 36.000.000
Kuveyt Türk Katılım Bankası A.Ş.	% 50	TRY 36.000.000
Total Capital of Company		TRY 72.000.000

A-7 Remarks About the Shares Owned by the Chairman and Members of the Board of Directors, General Manager, and Assistant General Managers, if any

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The Chairman of the Board of Directors, the Members of the Board of Directors, the General Manager, and the Assistant General Managers do not hold any share in the company capital.

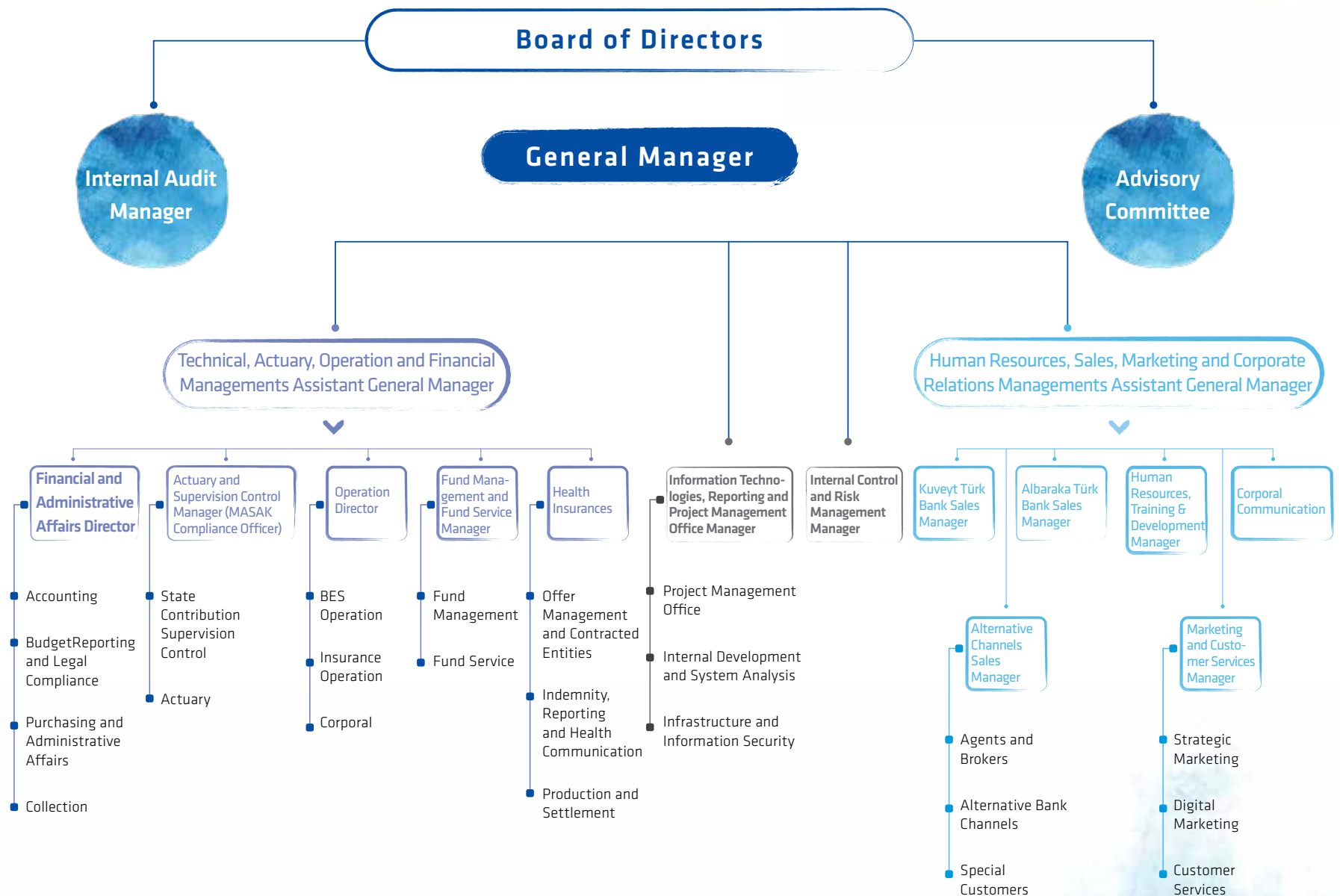
A-8 Human Resources Policies and Practices

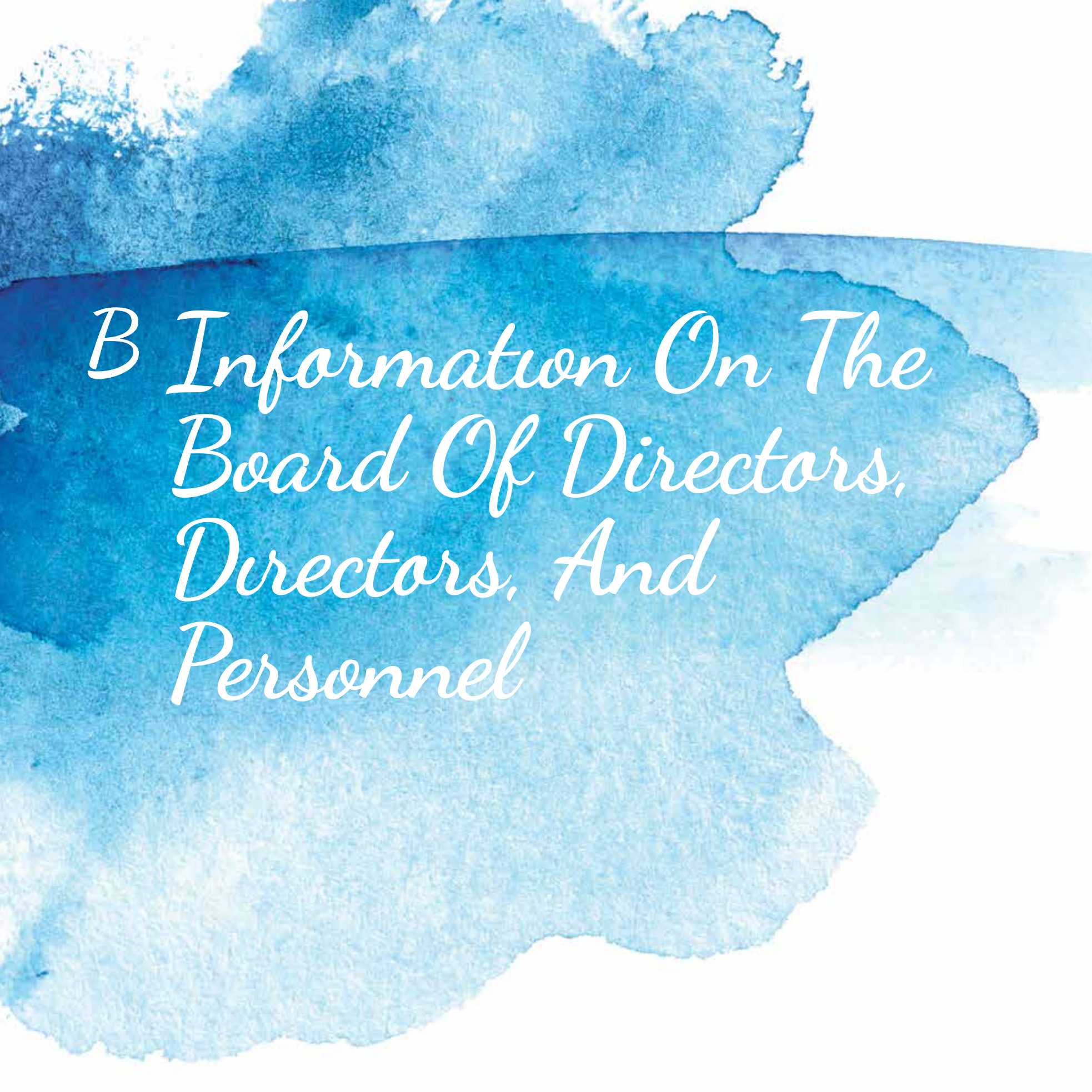
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The procedures regulating the recruitment, service conditions, qualifications, careers, appointments, rights and obligations, personal rights, social benefits, disciplinary provisions, and leaving conditions, as well as the principles applied to these areas and various rules subject to Katılım Emeklilik employees are available, in addition to the Human Resources Guidelines approved by the Board of Directors and the procedures pertaining thereto.

- Regulation on Human Resources
- Ethical Principles
- Procedure of Working Hours and Overtime
- Procedure of Disciplinary Process
- Principles and Instructions for Company Vehicles
- List of Allowance and Social Compensations
- Procedure for Business Travel
- Procedure of Recruitment
- Procedure of Leave
- Dress Code
- Work Procedure for Sales Personnel
- Procedure of Wage Applications
- Principles of Foreign Language Compensations

Organization Chart



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*B Information On The
Board Of Directors,
Directors, And
Personnel*

B-1 Information on the Board of Directors of the Company

MEMBERS OF THE BOARD OF DIRECTORS	NAME SURNAME	COMMENCEMENT DATE	EDUCATIONAL BACKGROUND	FIELD OF EXPERIENCE	TERM OF EXPERIENCE (YEAR)	NON-CORPORATE DUTIES
Chairman	Ufuk UYAN	29.03.2019	Master's Degree	Banking	37	Kuveyt Türk Katılım Bankası A.Ş. Member of Board of Directors - General Manager
Vice-Chairman	Melikşah UTKU	01.02.2017	Master's Degree	Banking	29	Albaraka Türk Katılım Bankası A.Ş. Member of Board of Directors - General Manager
Member	Mehmet ORAL	09.01.2014	Bachelor's Degree	Banking	30	Kuveyt Türk Katılım Bankası A.Ş. Assistant General Manager
Member	Turgut SİMİTCİOĞLU	01.02.2017	Master's Degree	Banking	32	Albaraka Türk Katılım Bankası A.Ş. Assistant General Manager
Member (General Manager)	Ayhan SİNCEK	09.01.2014	Master's Degree	Insurance	27	N/A

Information on our company's Chairman and Members of the Board of Directors is as follows.



Ufuk Uyan

Chairman of Board of Directors

Ufuk Uyan was born in 1958, in Eskişehir. He graduated from Boğaziçi University, Department of Economics, in 1981. He received a master's degree in 1983 from the business administration department at the same university. Uyan started his business life as Research Assistant in 1979 at Boğaziçi University, Department of Economics; in 1982, he worked as a Researcher Economist at Turkey Industrial Development Bank, Directorate of Special Researches. Uyan became Project Vice-Manager at Albaraka Türk in 1985 and continued his career at Kuveyt Türk as Project and Investments Manager in 1989. Uyan was promoted to the position of Assistant General Manager in 1993, and then he was appointed as Head Assistant of General Manager. He was appointed as General Manager in 1999. Ufuk Uyan is a member of the Board of Directors, Executive Board, Pricing and Nominating Committee, Credit Committee, and Corporate Social Responsibility member; and is serving as Chairman of the Board of Directors at Katılım Emeklilik ve Hayat A.Ş.



Melikşah Utku

Vice-Chairman of Board of Directors

He was born in 1968 in Ankara. He graduated from Boğaziçi University, Department of Mechanical Engineering, in 1990. He completed his master's degree in the field of Economic Development at the London School of Economics between 1990-1992 and at Marmara University between 1996-1998. He started working as a General Management Consultant for Albaraka Türk in 2004. He served as the Chief Economist for Albaraka Türk between 2006-2007. He wrote an economics column for a national newspaper, Yeni Şafak, between 1995 and December 2009. After serving as the Director of Investor Relations between 2007-2009, he became Assistant General Manager and CIO in December 2009. Then, he worked as the CFO responsible for Financial Affairs, Budget, Financial Reporting, and Corporate Communications. Mr. Utku also served as a Member of the Board of Directors for Borsa İstanbul between 2013 and 2016. As of October 2016, he was appointed as the General Manager of Albaraka Türk in addition to his position as Vice-Chairman of Board of Directors at Participation Banks Association of Turkey (TKBB), Bereket Varlık Kiralama A.Ş., Katılım Emeklilik ve Hayat A.Ş., and Albaraka Gayrimenkul Portföy Yönetimi A.Ş. He is also a member of the Albaraka Türk Credits Committee, Pricing Committee, and Executive Committee.



Mehmet Oral

Member of Board of Directors

Graduated from Uludağ University, Department of Business Administration, Mr. Mehmet Oral started his career within the organization of the Kuveyt Türk family as an authorized signatory at the main branch in 1992. After serving in the main branch for 8 years, he was appointed as the Manager of the IMES Branch in 2000. Mr. Oral served as the Bursa Branch Manager between 2001-2004, and then he was transferred to Merter Branch to serve between 2004-2005.

As the company adopted a Regional Directorship structure, he was appointed as the Regional Manager of the Istanbul European Side Region in 2005. Having served as the Regional Manager for 4 years, Mr. Oral has been continuing his career as the HR, Training, and Quality Group Manager since 2009. He has been serving as Assistant General Manager responsible for Private and Enterprise Banking since October 2012 and a Member of the Board of Directors for Katılım Emeklilik ve Hayat A.Ş. since 2014.



Turgut Simitcioğlu

Member of Board of Directors

He was born in 1961 in Erzurum. He graduated from King Saud University, Faculty of Education, in 1989 in Saudi Arabia. He completed his master's degree at Fatih University, Institute of Social Sciences. He started working for Albaraka Türk in 1990. He served for the Department of Fund Application between 1990-1995 and then in the main branch between 1995-2001. He worked as a Director for the main branch at Main Branch first and then at Banking Directorate between 2001-2003. He served as the Manager of the Main Branch between 2003-2009. He was appointed as an Assistant General Manager in December 2009. He served as the Assistant General Manager responsible for Credits Operation, External Transactions Operation, Payment Systems Operation, Banking Services Operation, and Risk Monitoring. He is currently serving as the Deputy General Manager and the Head Assistant General Manager.



Ayhan Sıncek

Member of Board of Directors - General Manager

The General Manager of our Company, Mr. Ayhan Sıncek, was born in 1970 in Kütahya. He got his Bachelor's Degree from Middle Eastern Technical University in the field of Mathematics in 1994; then, he completed his master's degree at Boston University, in the Department of Actuary, in 2004.

He started working as an Instructor within the organization of Middle Eastern Technical University, Department of Mathematics, in 1995.

Afterward, between 1997-2007, he served as the Actuary Examiner within the organization of the Republic of Turkey's Ministry of Treasury and Finance, Insurance Auditing Board. He was appointed as the Assistant General Manager of Credit Life Europe in 2007. He served as the Assistant General Manager for Anadolu Hayat Emeklilik between 2010-2013.

Since having been appointed as the Founding General Manager in August 2013, he has been a Member of the Board of Directors and General Manager of Katılım Emeklilik ve Hayat A.Ş.

B-2 Information on Senior Management of the Company

Information on our company's Senior Management is as follows.

NAME SURNAME	TITLE	COMMENCEMENT DATE	EDUCATIONAL BACKGROUND	FIELD OF EXPERIENCE	TERM OF EXPERIENCE (YEAR)	NON-CORPORATE DUTIES	FIELD OF RESPONSIBILITY
Ayhan SİNCEK	General Manager	09.01.2014	Master's Degree	Insurance	27	N/A	All Works and Transactions
İsmail AYDEMİR	Assistant General Manager	09.01.2014	Master's Degree	Insurance	22	N/A	All Works and Transactions
Yaşar Salih ÇETİNKAYA	Assistant General Manager	09.01.2014	Bachelor's Degree	Insurance	25	N/A	All Works and Transactions



İsmail Aydemir

Assistant General Manager Responsible For Technical, Actuary, Operation, and Financial Managements

The Assistant General Manager of our Company, Mr. İsmail Aydemir, was born in 1977 in Balıkesir. He graduated from Boğaziçi University, Department of Mathematics, with a Bachelor's Degree in 2000. Then, he completed the MBA Program at Bilgi University in 2003; and he got a master's degree from Bahçeşehir University in the field of Actuary in 2006.

He served as the Director of Actuary within the organization of Garanti Emeklilik ve Hayat A.Ş. between 2000-2007. Then, between 2007 and 2010, he worked as the Technical Actuary Unit Manager at Cigna Finans Emeklilik ve Hayat A.Ş. Starting from 2010 he served as the Technical Actuary Group Manager for Cigna Finans Emeklilik ve Hayat A.Ş.

Since August 2013, he has been working as the Assistant General Manager of Katılım Emeklilik ve Hayat A.Ş. responsible for the departments of Technical, Actuary, Operation, and Financial Managements.



Yaşar Salih Çetinkaya

Assistant General Manager Responsible for Sales, Marketing, and Human Resources

The Assistant General Manager of our Company, Mr. Yaşar Salih Çetinkaya, was born in 1972 in the Keşan District of Edirne. He graduated from Mimar Sinan University Department of History with a Bachelor's Degree in 1995.

He started working at AvivaSa Emeklilik ve Hayat A.Ş. as a Financial Consultant between 1997 and 1998. Then, he worked as a Sales Manager between 1998 and 2001; and as a Branch Manager between 2001 and 2007.

After being appointed as the Assistant General Manager of Credit Europa Life in 2007, he became the General Manager in 2011. Since August 2013, he has been working as the Assistant General Manager of Katılım Emeklilik ve Hayat A.Ş. responsible for the departments of Sales, Marketing, and Human Resources.

*B-3 Information on Salaries and
Similar Benefits Provided to the Senior
Executives such as Chairman and
Members of the Board of Directors,
General Coordinator, and Assistant
General Managers in the current period*

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The total amount of salaries and similar benefits provided in the current period **1 January 2021 – 31 December 2021** to the senior executives such as Chairman and members of the Board of Directors, General Manager, and Assistant General Managers is equal to **TRY 6,338,333**.

B-4 Information on Directors of the Units and Under Report Units

Name/Surname	Title	Educational Background	Professional Experience (YEAR)	Departments Under Responsibility	Tel, Fax, E-Mail	Photograph
Ömer Can HERGENÇ	Director	Bachelor's Degree	22	Accounting Collection Purchasing and Administrative Affairs Budget Reporting and Legal Compliance	Phone : 0216 999 81 13 Fax : 0216 692 11 22 omer.hergenc@katilimemeklilik.com.tr	
Mustafa AYDIN	Director	Master's Degree	25	Project Management Office, Work Development and System Analysis, Infrastructure and Information Security	Phone : 0216 999 81 15 Fax : 0216 692 11 22 mustafa.aydin@katilimemeklilik.com.tr	
Zekeriya ÖZNAM	Manager	Bachelor's Degree	24	Actuary, Supervision Control	Phone : 0216 999 81 14 Fax : 0216 692 11 22 zekeriya.oznam@katilimemeklilik.com.tr	
İbrahim GÖKDEMİR	Manager	Bachelor's Degree	15	Internal Audit	Phone : 0216 999 81 18 Fax : 0216 692 11 22 ibrahim.gokdemir@katilimemeklilik.com.tr	
Erkan GÖK	Manager	Bachelor's Degree	28	Bancassurance - Albaraka Türk	Phone : 0216 999 81 17 Fax : 0216 692 11 22 erkan.gok@katilimemeklilik.com.tr	
Fatih BOZKURT	Manager	Bachelor's Degree	14	Fund Management Fund Service	Phone : 0216 999 81 32 Fax : 0216 692 11 22 fatih.bozkurt@katilimemeklilik.com.tr	
Hakan BAYOĞLU	Manager	Master's Degree	17	Bancassurance - Kuveyt Turk	Phone : 0216 999 81 16 Fax : 0216 692 11 22 hakan.bayoglu@katilimemeklilik.com.tr	
Faruk ÖZTOK	Manager	Bachelor's Degree	21	BES Operation, Insurance Operation, Corporal Services	Phone: 0216 999 81 34 Fax : 0216 692 11 22 faruk.oztok@katilimemeklilik.com.tr	
Şaziye BALKANCI	Manager	Bachelor's Degree	13	Internal Control and Risk Management	Phone : 0216 999 81 33 Fax : 0216 692 11 22 saziye.balkanci@katilimemeklilik.com.tr	
Aykut SEVİM	Manager	Master's Degree	12	Human Resources, Training and Development	Phone : 0216 999 81 39 Fax : 0216 692 11 22 aykut.sevim@katilimemeklilik.com.tr	
Salih KAPARCA	Manager	Bachelor's Degree	23	Strategic Marketing, Customer Services, Digital Marketing	Phone : 0216 999 82 79 Fax : 0216 692 11 22 salih.kaparca@katilimemeklilik.com.tr	
Coşan DİYİCİ	Manager	Bachelor's Degree	18	Agents and Brokers, Alternative Bank Channels, Special Customers	Phone : 0216 999 82 81 Fax : 0216 692 11 22 cosan.diyici@katilimemeklilik.com.tr	

B-5 Miscellaneous Information and Statistics about Company Personnel

Human Resources Policies constitute the fundamental dynamic of our company towards its goal of being the sector leader, which has completed its establishment in a time that can be considered a record in the sector and has always made a name for itself in the Participation Insurance sector.

Our company, which completed 2020 with 156 employees, increased its number of employees to 163 with a 4.5% growth in 2021, despite the continuing effects of the pandemic.

Katılım Emeklilik ve Hayat A.Ş. considers its human resources as its most valuable asset. Therefore, the areas of employee satisfaction and employee investment are among the primary goals of our company. We repeat our motto #günbugün to be a member of Katılım Emeklilik every new day.

The basic fields of human resources activities consist of choosing correct human resources, employee training, positioning, retention, and increasing performance. Within this context, our human resources

policy is to clearly define our business and qualification goals, support continuous training and development, encourage teamwork, establish common corporate culture focusing on high performance and employee satisfaction, and ensure sustainability.

Organizational updates were made quickly to respond to the needs arising in line with new developments. In this regard, the roles of some employees were changed in order for them to gain different qualifications, thanks to the rotation activities between departments that provide the employees to change positions.

Creating professional and individual development opportunities for our employees, as required by their tasks and responsibilities, is among our company's goals. The objectives are; to rapidly familiarize new employees with the company culture by employing orientation programs, to teach them business conduct, and to create human resources committed to company values.

In the light of this vision, the year 2021 has been defined by our Human Resources Department as the year of "Constant Development." It has been acknowledged how important it is to stay up-to-date in order to follow the developments in the changing world.

Social Benefits



Transportation: Head Office employees benefit from the shuttle service for commuting. The travel allowance determined by the company is paid to the sales staff who do not use the shuttle service.



Meal: Employees can have meals wherever they want with the meal allowance loaded on their meal cards.



Group Health Insurance: Group health insurance is provided to employees and their spouses and children.



Group Life Insurance: Group Life Insurance is provided for all the employees.

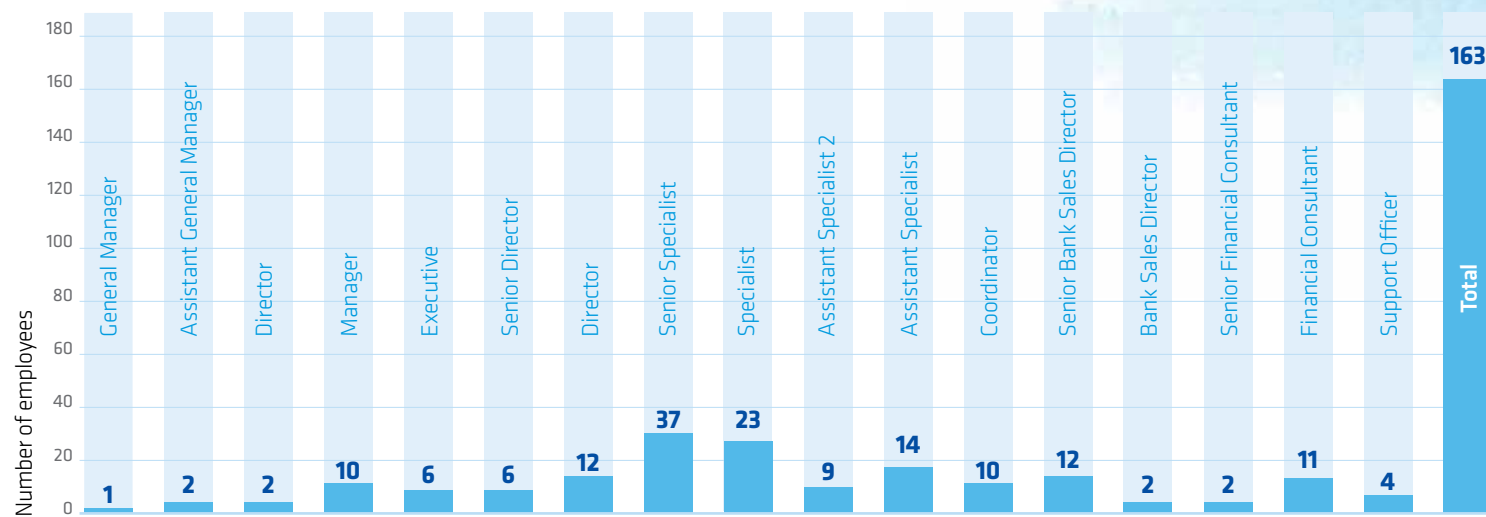


Employer Contributed Pension Plan: if they wish, the employees are included in the Personal Pension System within the scope of the company's Group Pension plan.

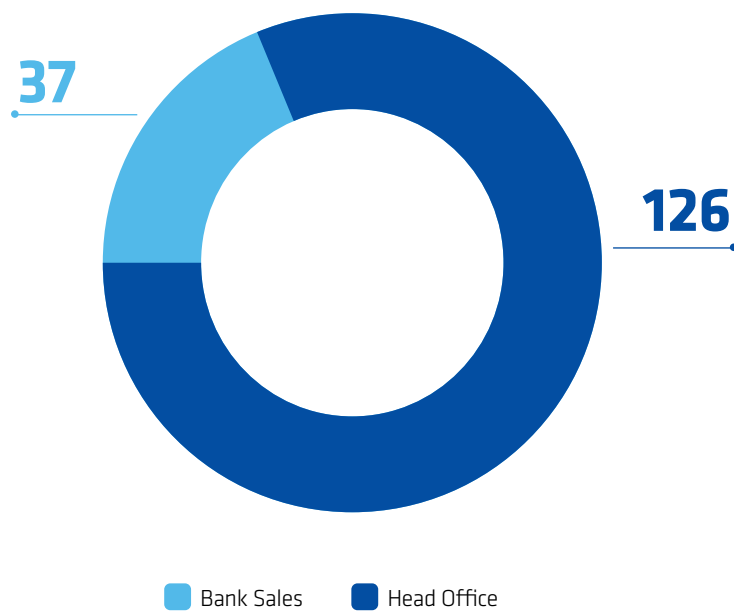


Foreign Language Compensation: Employees, who document their English level with Toefl IBT, may benefit from monthly foreign language compensation.

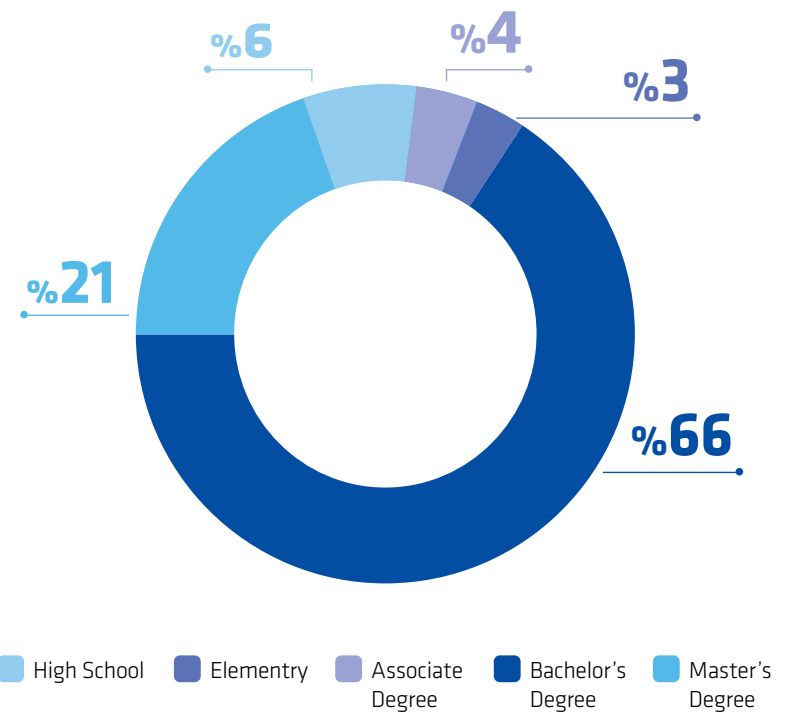
1- Employees per Position / Number of Employees per Position



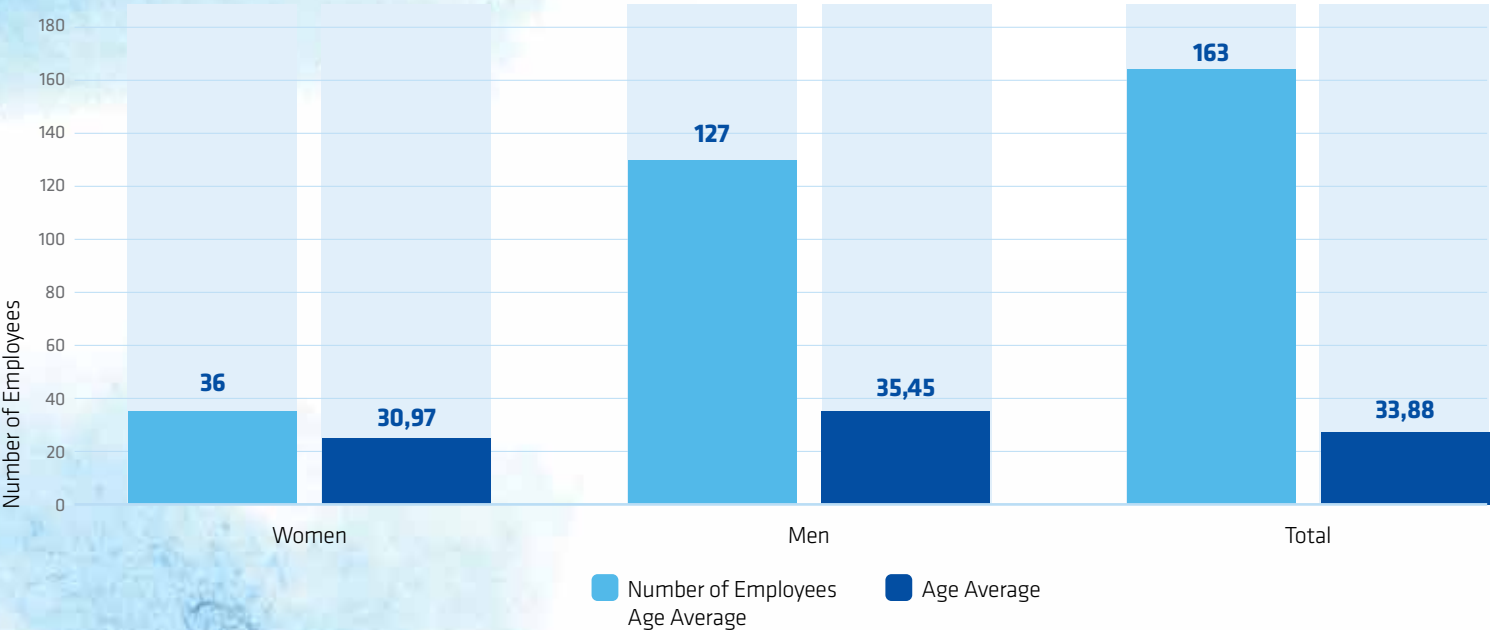
2- - Distribution of Place of Business



3- Distribution of Educational Background



4- Distribution of Age & Sex



B-6 Information on the Board Meetings

The Board of Directors has held 14 meetings on various occasions within the year 2021, in which they have made 42 resolutions concerning the administration of the company.

General Meeting No	Year Meeting No	Date of Meeting	Resolution Number	Number of Participating Members
86	1	13.01.2021	1	5
87	2	10.02.2021	1	5
87	2	10.02.2021	2	5
87	2	10.02.2021	3	5
87	2	10.02.2021	4	5
87	2	10.02.2021	5	5
87	2	10.02.2021	6	5
88	3	01.03.2021	1	5
89	4	16.03.2021	1	5
89	4	16.03.2021	2	5
89	4	16.03.2021	3	5
89	4	16.03.2021	4	5
89	4	16.03.2021	5	5
89	4	16.03.2021	6	5
89	4	16.03.2021	7	5
89	4	16.03.2021	8	5
90	5	31.03.2021	1	5
90	5	31.03.2021	2	5
91	6	21.04.2021	1	5
91	6	21.04.2021	2	5
91	6	21.04.2021	3	5
91	6	21.04.2021	4	5
91	6	21.04.2021	5	5
91	6	21.04.2021	6	5
92	7	26.05.2021	1	5
92	7	26.05.2021	2	5
93	8	17.06.2021	1	5
93	8	17.06.2021	2	5
94	9	30.06.2021	1	5
95	10	05.08.2021	1	5
95	10	05.08.2021	2	5
96	11	22.09.2021	1	4
96	11	22.09.2021	2	4
96	11	22.09.2021	3	4
96	11	22.09.2021	4	4
96	11	22.09.2021	5	4
97	12	22.10.2021	1	5
98	13	18.11.2021	1	5
98	13	18.11.2021	2	5
99	14	15.12.2021	1	5
99	14	15.12.2021	2	5
99	14	15.12.2021	3	5

A large, abstract splash of blue watercolor paint on a white background. The splash is irregular in shape, with darker blue tones at the top and lighter, more translucent blue at the bottom. The texture of the paint is visible, showing various shades and brushstrokes.

*C Information On The
Company Activities
And Other Important
Developments*

C-1 Analysis and Evaluation of the Operating Results of the Company, The Realization Level of Planned Activities, the Status of the Company In Terms of Determined Strategic Targets

The numbers reflected in the income statement are as follows.

Account Group	Account Total
Non-Life Technical Income	60.751.135
Non-Life Technical Expense *	-71.380.200
Life Technical Income	78.390.272
Life Technical Expense *	-64.344.026
Pension Technical Income	114.299.256
Pension Technical Expense *	-76.494.509
Investment Incomes	53.173.773
Investment Expenses	-14.158.074
Other Income/Profit - Expense/Loss	-6.055.909
Net Profit for The Period	55.853.861

(*) The values mentioned above include the distribution of all expenses under the segments related to the methods determined within the scope of legal legislation.

The investments made are mainly within the scope of the objective for carrying the information technology infrastructure up to a level where it may serve the sectoral studies and provide our Company reaching its high targets. In this context, 96% of our Company's targeted General Expenses in 2021 have been used for this purpose. In the same period, 92% of the targeted Personal Pension, 73% of the targeted Insurance, and 87% of the targeted Insurance and Pension technical income were realized.

C-2 Economic Developments in Turkey and World in 2021

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In the year after the pandemic, which the global economy has been struggling with for a long time, the human burden has increased, the supply chain has been disrupted, serious problems have occurred in electricity supply, and social and economic difficulties have become more acute.

However, despite the uncertainties regarding the pandemic, the strong recovery in the first half of this year, which was higher than expected, revived the economic activity in the markets and developing countries. The determining factors of the recovery in economic activity are the revival of activity in the Dollar and Euro region, the strong recovery in exports in the first half of this year, the sharp rise in commodity prices, and the strengthening of domestic demand thanks to vaccination and support packages.

The deepening effect of the problems caused by the COVID-19 pandemic, which suppressed economic indicators, did not make 2021 a very memorable year for the Turkish and global economies. One of the factors that most affect the macroeconomic indicators in the Turkish economy is foreign currencies and their appreciation against the Turkish lira; as of December, inflation stood at 36.08%, the highest level of 2021. This was also the highest annual inflation rate in Turkey since September 2002. However, the policy interest rate, which was 17% in January and February of 2021, was increased to 19% at the CBRT Monetary Policy Committee (MPC) meeting on March 18, 2021. The policy rate, which remained constant at 19% until the MPC meeting on September 23, was reduced by 100 points to 18% at the meeting on September 23. Interest rates were reduced by 200 basis points on October 21, 2021, by 100 basis points at the meeting on November 18, and by another 100 basis points on December 16, to 14%.

On the other hand, according to November 2021 data announced by TURKSTAT, the employment rate increased by 4.0 points compared to the same month of the previous year and became 46.4%. The unemployment rate was realized as 10.9%. According to the temporary foreign trade data produced within the scope of the general trade system established in cooperation with the Turkish Statistical Institute and the Ministry of Trade, our exports in 2021 reached 225 billion 368 million dollars with an increase of 32.85% compared to the previous year. With this value, the threshold of 200 billion dollars was exceeded, and the highest annual export figure of all time was realized. In 2021, our foreign trade volume increased by 27.64% compared to the

previous year and reached 496 billion 723 million dollars. The growth rate increased by 7.4% in the third quarter of 2021.

The US economy performed much better than expected in 2021, led by an increase in inventories and consumer spending. US actual gross domestic product increased 6.9% annually in the fourth quarter, following a 2.3% increase in the third quarter last year. The US economy grew by 5.7% on an annual basis in 2021. According to the announced report, the highest growth rate seen since 1984 was recorded. The growth rate wasn't the only thing that increased last year. Supply chain shortages, labor shortages, and deferred demand have also caused prices to rise irritatingly. Consumer expenditures rose 7.9% last year due to both continued spending by Americans and higher input prices. J.Powell said "it will be appropriate soon" to increase interest rates with the strengthening economic activity, implying that an interest rate hike in March is almost inevitable.

The growth rate in the Chinese economy continued to slow down in the last quarter of 2021. The Chinese economy recorded the lowest growth rate since the pandemic period, and the People's Bank of China unexpectedly lowered loan rates. The economy grew by 4% in the last quarter of 2021, registering its weakest growth since mid-2020, when the pandemic was at its peak.

The United Nations reminded us that the conflicts that have been going on for many years in Syria and Yemen continue in 2021 as well. On the other hand, the UN Economic and Social Commission for West Asia (ESCWA) predicted that there will be an economic revival in the Arab geography in 2022 and 2023.

In the euro area, GDP increased by 4.6% in the fourth quarter of 2021 compared to the same period of 2020. However, it is estimated that the increase in Omicron cases and the rise of inflation to the peak of 30 years may lead to deterioration in economic activity again. On the other hand, a full recovery is expected towards the end of the year.

Based on this framework, our summary of the primary markets is as follows;

Stock Exchange Market: In 2021, BIST-100 Index fluctuated in a band between 1,330.48 and 2,278.55. Katılım 50 Return Index, on the other hand, was in the band of 2,848.31-4,831.17. The domestic and global recovery trends positively impacted the stock markets.

Foreign Exchange Market: USD/TRY parity within 2021 ranged between TRY 6.96-16.50, and EUR/TRY parity ranged between TRY 8.39-18.49. Supply-side disruptions and upward inflationary movements in the global economy after the supply chain crisis caused the TRY to depreciate.

Commodity Market: The ounce price of gold was recorded at the lowest 1,680.59 \$ and the highest 1,949.55 \$ levels in 2021. Gram price of gold moved within the range of TRY 397-953. Increasing risks and exchange rate volatility on a global scale positively affected the price of gold, which is a security blanket.

Brent Oil prices: It moved around 50-85 USD in 2021. The lack of sufficient supply for the production increase experienced after the pandemic and the increasing risk factors in Russia and OPEC countries caused record increases in energy prices.

C-3 Information on Investments Made During the Accounting Period

In 2021, our Company generally made fixed asset investments. The breakdown of the fixed asset investment amounting to a total TRY 21.7 Million is as follows.

Investment Amounts in 2021	
Fixtures and Installations	5.078.608
Special Costs	150.105
Rights and Software	11.788.904
Advances for Rights and Software	4,675,507
Total Investments in 2021	21.693.125

C-4 Our Activities Concerning Corporal Communication

Our corporal communication department managed the representation and communication of the entity through all communication channels in 2021 and supported our other departments in terms of printed and digital needs. The projects in which the corporal communication department took an active role in 2021 are as follows.

Within the scope of communication and advertisement activities; announcements and advertisement studies were performed periodically to promote a different product/campaign each month. These are published and shared in newspapers, journals, websites, and social media accounts. We updated our communication philosophy according to the studies performed by following up on trends, research, etc. Advertising campaigns focused on new products and services (BES for under 18 years old, new funds, BEFAS, etc.) were carried out. A 360-degree campaign, including TV, was carried out, especially for Early BES, which is our BES product for those under the age of 18. Our Katılım Sağlık brand, which we have created for the products we offer in the health segment, has had a successful period and carried out communication activities in order to increase the awareness of the Katılım Sağlık brand and make its name known more.

Within the scope of press and public relations activities; a total of **2 thousand 92 news** about Katılım Emeklilik were published/broadcasted in 2021 in printed media, digital media, and visual media. 671 of such news were published in printed media, and 1,421 of the same were in digital media.

A total of **671 media reflections** were obtained with the news content of Katılım Emeklilik in the media between January and December 2021; we reached **65 million 597 thousand 220 people**. An advertisement equivalent of **\$ 758 thousand 307** was obtained from the news covering **44 thousand 18 stxcm** area. In 2021, a total of **1,421 digital media reflections** were achieved with the news content of Katılım Emeklilik.

While our news in print media increased by 4 percent compared to 2020, we ranked second among competitors in the sector with our advertising equivalent and access figures thanks to the news in the printed media. In digital media, we maintained our third place among our competitors.

The activities performed in our digital communication channels; digital transformation has been continued in communication channels, where we will renew all our digital platforms, including our website, individual and corporate internet branches, our mobile application, our online sales site, and our blog. Our new website was launched, and software work for our online branches and mobile application continued. Our new digital channels are planned to be launched in 2022.

Our current information and monthly fund analysis are sent to all our customers through studies such as monthly e-bulletin, fund bulletin (macrofund), etc. The announcement and information mailings are prepared as needed by our departments for corporal and non-corporal communication.

The number of followers of our social media accounts as of December 2021 is as follows:



Facebook: The number of our followers was 52,861 in December 2019 and reached 52,095 in December 2021.



Instagram: The number of our followers, which was 4,169 in December 2019, increased and reached 5344 in December 2021.



Twitter: The number of our followers, which was 19,857 in December 2019, became 19,828 in December 2021.



LinkedIn: The number of our followers, which was 4,557 in December 2019, increased regularly and reached 4,982 in December 2021.



YouTube: The number of our followers, which was 1,700 in December 2019, increased and reached 2,090 in December 2021.

Until 2020, our ads, announcements, and programs attended by our corporate spokesperson were broadcast on the YouTube channel. In 2020, we prepared and published content that we hosted the important names of society and our employees to increase insurance literacy and spread the awareness of savings with the communication projects and programs we started exclusively on our YouTube channel. In addition to the continuation of the publication of these contents in 2021, new works such as product promotion videos and special digital advertisements were also published on YouTube.

Our activities are performed within the scope of in-house communication and social responsibility;

In 2021, we held competitions on the “I Participate” platform, which is our internal communication platform. We continued making our announcements through the “I Participate” platform. Relevant departments can upload company documents to this platform and inform all our employees.

Within the scope of in-house communication studies, we aimed to raise awareness to support children with cancer this year, as every year, and we participated in the KAÇUV event through social media due to the pandemic. We shared posts aimed at raising awareness.

Although the Katılım Emeklilik library, which we opened in 2019, was not used as actively as in previous years due to the Pandemic in 2021, the number of our books increased with donations received.

C-5 Our Collection System and Collection Activities

The method of collection from bank accounts, which we have pioneered since the company’s establishment, continues to be developed. We have POS integration with 5 banks in total by making a new POS member workplace agreement in credit card collections along with bank accounts. In this way, advantageous options are offered to our insured by shortening the blockage periods and increasing our installment options for credit cards of different banks.

A new development process has been initiated in order to manage the collection system through a single channel with our investments in infrastructure developments. In this way, together with the development personnel to be assigned within the company, we will reach our technological goals faster, continue to be a pioneer in the sector, and increase our customer satisfaction to the highest level.

In addition to scheduled collective collection trials, our collection system for many policy-based channels and payment types was shared with the call center and bancassurance channels. In this

way, our policyholders had the chance to make collections as they wished through our relevant channels and had the opportunity to follow up their processes with faster collection results.

The payment method we make for life insurance with 3D infrastructure on our website was also put into use for the BES segment during the year. Our developments for the payment method, in which security and technology are prioritized in terms of products and channels, will continue this year.

This year, in which we will continue our technology and people-oriented developments, we aim to break new ground in the sector by considering the legislation and customer needs.

C-6 Our Customer Services/Call Center Activities

The teams in our Customer Services department provided services in the following areas in 2021:

In 2021 Our **Call Center** continued to serve our customers through our line: 0850 226 0 123.

Our Call Center rendered service in Edirne by using the service provided by Turkcell Global Bilgi company with 1 Operation Director, 2 Team Leaders, 1 Quality Specialist, 1 Training Specialist, 30 Customer Services Representatives speaking Turkish, 1 Customer Services Representative speaking Arabic, 1 Customer Services Representative speaking English, 2 Home Agent Customer Representatives, and 2 VIP Health Representatives.

The team in the Head Office performed management, training, and reporting activities of our call center operation.

In addition to welcome calls, customer information updates, demands, change procedures, delinquency information, and delivery address update, our call center served with a separate team in 2021 for persuasion calls as well.

Thanks to the private health insurance queue structured in the Call

Center IVR within the scope of Health Insurances, we continued to provide priority service to our health customers coming from the related channel with 2 dedicated representatives.

In 2021, service was rendered with the following performance data: The inbound call (incoming call) team received **512,283** thousand calls, and an average of **1,940** calls per day was met with an average conversation time of **3** minutes. The outbound team (outgoing call) made 34,858 calls with an average conversation time of **2** minutes.

14,145 live support requests were responded to through the “**Live Support Center**” application on the Corporate Internet Branch.

In our call center, after inbound calls, all the customers are presented with Huzurlu Yuvam Personal Accident Insurance, Kadınca Güven Critical Diseases Insurance, Gülümseten Complementary Health Insurance, İkinci Bahar Personal Accident Insurance, Yolum Açık Personal Accident Insurance, Early BES, and Practical BES products, and sales activities are carried out as a result of such calls. In 2021, the Call Center completed 5,636 product sales activities, namely, 4,223 Personal Accident Insurance, 61 Critical Diseases Insurance, 39 Supplementary Health Insurance, and 1,313 Personal Pension products.

Our Customer Services team made the confirmation calls of the Practical BES products, which are received through Albaraka Türk Bank and all Agency channels within the body of the Head Office, and related offers were converted into contracts. In this regard, a total of **7,777** product sales activities were completed in 2021.

Within the scope of persuasion activities in 2021, **11,097** BES participants were discouraged from their Exit/Transfer requests, and a total of TRY **71,312,504** funds were kept, resulting in a persuasion rate of **24.59%**.

C-7 Our Strategic Marketing Activities

In 2021, we continued our activities to develop our product portfolio to meet the needs of different customer segments.

One of the developments that most affected the sector's growth in

the recent period was the inclusion of children and youth under the age of 18 in the BES. As Katılım Emeklilik, we were one of the first companies to offer the Early BES plan specific to this segment. We put on sale our personal and group plans, which we enrich with assistance services to meet the different needs of children and young people, such as health, education, and personal development. In addition to intensive communication activities, we organized activities such as stand work and sending promotions. We have become one of the very few companies that offer the early BES plan through the call center and online channels in addition to the traditional channels.

At our Kuveyt Türk branches, we offer the products of Long Term Personal Accident Insurance, which includes high coverage as frequently requested by our sales teams, and the Yolum Açık and Huzurlu Yuvam Personal Accident Insurances with assistance services that our customers may need at any time in their daily lives. We prepared the Okul Yolu Education Insurance product to be sold through the Albaraka Türk call center.

In addition to our current Travel Health Insurance products, we have offered a comprehensive Travel Health Insurance with COVID-19 coverage. We also commissioned the travel health insurance that Kuveyt Türk gave as a gift to Miles&Smiles credit card customers. We have now started to offer our Private Health Insurance products, which were first offered only to group customers and individual customers. With all these efforts, we have become the Company that produces the most premiums in the Health Insurance segment among both the Participation Insurance companies and the Life & Pension companies.

In addition to infographics, participation insurance, and general sector development, fund index and media bulletins, extra campaign, and sales team commission reports are periodically sent to related in-house and external stakeholders.

We further enriched our cross-selling capacity in 2021 to add value to our current customers; we reached more than BES sales in addition to the sales of nearly 3,300 new Personal Accident, Life, and Health Insurance through the call center channel.

While Support and Second Spring Personal Accident sales continued on Kuveyt Türk's mobile and internet branch channels, more than 4,000 Practical BES were sold. At the same time, more than 130 BES sales were made through the Albaraka Türk internet branch channel.

As of the end of the year, we started to sell Early BES, and Practical BES plans on our website. Preparations continue for the sale of our different products, the Complementary Health Insurance in particular, through this channel.

We completed the design update works on our website and updated our product pages and brochures. We presented our new Retail Internet Branch to our customers with its user-friendly design and enriched content, and we are carrying out a similar study for our mobile branch, which will be completed very soon.

C-8 Information Technologies, Reporting and Project Management Office Directorate

Process and Quality Management

- 89 new or current processes and procedures are developed and announced to the company.
- 22 Procedures/Policy/Regulations and 22 Forms were prepared within the scope of the ISO27001 Information Security Project.
- Support was provided in the organization of meetings and in the storage of documents for the creation of an asset inventory of the departments/units and the risk assessment of the assets within the scope of the ISO27001 Information Security Project.
- Improvements were made to the management and processes of the Jira Software Project Management application.
- User accounts and authorizations were managed in Life In and Kasem applications for head office personnel and agents/brokers.
- The Process and Quality Management met 500 requests forwarded through the Kirlangıç, and support was provided.

Project and Claim Management

- Jira claim management system was activated.
- The following projects were managed.

- AcerPro Gateway Project
- BES Online Sales Project
- Digital Channels Project (Website, Retail, and Corporate Internet Branch)
- Kuveyt Türk Customer Experience Project
- KASEM Health Project
- Digital Transformation Program
- BES TEFAS Project
- SBM OVM Projects
- PDPL Structural Data Discovery Project
- IFRS (Phase I) Project
- Under 18 BES Compliance Project

Kirlangıç Internal Work Flow System Management

48 new or current workflows are developed through the Kirlangıç system.

- Document Management System
- Legal Opinion Requests Process
- Broker Indemnification Process
- Agency Broker Personal Accident Collective Production Process
- Berqun Integration Processes
- COVID Survey
- Notification Posting Process

- Personal Insurance Receipt Upload Process
- Participant Communication Process
- KVKK Processes
- Business Advance Request Process
- Accounting Settlement Process
- Broker Personal TSS Collective Production Process
- Health Indemnity Process
- Health Insurance Re-evaluation Process

In the Kirlangiç system, 1,657,135 workflows were conducted within our 185 processes.

Work Development and System Analysis

- Business analyses and tests of the projects in 2021 were carried out.
- 159 (83 Kirlangiç + 76 Jira) development requests were analyzed and tested.
- Support was provided for the resolution of 2135 (1163 Kirlangiç + 972 Jira) error requests.

Data Warehouse and Business Intelligence Reporting

In 2021, we received 350 new requests and finalized 400 requests permanently. As of the end of 2021, 323 different reports are automatically prepared by ANKA and sent regularly.

- Ankasem Health DWH project has been completed. It has been actively used by the end-user.
- BES Inforce DWH project has been completed. It has been actively used by the Marketing Unit.

- Senior Management Month Closing admin panel has been completed.
- The Cockpit Health tab has been renewed with Kasem data.
- All health reports from LifeIn or Kasem that need T-1 data have been revised to be fed from Ankasem.
- Studies have been initiated to update the changed data instead of deleting and rewriting the tables used in high-dimensional or long-running DWH jobs, such as Fund, Movement, BES Customer Portfolio, and Pension. By completing BMP and Pension, approximately 5 hours of performance savings were achieved every day.
- A machine learning RGD environment was created. In the first project, customer churn analysis was studied. More than 60% success was achieved. Studies will be started for taking action and new analyses in the future.

System Infrastructure and Information Security

- Fast Recovery Solution (FRS) was installed and integrated.
- Oracle Audit Vault installation and integration for database access logs completed
- Primary Systems and Secondary Systems were successfully transferred to the Data Center at TIER 4 level.
- Secondary Systems Infrastructure has been installed with advanced technology equipment, and an appropriate architecture has been prepared for Business Continuity.
- With the installation and implantation of Manage Engine PMP, our solution partners were provided with secure and regulated access to our systems.
- By implementing the Manage Engine Opmanager, an infrastructure was established to measure the accessibility and performance values of the systems.
- Security tightening was applied to user computers with EMS integration.
- Security Operation Center (SOC) has been activated. Systems are

monitored, and action is taken against security incidents 24/7.

- ISO 27001 Internal Audit was completed and made ready for External Audit
- Microsoft licenses Management was taken over by separating the tenancy from Kuveyttürk
- Microsoft Teams, the corporate application that enables internal communication and online meetings, was launched.
- Oracle database version 19C upgrade work completed
- Database backup, security, and performance increase with MS SQL Consolidation
- The management of mobile vehicles has started to be provided by our internal resources.
- FileOrbis (secure file sharing platform) installed and integrated
- PGP (Disk Encryption) was installed and integrated.

C-9 Our Operational Activities in Insurance, Health, and Personal Pension Segments

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In 2021, our operations unit was active in the following areas;

Within the scope of our Personal Pension Activities;

- **68,889** amendments were made regarding the Personal Pension contracts of our participants.
- A total of **9,425** Employer Group Pension Certificates were produced in coordination with group executives, and **130** Group Employer Pension and **18** Personal Pension Affiliated to Group agreements were executed.
- **119,354** Personal Pension Offers have been controlled for

compliance with the Personal Pension and MASAK regulations, and all of them have been approved. **1,429** BES Offers, which our Bank branches couldn't produce, were produced by our Operation Unit..

- **1,067** transfer requests of our participators and **613** Saving Transfer requests for Automatic Participation Certificate were informed about countering Personal Pension Companies, and it was provided for the process to be commenced accordingly.
- **Our company received 3,517 parcels** and sent **2,551** parcels. At the same time, it was provided for 609,808 mandatory notices, such as policy agreement texts, annual account statements, etc., to be delivered to our customers via SMS, E-mail, and carriers within the legal delivery periods. **513** BES and Life Proposal Form and **177** Change Request Forms with wet signatures were recorded. We are still working with the ZIP carrier company for delivery activities (printing, enveloping, and shipping).
- Production of **1,275** OKS (Automatic Participation System) Group Protocols was realized.
- The Company has fulfilled the requests for Personal Pension withdrawal and Insurance Cancellation within the legal periods.
- In the Personal Pension segment, **179,840** exit transactions have been made, including Withdrawal, Early Termination, Transfer, and Death. The payment amount subject to these transactions is TRY **748,754,527** in total.

State Contribution, Supervision, Control, and Reporting

Within the scope of the simplification of the GEV (Data Based on Surveillance), necessary studies have been carried out on the objects shared by the EGM (Pension Monitoring Center) with our company.

All processes, including DC collection, DC penalty, and DC tax office processes, have been followed, and the objects belonging to the processes have been added to the system without any problems for the complete/error-free processing of the DK (Government Contribution) calculated for the previous month from the beginning to the end of each month for twelve months. The records subject to

the DK were controlled automatically in order to correct the errors, the processes were checked end-to-end, and necessary actions were taken within the scope of required systemic improvements.

After the newly published legislative developments, studies were carried out to put the necessary control points regarding GEV in the system.

Within the 2019 and 2020 DK Audit scope, our company Volunteer BES DK data was audited by SEDDK (Insurance and Private Pension Regulation and Supervision Agency).

Adaptation improvements have been made to the OVM (Common Data Model) project carried out within the scope of SBM (Insurance Information and Surveillance Center) in the Life, Personal Accident, and Health segments and work continues on the ongoing issues according to the project plan.

Our studies for detecting necessary developments and improvements in our system still continue.

Risk Assessment and Indemnity Management

Our Risk Assessment and Indemnity Management team served in the following areas in 2021;

- Risk assessment procedures of Credit Life / Credit Personal Accident and Optional Insurance products are pursued.
- **6,601** policies were checked and approved in the Credit Life and Credit Personal Accident segments.
- **22,786** policies were produced or approved in the Optional Life and Personal Accident segments.
- The management of Check-ups of **258** insured candidates was provided in Credit Life products.
- In our long-term insurance products, **21,620** surrender transactions were performed, and TRY **8,686,149.03** was paid; **5,295** Day-Based Payment transaction was performed, and the total payment amount was TRY **4,451,973.49**.
- **442** indemnity claims were evaluated, and TRY **15,362,495.86**

was paid to our **326** insurant, banks, or beneficiaries of our policyholders. **56** indemnity claims were rejected.

- At the end of the year, there is an outstanding claim amounting to TRY **4,053,043.16**, corresponding to **82** products.
- **38,803** policies were produced under **47** closed Group Personal Accident and Group Life tariffs.

Within the scope of Katılım Health activities;

- A total of TRY 49 Million premium production was made for 40,869 insured in Group Policies with direct and indirect production. Accordingly, a compensation expenditure of TRY 38.4 million was made.
- A total of TRY 117 Million premium production was made for 15,538 insured in direct and indirect personal products (TSS+OSS). Accordingly, a compensation expenditure of TRY 3.5 million was made.
- In personal products, TRY 4 Million premium production was made with the renewal of 3,286 policies from the previous year.
- The renewal rate for Personal products is 23%.

C-10 Activities of Our Corporate Services and Complaint Management Teams

- **1,339** customer requests and complaints from various channels such as our **Complaint Management** team, Call Center, Internet Site, and official institutions were recorded, examined with due diligence, and solutions were produced accordingly. The complaint response period is **3.6** days on average. The detailed complaint reports prepared by analyzing the root reasons of customer complaints were continued to be shared through Bancassurance channels regularly, and studies were made to decrease and control the complaint numbers.
- Instant uninterrupted service was provided to Bank Branches, our Agents, and Field Personnel via the Call Center line: **0850 226 0 226** with our new IVR infrastructure; **3,151** incoming calls were

satisfied with **2:24** minutes of average conversation time and **83%** response rate.

- Our Sales Channels Support team has solved **19,726** support requests received from bank branches via e-mail/Kırlangıç workflow system.

- The executives of all the companies, which signed the Group Protocol Agreement in 2021 within the scope of OKS, have been called from the line at **0850 622 6 623** by our **Corporate Services** team, which commenced its operations at the beginning of 2017 together with the Automatic Participation System, within the scope of welcome call system, and it was continued for all the details of the system to be informed.

- Our team provided the following services to the executives of the employers:

The team consisting of **5 persons** rendered service to **15,847** employers until 31.12.2021.

31,341 incoming calls were satisfied with **2:68** minutes of average conversation time and a **92%** response rate. **11,208** outbound calls were made with an average conversation time of **3:93** minutes.

25,033 requests from corporates, which were commenced with the Kırlangıç workflow system by being sent to our corporate support e-mail address by executives of the employers, were processed and responded to accordingly.

- As a result of employer officials connecting to our Live Chat service through the **Genesys** program, **1,724** employer representatives were supported.

C-11 Our Training Activities

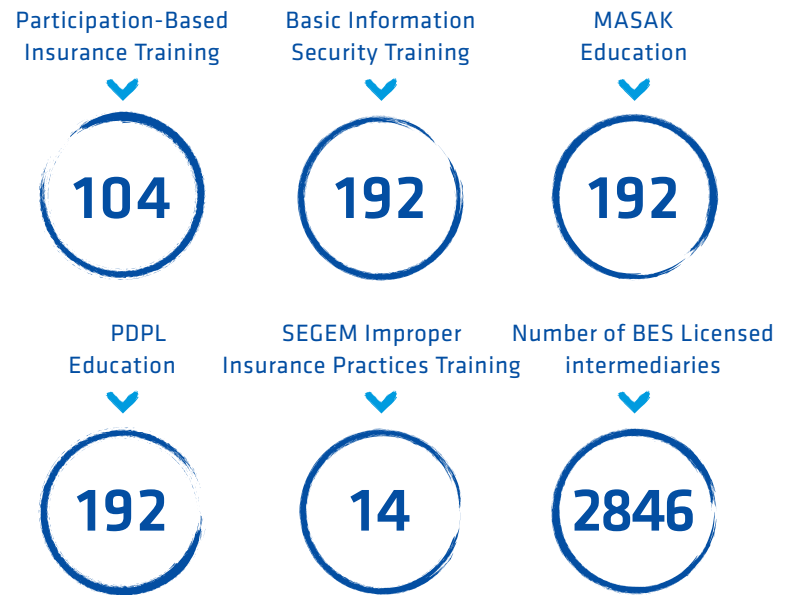
In 2021, several trainings were provided with basic, technical, legislative, and career titles in order to raise competent personnel.

- Due to the pandemic, online seminars were held with expert psychologists and career coaches in order to increase employee motivation.

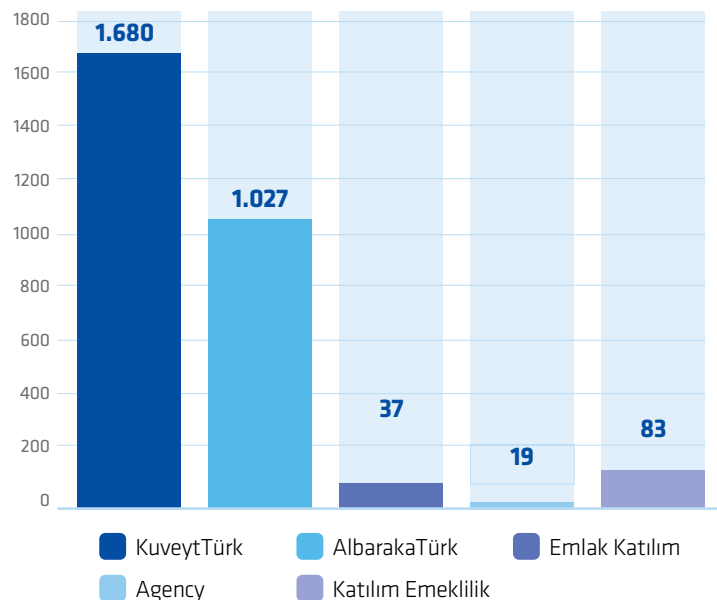
- “Data Analysis and Reporting” training was provided to 37% of the Head Office employees in order to increase reporting activities in departments.

- BES, Life Insurances, and Health Insurance Legislation trainings were provided to all sales staff.

- Talent Pools were created from the Head Office and Sales staff, and their training was started accordingly.



Number of BES Licensed Intermediaries



C-12 Our Technical and Actuarial Activities

2021 was the 8th activity year of Katılım Emeklilik ve Hayat A.Ş. Sales of Credit Life Insurance, which is offered for sale within the Life segment at bank distribution channels, Critical Disease products, Women Cancer Products, Education Assurance Insurance, Life Insurance special to SMEs, School Installment Assurance products, Credit Life Insurances with unemployment indemnity, Personal Accident products offered with enriched assistance services, Support Personal Accident and Full Support Personal Accident insurances were continued.

In the health insurance segment, the sale of Supplementary Health Insurance, Private Health Insurance, Hybrid Health Insurance, Travel Health Insurance, Foreign Health Insurance, and Emergency Health Insurance for both our corporate and individual customers continued in 2021. Complementary Health Insurance products sold through Neova Sigorta A.Ş. were developed and continued to be sold. In addition to Complementary Health Insurance, Group Health Insurance products are also offered by Neova Sigorta A.Ş. delivered to customers through the channel. In accordance with the agreement executed with Neova Sigorta A.Ş., our company acts in the capacity of a reinsurer.

Upon leaving behind the eighth activity year, the need for cash flow modeling emerged for our company due to increased policy numbers and premium generation, increased portfolio size, and increased assumed insurance risk. As a result of long-term research and negotiations, our company actively used the RAFM Modeling program of Willis Towers Watson in 2020 for product profitability studies and budget studies. In 2021, the RAFM modeling program was actively used in product cash flows, profitability studies, and budget preparations.

As of 31.12.2021, the total number of life insurance policies/participation certificates in effect is 120,367, and the total life insurance premium production is amounted to TRY 83,527,941.

When we examine the Death Coverage, which is the main guarantee in the life insurance segment, as of 31.12.2021, the average death benefit of the existing 120,367 policies/participation certificates was equal to TRY 135,063. Here, it is observed that most of the loan-related life insurances are high due to our banks' housing (mortgage) financing products.

In the Accident segment, as of 31.12.2021, the total number of personal accident insurance policies/participation certificates in effect is 56,395, and the total premium production is equal to TRY 16,016,964.

In the Health Insurances segment, as of 31.12.2021, the total number of health insurance policies/participation certificates in effect is 60,073, and the total premium production is equal to TRY 66,702,810.

C-13 Our Research and Development Activities

Since 2021 was the 8th year of operation, as in the first 7 operating years, particular importance and strict attention were paid to new product development activities for changing and evolving customer needs. No revisions were made to credit products in 2021, and it is planned to be made in 2022. New products were offered for sale in the facultative personal accident segment. In the health segment, launched in 2018, the activities were initiated in the field of Personal Health Insurance in 2021 in addition to the Complementary Health Insurance, Travel Health Insurance, Foreign Health Insurance, Personal Health Insurance, and Emergency Health Insurance segments. Thus, all sub-segments of the Health segment began to be offered to customers. In 2021, it was concentrated on product and systemic developments in all segments, especially in the Health segment. In 2021, product developments on the call centers of Albaraka Türk and Kuveyt Türk Participation Banks, which are our sales channels, continued.

Katılım Emeklilik was established to operate in interest-free personal pension and life insurance segments. Since Albaraka Türk and Kuveyt Türk Participation Banks, as the main distribution channels, are established and leader corporations in the interest-free field of our country; they operate in all products and render services under Islamic Finance and Participation Banking principles. Information subjects in the personal pension sector are among the important aspects of our industry. Our company pays particular attention to notification of our customers fully and completely at the time of sale for customer loyalty. Therefore, we regularly call our customers to welcome them to our Company and Personal Pension

System due to their participation and to remind them of their rights in the system. In the first year of its operation, the credit life insurances offered by the participation banks, which are the main distribution channels for assurance of their financing, came to the forefront in the product portfolio. In this area, in addition to the death coverage in credit life insurances, our products with accidental disability coverage started to be offered to our insured in 2017; afterward, our product was enriched by adding the additional coverage for Unemployment/Daily Hospital/Accidental Temporary Incapacity for Work. In 2021, new products were put on sale by increasing the coverage and premiums in the Personal Accident Insurance segment.

With the pandemic continued in 2021, our company has covered the possible diagnosis and treatment expenses that will occur within the scope of COVID-19 disease during these difficult days. Although epidemics are excluded from the coverage, possible treatment expenses incurred within the scope of COVID-19 disease and its treatment have been covered and will continue to be covered, especially for this period at the contracted private hospitals that are valid under our Private and Complementary Health Insurances and are designated as pandemic

hospitals according to the current terms and limits in the policy. Newly issued policies are also subject to this application, provided that the disease has not occurred before the policy commencement date.

Since the first establishment date, our company created an Advisory Committee to maintain its activities in interest-free content and in conformity with the participation principles. Our Advisory Committee, which consists of expert members in participation insurance as well as Islamic law, conducts meetings monthly and provides opinions and approval for our products and services.

In 2021, Katılım Emeklilik founded the first Precious Metals Participation Fund (KJM) in this Personal Pension sector, in which precious metals, such as gold and silver, predominate, and reached a total of 14 mutual funds. In addition, with the possibility of offering BES plans for those under the age of 18, in 2021, it started offering an existing variable pension investment fund specifically to this age segment by changing the fund content and title and offering the Youth-Oriented Atak Katılım Mutual Fund (CIS) to its participants, predominantly to young participants.

As of 2021, the portfolio companies managing our pension investment funds are as follows;

Sıra	Fon	Fon Adı	Portföy Yönetim Şirketleri
1	KEA	Katılım Emeklilik ve Hayat A.Ş. Katılım Katkı EYF	Albaraka Portföy Yönetimi A.Ş.
2	KEK	Katılım Emeklilik ve Hayat A.Ş. Katılım Değişken Grup EYF	Albaraka Portföy Yönetimi A.Ş.
3	KEY	Katılım Emeklilik ve Hayat A.Ş. Başlangıç Katılım EYF	Albaraka Portföy Yönetimi A.Ş.
4	KKS	Katılım Emeklilik ve Hayat A.Ş. Kamu Kira Sertifikaları EYF	Albaraka Portföy Yönetimi A.Ş.
5	KEB	Katılım Emeklilik ve Hayat A.Ş. Katılım Standart EYF	KT Portföy Yönetimi A.Ş.
6	KEF	Katılım Emeklilik ve Hayat A.Ş. Altın Katılım EYF	KT Portföy Yönetimi A.Ş.
7	KEZ	Katılım Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken EYF	KT Portföy Yönetimi A.Ş.
8	KED	Katılım Emeklilik ve Hayat A.Ş. Gençlere Yönelik Atak Katılım Değişken EYF	Qinvest Portföy Yönetimi A.Ş.
9	KEG	Katılım Emeklilik ve Hayat A.Ş. Dengeli Katılım Değişken EYF	Qinvest Portföy Yönetimi A.Ş.
10	KEH	Katılım Emeklilik ve Hayat A.Ş. Katılım Hisse Senedi EYF	Qinvest Portföy Yönetimi A.Ş.
11	KES	Katılım Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken (Döviz) EYF	Albaraka Portföy Yönetimi A.Ş.
12	KET	Katılım Emeklilik ve Hayat A.Ş. OKS Atak Katılım Değişken EYF	Albaraka Portföy Yönetimi A.Ş.
13	KTZ	Katılım Emeklilik ve Hayat A.Ş. OKS Katılım Standart EYF	Qinvest Portföy Yönetimi A.Ş.
14	KJM	Katılım Emeklilik ve Hayat A.Ş. Kıymetli Madenler Katılım EYF	KT Portföy Yönetimi A.Ş.

Despite the fact that 2021 was a difficult year due to the ongoing pandemic, our pension mutual funds successfully overcame this challenge by displaying a weighted average return of 41% in terms of return until the end of the year.

Within the scope of Life and Personal Accident Insurance,

Katılım Emeklilik, in 2021, carried out activities on Personal accident insurance products. These products were offered for sale by increasing the collateral amounts and premiums and enriching them with assistance services. Sales of our existing products, credit life, personal accident insurances, life products including critical disease and women's cancer coverage, support and full support personal accident products, and many other products continued.

Within the scope of Personal Pension,

Katılım Emeklilik continued active sales of Economic, Beautiful and Special Participation Personal Pension Plans, which are designed for customers with different risk perceptions under the same strategy group within the personal pension segment, and also Employer Contribution and Group-Based Personal Pension plans, suitable for different group profiles, in the personal pension segment, under the separate strategy group in 2021. In 2019, the Valuable Pension Plan with an initial contribution was offered for sale, and the participants continued to benefit from this plan in 2020 and 2021. Our participants, who transferred to the Pension Income Plan as of 2019, for which permission was obtained before, continued to receive regular repayments in 2021 as well.

In 2021, the company offered the Early BES Plan for participants under the age of 18. Early BES Plan is offered for sale with rich assistance services and additional benefit payments for participants under the age of 18.

Within the scope of Health Insurance,

In the Health segment, which Katılım Emeklilik started its sales in 2018, the sales of Inpatient and Outpatient Treatment coverage continued in 2021; in order to be more economical, it continued to sell only the Complementary Health Insurance products, which also include Inpatient Treatment coverage. In addition, our company has

started production within the scope of Private Health Insurances as of 2020 and has progressed rapidly in terms of production in the field of Participation Insurance and advanced near the top. Both Private Health Insurance products and Complementary Health Insurance products are positioned in Bank, Agency, Broker, and Center channels. Like it was in 2018, the sales of Travel Health Insurance continued in 2021 as well. In addition to the existing Health Insurance product, Emergency Health Insurance was added to the portfolio, and most of the Health sub-segments began to be offered for sale. The sales of the Foreign Health Insurance product, which was put on sale at the end of 2018, continued in 2021 as well.

C-14 Information on the Internal Control System and Internal Audit Activities and the Opinion of the Board of Directors on this subject

Internal Control System

Pursuant to the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies" published in the Official Gazette dated 26 June 2008 and numbered 26913, an Internal Control and Risk Management Department was established by our Company, and an Internal Control and Risk Management Director was appointed.

Our Company has established the Internal Control Systems Regulation and Risk Management Regulation in consideration with the provisions of the Regulation; Internal Control and Risk Management activities are being carried out with an effective internal control system and control activities in accordance with the Company's strategy and legal liabilities within the risk appetite of the senior management.

Internal control consists of the control environment, risk assessment, control activities, information & communication, and monitoring; and therefore, reporting activities are performed completely and accurately, operations are carried out effectively and efficiently, and activities are carried out in conformity with

legislation and internal regulations. While such activities are carried out by ensuring the efficiency of internal control systems, it is planned for the strategic goals and objectives of our Company to be fulfilled.

Necessary studies are being performed in order to ensure that the company's workflows, procedures, and job descriptions are completely and fully comply with the regulations. It is aimed for the periodical controls to be made for compliance of the activities with legal and internal regulations, for corrective and preventive actions to be determined within the framework of control results, concentrated and analyzed according to the source (process, system, person), and for necessary actions to be taken and essential improvements to be made. The Internal Control and Risk Management system provides reasonable assurance to our Company in achieving its goals and objectives.

The Internal Control and Risk Management Department operates under the Company's General Manager.

Internal Audit Activities

The internal audit system of Katılım Emeklilik and Hayat A.Ş. is structured pursuant to the provisions of the "Regulation on Internal Systems of Insurance, Personal Pension Sectors" published in the Official Gazette dated November 25, 2021 and numbered 31670. The Internal Audit Department reports to the Board of Directors in its organizational structure.

The scope of internal audit activities is to provide reliable, independent, and impartial opinions and suggestions for improvement and development in relation to these processes as a result of examining and evaluating the effectiveness and effectiveness of internal control, risk management, and administrative processes. In addition, the duty of investigating financial crimes is among the responsibilities of the Internal Audit Department.

The Internal Audit team consists of 1 Chief Auditor and 1 Assistant Auditor, who have the qualifications defined in the Regulation on Internal Systems of Insurance and Personal Pension Sectors. The Internal Audit Department personnel have no responsibility,

authority, or influence in the Company's audited operational activities; also, its independence is fully ensured.

In 2021, the Internal Audit Department carried out audits for Financial and Administrative Affairs, Actuarial, Operation, Information Technologies, Compliance, and Agent, carried out monitoring activities for Loss Indemnity and Health Insurance processes and activities for previous process audits, and submitted the related reports to the senior management and the Board of Directors.

Since the Internal Audit Manager also serves as the fund auditor of the pension investment funds established by the Company, examinations of these funds were made during the reporting period, and the significant improvements were reported to the Fund Board; and the required reports were submitted to the Board of Directors in accordance with the CMB legislation.

C-15 Information on risk management policies implemented by risk types

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The risks that our company is exposed to and the policies, procedures, and objectives of our Company in order to manage and measure the risks are as follows.

The company's risk management policies were established to identify and analyze the risks faced by the Company, determine risk limits and controls, and monitor risks and compliance with specified limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the products and services offered. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

1. Insurance Risk

Management of insurance risk aims to manage and mitigate risks arising from insurance contracts and policies.

These risks arise from the insurance contracts concluded; such risks may be exemplified by the fact that the insured risks are not selected in a healthy manner and that the insurance premiums are not determined at the level to meet the future damages and the concentrations due to the non-distribution of the risks.

Since the risk concept is accidental and unpredictable, this indicates the importance of risk assessment. Therefore, to protect our company's financial and competition power, each risk is fully classified, the policy is produced by determining a proper premium, or it is rejected accordingly.

The market conditions, reinsurance agreements, turnover, profitability, and sustainable growth targets are considered as a whole when tariffs are prepared, and pricing is made.

Risk assessment processes have been established between our company and our contracted reinsurer companies, the terms and conditions of which are defined with strict lines. In this way, the high numbers of policies are automatically produced by determining the best price.

According to our company's risk assessment criteria, non-standard risks are meticulously evaluated, accepted, or rejected. In addition, our company maintains retention on certain ratios and transfers the amounts exceeding the retention limit to the reinsurer company.

In order to establish an effective risk assessment policy regarding the insurance risks of our company, Risk Acceptance Regulation has been prepared, and insurance risk assessment activities have been carried out within this framework. This regulation is revised every year in accordance with the new products and portfolio structure.

Within the scope of our Company's medical risk assessment operations, technical risk assessment is carried out by our own team directly and by getting support from a company experienced in the field of medical risk assessment procedures.

Our Company continuously monitors the loss/premium ratios and supervises its reserve capabilities through regular and periodic reporting.

Our company's product strategy is based on the type of policy, the type of risk undertaken, and the optimal distribution to the reinsurance companies according to the size.

The Company carries out reinsurance studies on life insurance only through the risks assured in terms of death benefits and additional coverage. In the risk-based life insurance tariffs, an amount, which will be determined not to exceed the maximum amount of retention determined as a result of actuarial calculations for the death benefit and the additional coverage, is kept to the company, and any excess amount is transferred to the reinsurance companies that we cooperate under optional reinsurance agreements (surplus and quota-share reinsurance agreements).

A separate Personal Accident Insurance Surplus Reinsurance Agreement was concluded with the reinsurance company for the Personal Accident Insurance coverage that can be given alone in the accident segment.

The following criteria are decisive for the provision of obtaining reliable and high standards of service business relations from the reinsurance companies and selection of the same from the reinsurance program of the Company, and for ensuring that reinsurers fulfill their obligations.

1. Financial strength and credit ratings issued by international credit rating agents
2. The long-term approach to business relations,
3. Competitive reinsurance premium prices,
4. The capacity opportunity provided in optional works and non-proportional (catastrophic) reinsurance contracts,
5. Information on risk assessment tools, new developments in the sector, and opportunities provided to the company for product development, training, etc.
6. Being able for the company to perform the works within the principles of Islamic finance,

The risk amounts exceeding the retention amounts in

proportional reinsurance contracts are transferred to reinsurers through optional reinsurance.

In addition, a non-proportional catastrophic damage surplus (XL) reinsurance agreement that fits the portfolio structure has been executed in order to protect the retention each year as a result of major disasters such as earthquakes, floods, etc., traffic accidents or terrorist attacks in public transportation vehicles. This agreement is also renewed every year by revising our existing insurance portfolio.

2. Operational Risks

This is the risk of direct or indirect damages resulting from insufficient and unsuccessful internal processes, personnel, systems, or external events. The risks such as supply, human resources, customer satisfaction, sales, business outages, natural disasters, etc. that may arise depending on the company's daily operations, business processes, and functions.

In Operational Risk management, controls are developed to eliminate or minimize the possibility of loss.

3. Financial Risks

The risks arising from the use of financial instruments are;



Credit Risk

Credit risk is defined as the risk of non-repayment of loans issued to countries, real persons, or legal entities.

In order to avoid this risk or to minimize its impacts, money management is performed based on the ratings of the credit rating

agents where the money is deposited.

Liquidity Risk

It is the risk that the assets cannot meet the cash demand. This risk arises because assets cannot be sold and cannot be converted to money when cash is needed. If the maturities of assets are longer than the maturities of their liabilities, the liquidity risk increases.

These funds are evaluated in short-term capital market instruments to meet such liabilities based on the Company's short-term liabilities. In order to be conservative, it will be essential to evaluate a provision equal to the company's liabilities that should be paid within the next 3 months with capital market instruments or maximum one-month maturity instruments.

Market Risk

The risk of a financial institution being adversely affected by an unexpected change in interest rates in the market. The interest term used here doesn't refer to our company imposing interest on the current investments; it refers to the risk of interest-free products being affected by interest volatility within the market.

In the management of this risk, in case of possible volatility in the markets, attention will be paid to realizing the company's financial income at the optimum level by applying an investment strategy with minimum maturity possible in capital and money market instruments.

Exchange Risk

It refers to the possibility of loss in the assets and/or liabilities that may arise as a result of the fluctuations in the exchange rate in the future.

One of the most important risk parameters to be taken into consideration while conducting the asset-liability management of the company will be the exchange rate risk. Foreign currency at the amount that is required to make the foreign currency payments of the Company shall be kept, and this amount shall be evaluated in

the participation accounts by considering the payment dates.

4. Strategic Risk

The planning, business model, investment, corporate management, etc., risks arise from decision-making processes and decisions for reaching the targets of the company.

Measures are taken to mitigate or minimize the possibility of loss in Strategic Risk management, and these measures are specified in the risk control matrix.

5. Information Technology Risks

This is the risk of loss of the automation system, network, or other critical IT resources in a way that adversely affects business processes in achieving the company's goals.

In order to manage the risks related to the information technologies, the Information Technologies risks were determined in detail and evaluated, and necessary actions were taken to reduce risks to an acceptable level.

6. Risks of Pension Mutual Funds

It refers to the risks that will arise because the investment instruments within the fund assets do not respond to the changing conditions on time; they exceed the limitations, are mismanaged, and further that mistakes are made in the operational processes.

In order to prevent or minimize the risks related to Pension Mutual Funds, all risks are determined in detail, and the controls related to these risks are made on a daily basis, necessary actions are taken according to the Capital Markets Board legislation, fund board meetings are held, Capital Markets Board bulletins and regulations are followed, and emergency plans are prepared.

7. Human Resources Risk

Risks associated with human resources; assignment of a trained employee to a wrong position, decrease in motivation levels,

misvaluation of the performance, not informing the employee sufficiently about the corporate policies and practices, not being able to provide the additional employee on time and in accordance with the required qualifications, and initiation of corporal projects at the risk of failure.

In order to prevent and manage the risks related to human resources, our Company established Human Resources Regulations, determined Human Resources Strategies, developed Performance Management System, and created a Career Management and Backup Procedure; the Company carries out its activities according to the determined strategies and procedures.

8. Risk of Sales Channels

It refers to the risks that sales organizations may face to reach the company's targets.

In order to manage the risks related to the sales channels, the Sales Channels' risks were determined in detail, evaluated, and necessary actions were taken to reduce risks to an acceptable level.

9. Masak Compliance Risk

It refers to the risks that the company may be exposed to as a result of the activities carried out for the prevention of laundering of crime revenues and money laundering as specified in "Regulation on Compliance Program regarding Prevention of Laundering Crime Revenues and Financing of Terrorism" issued by Financial Crime Investigation Board (MASAK).

In order to prevent these risks, our Company established MASAK Corporate Policy, and risky procedures are being monitored by the MASAK Compliance Officer; studies are carried out to ensure the compliance of the company's activities with the current legislation, regulations, and standards.

C-16 Assessments on the Risks of the Company

Technical Risks

Insurance Risk and Insurance Risk Management Process

Insurance risk refers to the possibility that the premiums paid by the policyholder couldn't cover the compensation to be paid when the event subject to the insurance is realized.

Since the risk concept is accidental and unpredictable, this indicates the importance of risk assessment. In order to establish an effective risk assessment policy regarding the insurance risks of the company, Risk Acceptance Regulation has been prepared, and insurance risk assessment activities have been carried out within this framework. Conditions of the Risk Acceptance Regulation are reviewed every year according to the needs of the company and the structure of the changing life insurance portfolio. This risk management is one of the most important processes in our company in order to ensure that our insured persons are insured in the most appropriate way and to prevent the insurance company from being financially challenged.

In addition, the Risk Assessment Committee continued its activities in order for Company's insurance risk assessment activities to be carried out effectively. In accordance with the agreement executed for procurement of effective and professional service in the risk assessment studies related to the Company's insurance applications and compensation claims, all medical risk assessment procedures are carried out by Compu Group Medical Bilgi Sistemleri A.Ş.

Our Company utilizes internationally recognized and accepted insurance risk assessment instruments in risk assessment instruments processes. In the evaluation of medical, personal, and financial technical risks, controls are being made by utilizing the web-based insurance risk assessment instrument named GUM (Global Underwriting Manual) of RGA Global Reinsurance Labuan, Malaysia, which is our retakaful company within our reinsurance program, and the numerical risk rating results obtained from this

program are being used accordingly.

Our Risk Acceptance Regulation is reviewed each year in line with the changing coverage, customer, and sales channel requirements of our portfolio and is revised in order to implement an effective risk assessment process by discussing with our Risk Assessment Committee. In addition to this assessment, assistance is received from our contracted medical risk assessment organization for medical risk assessment; and the Operation Team of our Company performs assessments for personal (professional, hobby, lifestyle, geographical residence, and moral risk) and financial risks of the insured candidates.

In the management of this risk, in case of possible volatility in the markets, attention will be paid to realizing the company's financial income at the optimum level by applying an investment strategy with minimum maturity possible in capital and money market instruments.

Medical Risk Assessment

In the assessment of insurance applications made to our company, it is requested from the insured candidates, who ask for coverage above the amounts specified in the Risk Acceptance Regulation in accordance with the life insurance coverage amounts at the first stage, to have a specific check-up at the contracted health institutions and thus, information is received about the health status of the insured candidates. These medical results are examined by our contracted medical risk assessment organization, and a medical opinion is prepared and submitted to our Company. Life insurance applications of the insured candidates, who are found to have increased the risk of mortality as a result of the insurance risk assessment carried out according to the numerical risk rating method, are rejected.

Personal (in terms of living conditions, occupation, morale, and hobbies) Risk Assessment

At the second stage of our insurance risk assessment process, information on gender, lifestyle, geographical residence, and occupation obtained from insured candidates is measured and assessed with the insurance risk assessment instruments, and where necessary, additional information and documents are requested, and risks are re-assessed accordingly.

Financial Risk Assessment

In the third stage, it is investigated whether the amount of life insurance coverage requested by customers and the annual income and/or loan amount is compatible with each other or not. Since the Company's portfolio consists of mainly life insurance products for bank risk, it is checked at this stage whether the insurance coverage amounts requested are compatible with the bank's financing amounts or not. The fact that the first financial analysis in credit life insurances is made by the bank and the issuance of the loan constitutes an important indicator for our Company in terms of financial risk assessment. At this stage, as stated in the Risk Acceptance Regulation, the financial statement form, a copy of the credit facility contract, and the information and documents indicating the income status of the insured are requested from the insured candidate.

Within a month following the issuance of the coverage regarding the risks that the Company holds in excess of 5% of its equity in relation to a contract; the Company should upload the table, the content, and form of which is determined by the Ministry and which contains the amount of the coverage given, the amount transferred to the reinsurer, the net risk remaining on the company, the reinsurers to which the premiums are assigned, international credit ratings of such reinsurers as well as the reason and grounds for taking such risk, to the portal of Ministry of Treasury and Finance.

The Company's actuarial principles are intended to ensure that the activities of all of the units of the Company comply with legal regulations, Company strategies, policies, and application principles.

The inspection process of underwriting risk consists of notifying the senior management and Board of Directors of the Company for;

- Effectiveness of risk management process,
- Compliance with the processes determined in writing,
- Compliance with agreed limits,
- The level of reflection of the facts of the data and

the reports produced, as well as the recommendations for the measures to be taken and for the necessary implementation changes.

Management Process Regarding Risks of Reinsurance Companies

The Company carries out reinsurance studies on life insurances only through the risks assured in terms of death benefits and additional coverage (death by accident, disability as a result of disease, full or partial permanent disability as a result of an accident, critical (dangerous) diseases, critical diseases specific to women, medical expenses due to accident, alternating unemployment (unemployment/temporary incapacity/daily hospitalization). In the risk-based life insurance tariffs, an amount, which will be determined not to exceed the maximum amount of retention determined as a result of actuarial calculations for the death benefit and the additional coverage, is kept on the company, and any excess amount is transferred to the reinsurance companies that we cooperate under optional reinsurance agreements (surplus and quota-share reinsurance agreements). In addition, the sales of the product, which has been available since 2015 and the main coverage of which is Death, and the additional coverage of which is Critical Diseases, will continue in 2022. The conservation amounts of the company are limited on relatively uncertain guarantees such as unemployment guarantee, which started to be sold in 2017, loan-based unemployment guarantee started to be sold in 2018, and guarantees in the health segment; and it is expected for the sales of these products to get increased in 2022.

A non-proportional catastrophic damage surplus (XL) reinsurance agreement that fits the portfolio structure was executed by the Company in 2015 in order to protect the retention each year as a result of major disasters such as earthquakes, floods, etc., traffic accidents or terrorist attacks in public transportation vehicles, and similar nature agreements have been executed in subsequent years as well. The agreement was converted into a retakaful agreement in 2018 and executed accordingly. A mutual understanding was reached for the renewal of the same in 2022. In addition, an optional CAT XL retakaful agreement was also executed due to cumulating risk for Group Personal Accident Contract of Albaraka Türk Employees and for Group Life Contract for Kuveyt Türk Employees.

The company that has an agreement with contracted reinsurers on life and accident segments performs reinsurance transactions with appropriate risk assessment conditions and reinsurance capacity.

As of the end of December 2021, the results of reinsurance activities in the life and accident segments of the company are as follows:

Life Segment Reinsurance Results	1 January - 31 December 2021
Transferred Premium	5.072.185
Received Commission (-)	-
Reinsurer Share in Check-Up Expenses (-)	57.779
Reinsurer Share in Indemnity (-)	2.970.309
Total	2.044.098

Personal Accident Reinsurance Results	1 January - 31 December 2021
Transferred Premium	2.168.091
Received Commission (-)	53.784
Reinsurer Share in Check-Up Expenses (-)	-
Reinsurer Share in Indemnity (-)	228.850
Total	1.885.457

The following criteria are decisive for the provision of obtaining reliable and high standards of service business relations from the reinsurance companies and selection of the same from the reinsurance program of the Company, and for ensuring that reinsurers fulfill their obligations.

- Financial strength and credit ratings issued by international credit rating agents

- The long-term approach to business relations
- Competitive reinsurance premium prices
- Capacity opportunity provided in optional works and non-proportional (catastrophic) reinsurance contracts
- Information on risk assessment tools, new developments in the sector, and opportunities provided to the company for product development, training, etc.
- Being able for the company to perform the works within the principles of Islamic finance (as Retakaful)

Our company’s policy of managing reinsurance is based on business relationships with stable and financially reliable reinsurance companies. The reinsurance agreements signed with reinsurance companies are executed according to the developments in the sector and the market conditions by considering the company’s financial status.

As a result of consistent and steady pricing and risk acceptance policies implemented by the Company, the risk assessment terms and procedures agreed with treaty reinsurers allows for insurance coverage that is higher than market averages to be insured automatically.

The ranges of our current life insurances according to the coverage amounts and the reinsurance distribution at these intervals are shown in the following table.

Distribution of Total Number of Policy/Certificates and Reinsurance based on Death Benefit Amount Ranges in Life Segment as of 31.12.2021 is as follows:

TRY	PCS	AMOUNT	RETENTION	SURPLUS	QUOTA SHARE	FACULTATIVE
1 - 5.000	2.024	6.716.867	6.076.603	23.999	616.266	-
5.001 - 10.000	2.493	19.521.922	19.001.961	30.000	489.961	-
10.001 - 25.000	9.230	165.820.262	162.085.252	914.055	2.816.936	4.019
25.001 - 50.000	17.823	687.256.417	678.956.684	6.125.535	2.174.198	-
50.001 - 100.000	34.657	2.636.618.195	2.609.664.122	26.954.073	-	0
100.001 - 500.000	51.209	10.275.007.268	8.766.528.601	1.508.478.667	-	0
500.001 - 1.000.000	2.536	1.814.266.546	579.441.740	1.234.824.802	-	-
1.000.001 - 5.000.000	387	603.360.077	88.559.878	504.951.885	-	9.848.314
More than 5.000.001	7	48.689.744	1.500.000	26.012.163	-	21.177.582
TOTAL	120.367	16.257.257.294	12.911.814.840	3.308.315.179	6.097.361	31.029.914

Labuan, Malaysia-based retakaful branch of RGA Global Reinsurance, one of the world's largest reinsurance companies with head office in the USA, rendered our reinsurance agreements in 2021, as in previous years. In addition, a reinsurance agreement has been signed with Neova Sigorta A.Ş. for the personal accident segment, and reinsurance relations are carried out within the framework of such contract. Service is rendered for life, and health products are procured from Swiss Re Retakaful, which is the Malaysia-based Islamic Reinsurance branch of Swiss-based Swiss Re, which is one of the largest reinsurance companies in the world.

The ratings of RGA Re from the credit rating agencies are as follows:

Company	Rating
Standart & Poors	AA (-) Very Strong
A.M Best	A+ (Superior)
Moody's Investor	A1 (Good)

The ratings of Swiss Re from the credit rating agencies are as follows:

Company	Rating
Standart & Poors	AA (-) Very Strong
A.M Best	A+ (Superior)
Moody's Investor	AA3 (Excellent)

It can be seen that the credit ratings of the existing reinsurance companies conform to the minimum ratings determined by institutions, the rating activities of which are approved by the Ministry of Treasury and Finance and are accepted by the Ministry pursuant to the third clause of Article 8 of “Regulation on Measurement and Assessment of Capital Competencies of Insurance, Reinsurance, and Pension Companies.”

In the selection of the reinsurer following are considered; the documents certifying that the reinsurer is inspected by legal audit and control authorities, balance sheet, income table, and ratings of the foreign independent rating agents for determining the financial strength of the companies. The senior management makes a selection of reinsurance companies of the Company in accordance with the recommendations of the executive unit.

Within a month following the issuance of the coverage regarding the risks that the Company holds in excess of 5% of its equity in relation to a contract; the Company should upload the table, the content, and form of which is determined by the Ministry and which contains the amount of the coverage given, the amount transferred to the reinsurer, the net risk remaining on the company, the reinsurers to which the premiums are assigned, international credit ratings of such reinsurers as well as the reason and grounds for taking such risk, to the SEDDK Surveillance portal.

C-17 Explanations on Special Inspection and Public Inspection Carried Out in the Accounting Period

The audits our company underwent in 2021 are as follows:

- Independent Audit conducted twice a year in accordance with the Turkish Code of Commerce and Insurance Legislation.
- Supervision of State Contribution Transactions of the Insurance and Private Pension Regulation and Supervision Agency (SEDDK).
- Independent audit carried out by the Independent Audit Company within the scope of the Pension Legislation for Pension Mutual Funds established by our Company.
- Inspections carried out by the Certified Public Accounting company from time to time within the Full Approval of Corporate Tax scope.
- Audits conducted by independent auditors of our partners under BRSA.
- Inspections made by the supervisory boards of our partners.

C-18 Information on the Company's direct or indirect subsidiaries and shareholding

The Company has no subsidiary besides the Emeklilik Gözetim Merkezi A.Ş. share certificates, which should be participated pursuant to legislation. Since the mentioned amount is below the subsidiary limit, it is considered under other financial assets.

C-19 Information on the Company's Acquired Own Shares

—

The company has no acquired shares.

C-20 Financial Rights Provided to Members of Board of Directors and Senior Executives

—

The total amount of salaries and similar benefits provided in the current period **01.01.2021-31.12.2021** to the senior executives such as Chairman and members of the Board of Directors, General Manager, and Assistant General Managers is equal to TRY **6,338,333**.

C-21 Information on the lawsuits which are filed against the Corporation and may affect the financial position and activities of the Corporation and the possible consequences thereto and Information on the Administrative and Judicial Sanctions Applied to the Company and Members of the Board of Directors

—

The lawsuits filed against the Company are not at the level to affect the operations and financial situation of the Company. In addition, the lawsuits filed against the company are explained in footnote 42 of the financial statements.

There are no judicial and administrative sanctions imposed on the Company and the members of the Board of Directors on account of practices contrary to the provisions of the Legislation.

C-22 Information and Assessments on Achievement to Targets Determined in Previous Periods and Actions Taken According to

General Assembly Resolutions as well as the Grounds Thereof

—

In this context, 96% of our Company's targeted General Expenses in 2021 have been used for this purpose. In the same period, 92% of the targeted Personal Pension, 73% of the targeted Insurance, and 87% of the targeted Insurance and Pension technical income were realized.

Our general assembly meeting pertaining to 2020 was held on 31.03.2021. All the decisions taken by the General Assembly Meeting are a requirement of the Turkish Code of Commerce and Insurance Legislation; all actions are taken and completed pursuant to the legal framework.

With the Extraordinary General Assembly Meeting on November 01, 2021, the amendment of the articles of association was discussed and registered on November 29, 2021.

C-23 Information on the Donations and Grants Made by the Company During the Year and Expenditures made within the Framework of Social Responsibility Projects

—

Our company made a TRY 20,000 donation to the Environmental Organizations Solidarity Association and a TRY 10,000 to our national athlete during the accounting period.

C-24 Transactions of the Company with the Risk Group

—

Our company is the first and only company in Turkey, the capital of which is contributed by two banks at the same rate. All the commercial activities carried out by our company are performed within the framework of these contribution ratios. In this context, such situation is expressed in article 32- "Quorum" of our Articles of Association as follows.

"The Board of Directors shall convene when the majority of the members (minimum three persons) are present. The decisions shall be made by a simple majority of the attendees, provided that a minimum of one of the members elected by the proposal of both founding shareholders has cast a positive vote. According to this, the decisions shall be made with positive votes of 2 members (each elected by the proposal of one partner), if the meeting quorum is constituted with 3 members; of 3 members (provided that among two of them, one of each is elected by the proposal of founding shareholders), if the meeting quorum is constituted with 4 members; and of 3 members (provided that among two of them, one of each is elected by the proposal of founding shareholders), if the meeting quorum is constituted with 5 members. If none of the members ask for a meeting, the decisions of the board of directors may be taken by signing the written proposal of one of the members of the board on a certain subject by getting the approval of a sufficient number of members, provided that the decision quorum in the above paragraph is constituted. The fact that the same proposal was made to all members of the Board of Directors is the validity condition of the decision to be taken in this way."

In this context, our company carried out insurance and pension activities in Life, Personal Accident, Health Insurance Group, and Personal Pension Group with Kuveyt Türk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş., which signed an agency agreement with our company under same terms and conditions and which, on the other hand, contributed to the capital of our company at the same rate, with 671 branches in total as of the end of 2021.

C-25 If a Group Company; all other measures to be taken or avoided in favor of the Company or any affiliate with or by direction of the Holding Company

In the examinations performed by the Board of Directors, it was concluded that all necessary transactions had been made and all measures have been taken with the holding partners and subsidiaries of the holding partners in 2021, and to the knowledge of

the company, when it was avoided from the same, a counteraction was provided, there has been no measure taken or avoided that may cause loss, and further, there has been no transaction or measure that require settlement in this framework.

C-26 Participation Insurance and Participation Compliance

A. PARTICIPATION COMPLIANCE POLICY

An Advisory Committee has been established within the company in order to ensure and monitor the compliance of company activities with participation principles within the scope of the Regulation on Insurance and Private Pension Activities pursuant to the Participation Principles No. 31339 dated 19.12.2020 published by the Insurance and Private Pension Regulation and Supervision Agency.

All the products and services to be provided by Katılım Emeklilik ve Hayat A.Ş., as well as any form, agreement, policy, and information note, are subject to the approval of the Advisory Committee. The products and services not approved by the advisory committee cannot be sold; the subject and risks cannot be covered, and no benefit can be obtained from such subjects and risks.

The payments received by the company, payments made by the company, the selection and assessment of assets to be invested in, cash management, and other related financial activities of the company are performed subject to participation principles.

The most important principle of Katılım Emeklilik ve Hayat A.Ş. within all the insurance segments is the due diligence exercised to participation principle in all operational transactions and executed agreements.

Our Company carries out the Participation Insurance activities within the scope of all insurance licenses issued by the Republic of Turkey, Ministry of Treasury and Finance.

As stated in Article 5 of the Regulation and the provisions of the insurance

practice, which is published by the SEDDK in sector announcement no. 2021/6 on Participation Insurance, in which religiously legitimate issues and risks are secured under the supervision of the Advisory Committee, and financial assets are managed within the framework of participation principles; at Katılım Emeklilik ve Hayat A.Ş.:

- The advisory committee within the body of the company is formed to provide and monitor compliance of the activities with the participation principles.
- The products and services to be provided by the Company, as well as any form, agreement, policy, and information note, are subject to the approval of the advisory committee. The products and services not approved by the advisory committee cannot be sold; the subject and risks cannot be covered, and no benefit can be obtained from such subjects and risks.
- The payments received by the company, payments made by the company, the selection and assessment of assets to be invested in, cash management, and other related financial activities of the company are performed subject to participation principles.

Our Company applies the participation insurance model, provided that it carries the above principles and does not have obligations in certain matters.

B. ACTIVITIES WITHIN THE SCOPE OF PARTICIPATION COMPLIANCE REGULATION

Advisory Committee

In accordance with Article 9 of the Regulation on Insurance and Personal Pension Activities within the Scope of Participation Principles, the Advisory Committee consists of three people.

As the regular monthly meeting is required with our Advisory Committee members, the meetings are held between the Advisory Committee members and the General Manager, Assistant General Managers, and the Participation Compliance team in the first week of each month.

Our Advisory Committee members and the distribution of duties are determined as follows.



Participation Compliance Unit

Participation Compliance Unit was established under the General Manager pursuant to Article 11 of the Regulation on Insurance and Personal Pension Activities within the Scope of Participation Principles.

Pursuant to paragraph (3) of Article 1 of the working principles of the participation compliance unit under the Communiqué on participation-based Insurance and Personal Pension Activities (2021/3), the participation compliance unit shall submit reports to the Board of Directors and Advisory Committee at least quarterly within the scope of its duties and responsibilities. In this context, reports were prepared, and the approval of the Board of Directors was obtained.

The “Participation Compliance Unit Job Description” regarding the duties and responsibilities of the Participation Compliance Unit was prepared and submitted to the Katılım Emeklilik Human Resources Department and put into practice.

It is planned for the Participation Compliance Department to be interconnected with all activities carried out in the company. Processes and procedures have been established for inclusion of it in the existing processes.

The licensing documents for all branches in which our company operates have been rearranged and approved according to the new Advisory Committee member configuration. Moreover;

within the scope of the approval to be obtained for products and services pursuant to paragraph (2), Article 5 of the Regulation

on Insurance and Personal Pension Activities within the Scope of Participation Principles; the Advisory Committee approval letter has been created for our Personal Pension product plans and they have been uploaded separately as participation plans to the Pension Monitoring Center systems.

Pursuant to paragraph (4), Article 5 of the Regulation on Insurance and Personal Pension Activities within the Scope of Participation Principles, it is mandatory to indicate participation-based activities in the articles of association and contain the participation term in the product promotions, forms, agreements, and policies; therefore, our articles of association has been updated accordingly.

Pursuant to paragraph (3), Article 13 of the Regulation on Insurance and Personal Pension Activities within the Scope of Participation Principles, "The data are sent to the Agency and Association data every month by the pension companies through Pension Supervision Center and by other companies and institutions directly." Participation data is shared with the Institution monthly.

In accordance with Article 6 of the Regulation on Insurance and Personal Pension Activities within the Scope of Participation Principles, the Advisory Committee ratifications have been prepared for Participation Based Funds, and our ratifications have been completed for each of our funds.

Our fund ratifications have been uploaded to the section of our website where the fund information is located as "Fund Permits" for informational purposes.

In paragraph 2, Article 6 of the Regulation on Insurance and Personal Pension Activities within the Scope of Participation Principles, it is stated that reinsurance activities can be carried out with the approval of the Advisory Committee; therefore, a letter of approval was drawn up for the reinsurance transactions of Katılım Emeklilik ve Hayat A.Ş. and approval and signature were obtained from our Advisory Committee members.

Developments in the Digital Field

In accordance with Article 13 of the Regulation on Insurance and Personal Pension Activities within the Scope of Participation Principles, changes have been made on our website within the scope of participation-based insurance. In addition to the section on Participation Insurance, where extensive information and details are given, the website's pages containing information on products and plans have also been elaborated based on participation. The ratification texts are attached to each plan page.

Training

Within the scope of the mandatory training pursuant to Article 6 of the Regulation on Insurance and Personal Pension Activities within the Scope of Participation Principles, our company started to benefit from the trainings provided by TSEV on 21.06.2021.

- Our average success rate among company personnel regarding the exam results is 82.17%.
- The number of Participation Finance graduates (undergraduate + postgraduate) among the company personnel has increased to 3 (three).
- As of December 31, 2021, we have received certificates for 99 of our personnel.

Participation Internal Audit

As defined in the first article regarding the Procedures on Person or Entity to prepare internal participation report of the Communiqué on participation-based Insurance and Personal Pension Activities; an agreement was signed with the Participation Internal Auditor company, which complies with the conditions for the Participation Internal Auditor, and the audit works were commenced.

C-27 Consultant Committee Opinion Indicating that Company Activities are Carried out in conformity with Katılım Finance Principles



**Katılım
Emeklilik**

KATILIM EMEKLİLİK VE HAYAT A.Ş. REPORT FOR COMPLIANCE WITH THE PRINCIPLES OF PARTICIPATION

We hereby declare that the production of Katılım Emeklilik ve Hayat A.Ş. in all personal pension, life, personal accident, and health participation insurance segments in 2021 was carried out in accordance with Islamic principles and procedures determined by the Advisory Committee and, in addition, that the contribution shares obtained from the productions were evaluated in investment instruments approved pursuant to the participation principles, and further that we checked the reports prepared by the relevant units as a result of the controls of these transactions.

We hereby represent that all activities of Katılım Emeklilik ve Hayat A.Ş., except for the activities mentioned above, are carried out in accordance with the principle of participation, and further that we checked the reports prepared by the relevant units as a result of their controls.

KATILIM EMEKLİLİK VE HAYAT A.Ş. ADVISORY COMMITTEE

Date: 01.02.2022

Prof.Dr.Hamdi DÖNDÜREN
Chairman of Advisory Committee

Mustafa DERECİ
Vice-Chairman of Advisory Committee

Mehmet ODABAŞI
Member of Advisory Committee

A large, abstract splash of blue watercolor paint on a white background, with the paint concentrated on the left side and bleeding towards the right.

D Board Of Directors Activity Report

Dear Our Business Partners,

We would like to submit the summary of the accounting period between 01.01.2021 – 31.12.2021 of Katılım Emeklilik ve Hayat Anonim Şirketi for your information and consideration.

As is known, our Company's official establishment proceedings were concluded in December 2013. As a result, it was duly founded as a Joint Stock Company within the scope of the Turkish Code of Commerce, and its first General Assembly Meeting was held on 09.01.2014.

As of the relevant date, efforts to obtain licenses for Personal Pension and Insurance activities, which are the main reason for establishment, have started, and on 09/05/2014, our company was granted with the activity license to carry out business activities in the fields of Personal Pension, Life Insurance, Accident Insurance, Capital Redemption, Investment Fund, and Marriage/Birth Insurances. Afterward, the Company started its activities in full force once the agent contracts were signed by and between our company and our partner banks in early June.

The news about the operating license regarding Disease/Health activities was published in the Turkish Trade Registry Gazette dated 06/09/2017 and numbered 9402. Sales activities were started in 2018.

Within the scope of Group Life Insurance activities, Katılım Emeklilik ve Hayat A.Ş. has made gross premium production equal to TRY 83.5 Million in the year 2021. On the other hand, the company has made a gross indemnity payment equal to TRY 23.1 Million in the same period. The total amount of technical expenses, including the afore-mentioned gross indemnity payment, is TRY 64.3 Million.

As for Personal Pension activities, the company's fund has reached to total value of TRY 16.0 Million. On the other hand, the company has made a gross indemnity payment equal to TRY 973.3 Thousand.

Within the scope of Health segment activities, the company has made gross premium production equal to TRY 66.7 Million. On the other hand, the company has made a gross indemnity payment equal to TRY 42.0 Million.

For non-life segments, Personal Accident and Health, in particular, the total amount of technical expenses, including the afore-mentioned gross indemnity payment, is TRY 71.4 Million.

As for Personal Pension segment activities, the company's fund has reached to total value of TRY 5.730 Billion. Within this scope, the company has made technical pension income amounting to TRY 114.3 Million while spending TRY 76.5 Million on technical pension expenses.

While the total amount of investment income within the activity period is TRY 53.2 Million, the total amount of investment expenses is TRY 14.2 Million, and the total amount of other expenses is TRY 6,1 Million.

Within this context, the company has closed the activity period of 2021 with business-related profit after tax amounting to TRY 55.9 Million. (the accounting period of 2020 was closed with commercial profit amounting to TRY 41.9 Million).

In accordance with the principles defined by the Ministry of Treasury and Finance, the mandatory minimum amount of equity capital for our company as of 31/12/2021 has been calculated as TRY 73.0 Million; on the other hand, our equity capital is TRY 177.1 Million, including the equalization provision.

We would like to wish all the best to our esteemed shareholders and their representatives who have honored the meeting.

Yours sincerely,

Ufuk UYAN

Yönetim Kurulu Başkanı



Ayhan SİNCEK

Genel Müdür



The background of the slide is a soft, abstract watercolor wash in various shades of blue, ranging from light sky blue to a deeper cerulean. The paint strokes are visible, creating a textured, organic feel. The text is centered within the darker blue area.

E Miscellaneous Provisions

E-1 Independent Auditor's Compliance Opinion for the Activity Report

Deloitte.

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(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of Kanlım Emeklilik ve Hayat A.Ş.

1) Opinion

As we have audited the full set financial statements of Kanlım Emeklilik ve Hayat A.Ş. ("the Company") for the period between 01/01/2021-31/12/2021, we have also audited the annual report for the same period.

In our opinion, the financial information provided in the Management's annual report and the Management's discussions on the Company's financial performance, are fairly presented in all material respects, and are consistent with the full set audited financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued based on insurance laws and regulations and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Company in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Financial Statements

We have presented unqualified opinion for the Company's full set financial statements for the period between 01/01/2021-31/12/2021 in our *Auditor's Report* dated 11 March 2022.

4) Other Matters

The annual report of the board of directors for the period between 01/01/2021-31/12/2021 was audited by another independent auditor, and the independent auditor's report regarding the annual report of the Board of Directors expressed an unqualified opinion dated March 1, 2021.

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5) Management's Responsibility for the Annual Report

The Company Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC"):

a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,

b) Preparing the annual report with the all respects of the Company's flow of operations for that year and the Company's financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the financial statements. The Company's development and risks that the Company may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:

- The significant events occurred in the Company's activities subsequent to the financial year ends,
- The Company's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.


6) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and financial information in the annual report within the scope of the provisions of the TCC are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued based on insurance laws and regulations and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Company's financial performance, are fairly presented in all material respects, and are consistent with the full set audited financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Müjde Aslan

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Müjde Aslan
Partner
Istanbul, 11 March 2022

E-2 Information on Financial Standing, Profitability, and Indemnity Solvency As Well As Financial Structure of the Company

In 2021, the size of the company's assets had reached TRY 6,146 Billion. The accounting period has been closed with TRY 55.9 Million in profits.

The company has adopted the principle of finalizing the determined indemnity payments to beneficiaries as soon as the assessments are concluded in the valid insurance claims in cases where vital risks secured by the company have materialized.

The company has made indemnity payments amounting to TRY 66.0 Million, among the effective insurance policies of life, personal accident, and health as of the end of 2021.

The company's paid-up capital is equivalent to TRY 72 million as of the end of 2021.

In accordance with the principles defined by the Ministry of Treasury and Finance, the mandatory minimum amount of equity capital for our company as of 31/12/2021 has been calculated as TRY 73.0 Million; on the other hand, our equity capital is TRY 177.1 Million, including the equalization provision..

In 2021, the size of the company's assets had reached TRY

6.146

Billion. The accounting period has been closed with TRY

55.9

Million in profits.

The company has made indemnity payments amounting to TRY

66,0

Million, among the effective insurance policies of life, personal accident, and health as of the end of 2021.

The company's paid-up capital is equivalent to TRY

72

million as of the end of 2021.

➤ minimum amount of equity capital ➤

73,0
million

including the equalization provision ➤

177,1
million

E-3 Information on Notification Policy and Ethical Principles

The corporate website (www.katilimemeklilik.com.tr) is one of the most effective tools employed for the purpose of public disclosure. The corporate website contains corporate information and interim reports along with footnotes containing the financial information subject to and/or not subject to independent auditing, annual activity reports, as well as announcements and news about the company in a manner that facilitates transparent conduct of activities and transactions of the company. It has been designed with an accessible, clear, and comprehensible layout. Corporate information, trade registry details, articles of association, Information on the board members, activity reports, independent audit reports, financial statements of the last five years, including the footnotes, and the company's mission and vision statements are available on the corporate website.

Moreover, the financial statements prepared in compliance with the legislation of the Republic of Turkey, the Ministry of Treasury and Finance's General Directorate of Insurance, which is published every three months, and the footnotes and explanations regarding the said financial statements, as well as the independent audit reports, which are conducted in every six months (mid-year and end-year) are submitted to the Republic of Turkey, the Ministry of Treasury and Finance within the given legal periods and published on the corporate website.

Additionally, the annual activity report, which was prepared in a manner to contain all required information and statements in compliance with applicable legislation, is published on the corporate website for the purpose of public disclosure following the General Assembly Meeting.

Turkish Trade Registry Gazette, the official publishing body of the Turkish Trade Registry Office, is the primary medium employed to inform third parties in our country. All activities and updates subject to registration and announcement, such as amendments on the articles of association, general assembly meetings, capital increases, representation, etc., as well as the resolutions of the Board of Directors, are announced through the Turkish Trade Registry Gazette.

The existing national or sector-oriented media organs in our country can be employed by our company for the purpose of public disclosure when deemed necessary.

Our company has adopted the Ethical Insurance Principles published by the Insurance Association of Turkey, whose goal is to define ethical principles to be followed in the relations between insurance and reinsurance companies, customers, employees, agents, public bodies, and authorities, and to increase public trust on the sector within the framework of the said principles.

E-4 Dividends Policy and Information on Distribution of Dividends

The articles of association define the dividend practices of the company in accordance with the provisions of the Turkish Code of Commerce.

*Katılım Emeklilik Ve Hayat A.Ş. Independent
Audit Report For The Accounting Period
Between January 1 - December 31, 2021.*



To the General Assembly of Katılım Emeklilik ve Hayat A.Ş.

A. Report on the Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of Katılım Emeklilik ve Hayat A.Ş. ("the Company") which comprise the statement of financial position as at 31 December 2021 and the statement of income, statement of changes in shareholders' equity, and statement of cash flows for the period then ended and the notes to the financial statements including a summary of significant accounting policies.

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

2. Basis for Opinion

We conducted our audit in accordance with the regulations on the principles on auditing as set out in the insurance legislation and Standards on Independent Auditing ("SIA") which is a part of Turkish

Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those that, in our professional judgment, are of the most importance in an independent audit of the current period's financial statements. Key audit matters have been addressed in the context of our audit of the financial statements as a whole and in forming our opinion on the financial statements, on which we do not express a separate opinion.

Key Audit Matter

Technical Provisions

As of 31 December 2021, the total amount of insurance technical provisions is TL 150,989,824.

Pursuant to the Regulation on Technical Provisions, the Company is required to allocate sufficient mathematical reserves, based on actuarial principles, to meet its obligations to policyholders and beneficiaries for life, health and personal accident insurance contracts with a duration of more than one year.

Mathematical provisions are calculated according to the formulas and principles specified in the approved technical principles of the tariffs for life insurances with a term of more than one year.

Outstanding claims provision is allocated for accrued and calculated but unpaid claims or estimated costs and incurred but not reported claims if this amount could not be calculated. For the estimation of ultimate losses, loss provisions are designated, calculations sensitive to legal, economic and various factors/uncertainties are made, and past damage experience, damage development and market conditions are also taken into account.

As of 31 December 2021, the Company has allocated a mathematical reserve amounting to TL 58,848,939 and an outstanding claim provision amounting to TL 26,375,453 and these provisions constitute a significant balance in the total technical reserves.

Mathematical provision and outstanding claims provision, which are included in technical provisions, have been determined as key audit matters as they involve significant estimations and management judgments by their nature.

How this matter was addressed

In auditing the technical provisions, the procedures for evaluating the design and implementation of the related controls, performing detailed tests with the sampling method and applying analytical audit tests have been performed.

The assumptions used, assessment of consistency of valuation methods, recalculation and regulatory compliance have been checked and evaluated with certified actuaries as external experts who are part of our audit team.

In addition, we have evaluated the Note 17 and 2.24 explanations, which are the subject of technical calculations.

4. Other Matters

The financial statements of the Company for the accounting period ended 31 December 2020 were audited by another independent auditor and an unqualified opinion was expressed in the independent auditor's report dated 1 March 2021.

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

The Company Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Insurance Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free

from material misstatement, whether due to fraud or error.

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

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

6. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

As part of an audit in accordance with the regulations regarding the audit principles in force as per the insurance legislation and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We determine the most important issues, the key audit matters in the independent audit of the financial statements of the current period among the issues reported to senior management. In cases where the legislation does not permit the disclosure of the matter,

or in exceptional cases where it is reasonably expected that the negative consequences of public disclosure will be exceeded by the public interest, we may decide not to report the matter in our independent.

B. Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January – 31 December 2021 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Müjde Aslan.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

Müjde Aslan

Partner

Istanbul, 11 March 2022

THE COMPANY'S STATEMENT REGARDING FINANCIAL STATEMENTS AS OF 31 December 2021

We hereby declare that the accompanying financial statements prepared as of 31 December 2021 and the related explanations and notes have been prepared in accordance with the accounting principles and standards in force as per the insurance legislation and are in compliance with the relevant legislation and the Company's records.

Katılım Emeklilik ve Hayat A.Ş.
Istanbul, 11 March 2022

Ayhan SİNCEK

General Manager



İsmail AYDEMİR

Financial Affairs

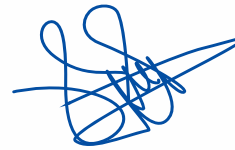
Deputy General Manager



Ömer Can HERGENÇ

Financial Affairs

Director



Ahmet Korhan AKÇÖL

Actuary



Balance Sheet As Of 31 December 2021

ASSETS			
I- Current Assets	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Cash and Cash Equivalents	14	245.095.824	97.496.022
1- Cash at Bank		-	-
2- Cheques Received		-	-
3- Banks	2.12 and 14	232.578.788	86.336.282
4- Cheques Issued and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables with Maturity Shorter than 3 Months	2.12 and 14	12.517.036	11.159.740
6- Other Cash and Cash Equivalent Assets		-	-
B- Financial Assets and Financial Investments of the Risk Insured	11	89.689.259	147.294.718
1- Financial Assets Available for Sale	11	74.657.130	97.567.691
2- Financial Assets Held to Maturity	11	5.353.396	6.941.048
3- Financial Assets Held for Sale	11	9.678.733	42.785.979
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments at the Risk of Life Policy Holders		-	-
7- Company Shares		-	-
8- Provision for Impairment of Financial Assets (-)		-	-
C- Receivables from Operating Activities		26.994.211	10.631.909
1- Receivables from Insurance Operations	12	13.769.724	5.407.210
2- Provision for Receivables from Insurance Operations (-)	12	(996.294)	(1.680.583)
3- Receivables from Reinsurance Operations	12	4.605.588	81.434
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposits on Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders (Advance Loan)		-	-
7- Provision for Loans to Policyholders (Advance Loan) (-)		-	-
8- Receivables from Pension Operations	471	9.615.193	6.823.848
9- Doubtful Receivables from Operating Activities		-	-
10- Provision for Doubtful Receivables from Operating Activities (-)		-	-
D- Receivables from Related Parties		215.159	15.187
1- Receivables from Shareholders		-	-
2- Receivables from Associates		-	-
3- Receivables from Subsidiaries		-	-

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

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

Balance Sheet As Of 31 December 2021

ASSETS			
I- Current Assets	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
D- Receivables from Related Parties		215.159	15.187
4- Receivables from Joint Ventures		-	-
5- Receivables from Personnel		215.159	15.187
6- Receivables from Other Related Parties	45	-	-
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables		71.362	2.029.908
1- Finance Leasing Receivables		-	-
2- Unearned Financial Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		71.362	2.029.908
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
F- Deferred Expenses and Income Accruals		8.551.007	4.783.379
1- Deferred Production Expenses	17	4.621.686	2.158.514
2- Accrued Profit and Rent Income		-	-
3- Income Accruals		-	-
4- Other Deferred Income	471	3.929.321	2.624.865
G- Other Current Assets		193.637	11.923
1- Inventories Needed for the Following Months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances		193.637	11.923
5- Advances Given to Personnel		-	-
6- Counting and Receipt Deficiencies		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Miscellaneous Current Assets (-)		-	-
I- Total Current Assets		370.810.459	262.263.046

Balance Sheet As Of 31 December 2021

ASSETS			
II- Non-Current Assets	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Receivables from Operating Activities	12 and 17	5,729,846,976	3,773,417,739
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 Deposits on Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders (Advance Loan)		-	-
7- Provision for Loans to Policyholders (Advance Loan) (-)		-	-
8- Receivables from Pension Operations	12 and 17	5.729.846.976	3.773.417.739
9- Doubtful Receivables from Operating Activities		-	-
10- Provision for Doubtful Receivables from Operating Activities (-)		-	-
B- Receivables from Related Parties		-	-
1- Receivables from Shareholders		-	-
2- Receivables from Associates		-	-
3- Receivables from Subsidiaries		-	-
4- Receivables from Joint Ventures		-	-
5- Receivables from Personnel		-	-
6- Receivables 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 Leasing Receivables		-	-
2- Unearned Financial Leasing 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	11 and 45.2	586.457	473.790
1- Affiliated Securities		-	-
2- Affiliates		-	-
3- Affiliates Capital Commitments (-)		-	-
4- Subsidiaries		-	-
5- Subsidiaries Capital Commitments (-)		-	-
6- Joint Ventures		-	-
7- Joint Ventures Capital Commitments (-)		-	-
8- Financial Assets and Financial Investments with the Risk of the Insured		-	-
9- Other Financial Assets		586.457	473.790
10- Financial Assets Provision for Impairment (-)		-	-

Balance Sheet As Of 31 December 2021

ASSETS			
II- Non-Current Assets	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
E- Tangible Assets	6	14.544.273	15.568.315
1- Investment Properties		-	-
2- Provision for Impairment for Investment Properties (-)		-	-
3- Real Estate for Use		-	-
4- Machinery and Equipment		-	-
5- Fixtures and Installations	6	16.739.520	13.262.458
6- Motor Vehicles	6	4.434.236	4.434.236
7- Other Tangible Assets (Including Special Costs)	6	3.184.794	3.072.221
8- Tangible Assets Acquired by Lease	6	8.936.659	7.525.160
9- Accumulated Depreciation (-)	6	(18.750.936)	(12.725.760)
10- Advances on Tangible Assets (Including Construction in Progress)		-	-
F- Intangible Assets	8	19.260.261	8.169.553
1- Rights		-	-
2- Goodwill		-	-
3- Pre-Operating Period Expenses		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets	8	29.444.424	17.655.520
6- Accumulated Amortizations (Depreciation) (-)	8	(16.032.963)	(10.659.260)
7- Advances on Intangible Assets	8	5.848.800	1.173.293
G- Deferred Expenses and Income Accruals	471	606.569	451.565
1- Deferred Production Expenses		-	-
2- Income Accruals		-	-
3- Other Deferred Income	471	606.569	451.565
H-Other Non-Current Assets		10.447.401	9.095.719
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories Needed for Future Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	10.447.401	9,095,719
6- Other Miscellaneous Non-Current Assets		-	-
7- Depreciation of Other Non-Current Assets (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
II- Total Non-Current Assets		5.775.291.937	3.807.176.681
TOTAL ASSETS (I + II)		6.146.102.396	4.069.439.727

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)
The accompanying notes form an integral part of these financial statements.

Balance Sheet As Of 31 December 2021

LIABILITIES			
III- Current Liabilities	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Financial Liabilities		3.183.574	2.085.890
1- Payables to Credit Institutions		-	-
2- Financial Leasing Payables	20	3.980.957	3.153.185
3- Deferred Financial Leasing Costs (-)	20	(797.383)	(1.067.295)
4- Principal Installments and Interests of Long-Term Loans		-	-
5- Principal, Installments and Interests of Issued Bonds (Bonds)		-	-
6- Other Issued Financial Assets		-	-
7- Other Financial Assets Issue Difference (-)		-	-
8- Other Financial Payables (Liabilities)		-	-
B- Payables from Operating Activities		51.423.579	42.834.656
1- Payables from Insurance Operations	4 ve 19	5.953.165	2.590.087
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables from Pension Operations	4, 19 ve 471	24.956.975	22.496.720
5- Payables from Other Operating Activities	19	20.513.439	17.747.849
6- Rediscount on Payables from Other Operating Activities (-)		-	-
C-Payables to Related Parties		113.329	9.914
1- Payables to Shareholders		-	-
2- Payables to Associates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Joint Ventures		-	-
5- Payables to Personnel		113.329	9.914
6- Payables to Other Related Parties		-	-
D- Other Payables	19 ve 471	8.291.742	4.358.643
1- Deposits and Guarantees Received	19	-	-
2- Payables to SSI for Treatment Expenses		-	-
3- Other Miscellaneous Payables	19 ve 471	8.307.236	4.360.032
4- Rediscount on Other Miscellaneous Payables (-)	19 ve 471	(15.494)	(1.389)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

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

Balance Sheet As Of 31 December 2021

LIABILITIES			
III- Current Liabilities	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
E- Insurance Technical Provisions		81.089.799	58.249.446
1- Provision for Unearned Premiums- Net	4 and 17	30.351.580	12.183.983
2- Provision for Ongoing Risks- Net		1.461.154	-
3- Math Equivalents- Net		-	-
4- Provision for Outstanding Claim- Net	4 and 17	26.375.453	11.972.239
5- Provision for Bonuses and Discounts- Net	2.24, 4 and 17	22.901.612	26.991.397
6- Other Technical Provisions- Net	4, 17 and 47.1	-	7.101.827
F- Provisions for Taxes Payable and Other Similar Liabilities	4	10.471.645	5.734.587
1- Taxes and Funds Payable		6.853.545	2.657.801
2- Social Security Deductions Payable		674.897	487.370
3- Overdue, Deferred or Installed Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Liabilities Payable		-	-
5- Provisions for Period Profit Tax and Other Legal Liability	35	18.327.859	15.266.085
6- Prepaid Taxes and Other Liabilities of Profit for the Period (-)	35	(15.384.656)	(12.676.669)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks	23	15.470.180	8.615.402
1- Provision for Employment Termination Benefits		-	-
2- Provision for Social Aid Fund Asset Deficits		-	-
3- Provision for Expense Accruals	23	15.470.180	8.615.402
H- Deferred Income and Expense Accruals	19, 23	32.327	29.143
1- Deferred Commission Income	10, 17 and 19	32.327	2.729
2- Expense Accruals	19	-	26.414
3- Other Deferred Income and Expense Accruals		-	-
I- Other Current Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Count and Receipt Surplus		-	-
3- Other Miscellaneous Current Liabilities		-	-
III - Total Current Liabilities		170.076.175	121.917.681

Balance Sheet As Of 31 December 2021

LIABILITIES			
IV- Non-Current Liabilities	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Financial Liabilities		1.545.418	3.176.159
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	20	1.911.255	3.686.574
3- Deferred Financial Leasing Costs (-)	20	(365.837)	(510.415)
4- Bond Issues		-	-
5- Other Issued Financial Assets		-	-
6- Other Financial Assets Issue Difference (-)		-	-
7- Other Financial Payables (Liabilities)		-	-
B- Payables from Operating Activities	2.14, 12, 17 and 19	5.729.846.976	3.773.417.739
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables from Pension Operations	2.14, 12, 17 and 19	5.729.846.976	3.773.417.739
5- Payables from Other Operating Activities		-	-
6- Payables from Other Operating Activities Rediscount of Debt Securities (-)		-	-
C- Payables to Related Parties		-	-
1- Payables to Shareholders		-	-
2- Payables to Associates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Joint Ventures		-	-
5- Payables to Personnel		-	-
6- Payables to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Payables to SSI for Treatment Expenses		-	-
3- Other Miscellaneous Liabilities		-	-
4- Other Miscellaneous Payables Rediscount		-	-

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

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

Balance Sheet As Of 31 December 2021

LIABILITIES			
IV- Non-Current Liabilities	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
E- Insurance Technical Provisions		69.900.025	52.031.996
1- Provision for Unearned Premiums- Net		-	-
2- Provision for Ongoing Risks- Net		-	-
3- Math Equivalents- Net	2.24, 4 and 17	58.848.939	48.791.224
4- Provision for Outstanding Claim- Net		-	-
5- Provision for Bonuses and Discounts- Net		-	-
6- Other Technical Provisions- Net	2.24, 4, 17 and 471	11.051.086	3.240.772
F-Other Liabilities and Provisions		-	-
1- Other Liabilities Payable		-	-
2- Overdue, Deferred or Installed Taxes and Other Liabilities		-	-
3- Other Provisions for Payables and Expenses		-	-
G- Provisions for Other Risks	22	1.828.526	1.013.424
1- Provision for Employment Termination Benefits	22	1.828.526	1.013.424
2- Provision for Social Aid Fund Asset Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Non-Current Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Other Miscellaneous Non-Current Liabilities		-	-
IV- Total Non-Current Liabilities		5.803.120.945	3.829.639.318

Balance Sheet As Of 31 December 2021

EQUITY			
V- Equity	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Paid-In Capital	2.13 and 15	72.000.000	72.000.000
1- (Nominal) Capital	2.13 and 15	72.000.000	72.000.000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Capital Pending Registration		-	-
B- Capital Reserves		-	-
1- Share Issue Premiums		-	-
2- Profit of Cancelled Shares		-	-
3- Sales Profit Addition to the Capital		-	-
4- Foreign Currency Translation Differences		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		4.332.203	3.070.512
1- Legal Reserves	15	4.843.836	2.750.832
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)		-	2.000.000
5- Valuation Of Financial Assets	15	646.792	(1.135.633)
6- Other Profit Reserves	15	(1.158.425)	(544.687)
D- Prior Years' Profit		57.395.869	17.628.789
1- Prior Years' Profits		57.395.869	17.628.789
E- Prior Years' Losses (-)		(16.676.657)	(16.676.657)
1- Prior Years' Losses		(16.676.657)	(16.676.657)
F- Net Profit / Loss for the Period (-)		55.853.861	41.860.084
1- Net Profit for the Period		55.853.861	41.860.084
2- Net Loss for the Period (-)		-	-
3- Profit for the Period Not Subject to Distribution		-	-
Total Shareholders' Equity		172.905.276	117.882.728
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III + IV + V)		6.146.102.396	4.069.439.727

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

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

Statement Of Cash Flows For The Periods 1 January – 31 December 2021

I- TECHNICAL PART	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Non-Life Technical Income		60.751.135	35.106.229
1- Earned Premiums - (Net of Reinsurers' Share)		60.148.247	34.959.327
1.1- Written Premiums - (Net of Reinsurers' Share)	24	79.711.516	40.959.010
1.1.1- Gross Written Premiums (+)	24	82.719.774	44.607.383
1.1.2- Reinsurers' Share of Gross Written Premium (-)	24	(3.008.258)	(3.648.373)
1.1.3- Premiums Ceded to SSI (-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	17	(18.102.115)	(5.999.683)
1.2.1- Unearned Premiums Reserve (-/+)	17	(17.275.462)	(5.942.382)
1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+)	17	(826.653)	(57.301)
1.2.3 SSI Share of Unearned Premium Reserve (+)		-	-
1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (-/+)		(1.461.154)	-
1.3.1- Unexpired Risks Reserve (-/+)		(1.461.154)	-
1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+/-)		-	-
2- Investment Income Transferred from Non-Technical Part		109.187	146.902
3- Other Technical Income - (Net of Reinsurer's Share)		493.701	-
3.1- Gross Other Technical Income (-/+)		-	-
3.2- Reinsurer's Share in Gross Other Technical Income (-)		-	-
4- Claim Recovery and Salvage Income Accruals		-	-
B- Non-Life Technical Expense (-)		(71.380.200)	(35.691.590)
1- Incurred Losses - (Net of Reinsurer's Share)		(53.776.827)	(18.369.407)
1.1- Paid Claims - (Net of Reinsurer's Share) (-)	17	(41.806.732)	(11.238.787)
1.1.1- Gross Paid Claims (-)	17	(42.964.972)	(12.114.558)
1.1.2- Reinsurer's Share of Gross Paid Claims (+)	17	1.158.240	875.771
1.2- Change in Outstanding Claims (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		(11.970.095)	(7.130.620)
1.2.1- Provision for Outstanding Claims (+/-)		(10.760.496)	(8.679.204)
1.2.2- Provision for Reinsurer's Share of Outstanding Claims (-)		(1.209.599)	1.548.584
2- Change in Provisions for Bonuses and Discounts (Net of Reinsurer's Share and Reserves Carried Forward)	17	8.382.103	(5.397.831)
2.1- Provisions for Bonuses and Discounts		8.382.103	(5.397.831)
2.2- Bonuses and Discounts Provisions Reinsurer's Share		-	-
3- Change in Other Technical Reserves (Net of Reinsurer's Share and Reserves Carried Forward)	17	(83.124)	(34.140)
4- Operating Expenses	31	(25.182.890)	(11.810.281)

Statement Of Cash Flows For The Periods 1 January – 31 December 2021

I- TECHNICAL PART	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
B- Non-Life Technical Expense (-)		(71.380.200)	(35.691.590)
5- Change in Mathematical Reserves (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		(719.462)	(79.931)
5.1- Mathematical Reserve (-)		(822.422)	(77.991)
5.2- Reinsurer's Share of Mathematical Reserve (+)		102.960	(1.940)
6- Other Technical Expenses (-)		-	-
6.1- Gross Other Technical Expenses (-)		-	-
6.2- Reinsurer Share in Gross Other Technical Expenses (+)		-	-
C- Technical Part Balance - Non-Life (A - B)		(10.629.065)	(585.361)
D- Life Technical Income		78.390.272	97.205.737
1- Earned Premiums - (Net of Reinsurer's Share)		78.390.272	97.205.737
1.1- Written Premiums - (Net of Reinsurer's Share)	2.21 and 24	78.455.755	96.958.001
1.1.1- Gross Written Premiums (+)	24	83.527.941	102.617.263
1.1.2- Premiums Transferred to Reinsurers (-)	24	(5.072.186)	(5.659.262)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	17	(65.483)	247.736
1.2.1- Unearned Premiums Reserve (-)	17	1.387	499.262
1.2.2- Reinsurer's Share of Unearned Premiums Reserve (+)	17	(66.870)	(251.526)
1.3- Change in Unexpired Risks Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurer's Share for Unexpired Risks (+)		-	-
2- Life Investment Income		-	-
3- Unrealised Gain Generated from Investments		-	-
4- Other Technical Income (Net of Reinsurer's Share)		-	-
4.1- Gross Other Technical Income (+/-)		-	-
4.2- Reinsurer's Share in Gross Other Technical Income (+/-)		-	-
5- Accrued Recourse Income (+)		-	-
E- Life Technical Expense		(64.344.025)	(76.387.553)
1- Incurred Losses (Net of Reinsurer's Share)		(22.534.397)	(17.648.233)
1.1- Paid Claims (Net of Reinsurer's Share) (+/-)	17	(20.101.278)	(14.968.832)
1.1.1- Gross Paid Claims (-)	17	(23.071.587)	(17.435.484)
1.1.2- Reinsurer's Share of Gross Paid Claims (+)	17	2.970.309	2.466.652
1.2- Change in Outstanding Claims (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		(2.433.119)	(2.679.401)
1.2.1- Outstanding Claims Provision (-)		(2.717.648)	(3.982.912)
1.2.2- Reinsurer's Share of Outstanding Claim Provisions (+)		284.529	1.303.511

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

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

Statement Of Cash Flows For The Periods 1 January – 31 December 2021

I- TECHNICAL PART	Notes	Independently Audited Current Period January- 31 December 2021	Independently Audited Previous Period January- 31 December 2020
E- Life Technical Expense		(64.344.025)	(76.387.553)
2- Change in Provisions for Bonuses and Discounts (Net of Reinsurer's Share and Reserves Carried Forward)	17	(4.292.318)	(3.639.959)
2.1- Provisions for Bonuses and Discounts		(4.292.318)	(3.639.959)
2.2- Bonuses and Discounts Provisions Reinsurer's Share		-	-
3- Change in Mathematical Reserves (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		(9.338.254)	(19.168.818)
3.1- Mathematical Reserve (-)		(9.304.324)	(19.255.303)
3.1.1- Actuarial Mathematics Reserve (+/-)		(9.304.324)	(19.255.303)
3.1.2- Provision for Dividend (Reserves for Life Insurance Policies Including Investment Risk)		-	-
3.2- Reinsurer's Share of Life Mathematical Reserves (+)		(33.930)	86.485
3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves		(33.930)	86.485
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	17	(625.362)	(6.722.622)
5- Operating Expenses (-)	31	(27.553.694)	(29.207.922)
6- Investment Expenses (-)		-	-
7- Unrealised Investment Expense (-)		-	-
8- Investment Income Transferred to Non-Life Technical Part (-)		-	-
F- Technical Part Balance - Life (D - E)		14.046.247	20.818.183
G- Pension Funds Technical Income		114.299.256	85.916.012
1- Fund Management Income		65.635.377	46.807.669
2- Management Expense Charge		37.891.616	28.796.319
3- Entrance Fee Income	25	7.986.835	7.025.277
4- Management Expense Charge in case of Suspension		2.780.161	3.286.747
5- Special Service Expense Charge		-	-
6- Capital Allowance Value Increase Income	25	5.267	-
7- Other Technical Income	25	-	-
H- Pension Funds Technical Expense		(76.494.509)	(60.748.079)
1- Fund Management Expense (-)		(8.419.041)	(4.473.226)
2- Capital Allowance Value Decrease Expense (-)		(12.081)	-
3- Operating Expenses (-)	31	(66.889.369)	(55.621.423)
4- Other Technical Expenses (-)		(1.012.073)	(624.223)
5- Penalty Payments (-)		(161.945)	(29.207)
I- Technical Part Balance - Pension Funds (G - H)		37.804.747	25.167.933

Statement Of Cash Flows For The Periods 1 January – 31 December 2021

II- NON-TECHNICAL PART	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
C- Technical Part Balance - Non-Life (A-B)		(10.629.065)	(585.361)
F- Technical Part Balance - Life (D-E)		14.046.247	20.818.183
I - Technical Part Balance - Pension Fund (G-H)		37.804.747	25.167.933
J- General Technical Part Balance (C+F+I)		41.221.929	45.400.755
K- Investment Income	26	53.173.774	22.564.042
1- Income from Financial Investments	26	41.028.148	15.646.068
2- Profit from Liquidation of Financial Investments		-	-
3- Valuation of Financial Investments	26	11.021.094	5.163.266
4- Foreign Exchange Gains	26	1.124.532	1.754.708
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Land and Buildings		-	-
8- Income from Derivatives		-	-
9- Other Investments		-	-
10- Investment Income Transferred from Life Technical Part		-	-
L- Investment Expenses (-)		(14.158.074)	(10.290.040)
1- Investment Management Expenses – Interest Included (-)	4	(1.289.849)	(1.335.538)
2- Diminution in Value of Investments (-)		(830.135)	(15.944)
3- Losses as a result of the Conversion of Investments into Cash (-)		(12.330)	(4.022)
4- Investment Income Transferred to Non-Life Technical Part (-)		(20.550)	-
5- Loss from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	26	(197.895)	(616.160)
7- Depreciation Expenses (-)	6	(11.807.315)	(8.318.376)
8- Other Investment Expenses (-)		-	-
M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)		(6.055.910)	(548.588)
1- Provisions Account (+/-)	47.4	(6.270.940)	(3.233.706)
2- Rediscount Account (+/-)		(44.917)	(28.073)
3- Special Insurance Account (+/-)		-	-
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Assets Account (+/-)	21, 35	1.700.983	3.403.492
6- Deferred Tax Liabilities Expenses (-)		-	-
7- Other Income and Profit		848.598	123.749
8- Other Expense and Losses (-)	47.1	(2.218.566)	(814.050)
9- Prior Year's Income and Profit		-	-
10- Prior Year's Expense and Losses (-)		(71.067)	-
N- Net Profit or Loss for the Period (-)		(55.853.861)	(41.860.084)
1- Profit and Loss for the Period (-)		74.181.719	57.126.169
2- Period Profit Tax and Other Legal Liability Provisions (-)	35	(18.327.859)	(15.266.085)
3- Net Profit and Loss for the Period (-)	37	55.853.861	41.860.084
4- Inflation Adjustment Account		-	-

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

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

Statement Of Cash Flows For The Periods 1 January – 31 December 2021

STATEMENT OF CASH FLOW			
	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Cash inflows from insurance operations		113.523.563	150.670.308
2. Cash inflows from reinsurance operations		-	-
3. Cash inflows from pension fund operations		2.073.188.748	1.457.686.108
4. Cash outflows from insurance operations (-)		(174.916.823)	(43.961.052)
5. Cash outflows from reinsurance operations (-)		(4.524.154)	-
6. Cash outflows from pension fund operations (-)		(2.035.715.091)	(1.424.111.866)
7. Cash generated from operating activities (A1+A2+A3-A4-A5-A6)		(28.443.757)	140.283.498
8. Interest payments (-)		-	-
9. Income tax payments (-)		(17.974.072)	(15.190.810)
10. Other cash inflows		14.761.269	6.180.689
11. Other cash outflows (-)		(7.656.193)	(49.182.223)
12. Net cash from operating activities		(39.312.753)	82.091.154
B. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Sales of tangible assets		(20.617)	48.763
2. Tangible assets acquisition (-)	6	(3.817.214)	(2.033.741)
3. Financial assets acquisition (-)		(60.965.255)	(118.952.601)
4. Sale of financial assets		163.007.055	7.721.745
5. Interests received		53.831.667	20.956.236
6. Dividends received		-	-
7. Other cash inflows		-	-
8. Other cash outflows (-)	8	(19.801.032)	(7.166.670)
9. Net cash from investing activities		132.234.604	(99.426.268)
C. CASH FLOWS FROM FINANCING OPERATIONS			
1. Issue of shares		-	-
2. Cash inflows due to the borrowings		-	-
3. Financial lease debt payments (-)		(3.505.340)	(2.514.817)
4. Dividends paid (-)		-	-
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Net cash from financing activities		(3.505.340)	(2.514.817)
D. EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		3.511.504	-
E. Net increase in cash and cash equivalents (A12+B9+C7+D)		92.928.015	(19.849.931)
F. Cash and cash equivalents at the beginning of the period		64.805.100	84.655.031
G. Cash and cash equivalents at the end of the period (E+F)	2.12	157.733.115	64.805.100

Statement Of Changes In Equity For The Periods 1 January – 31 December 2021

STATEMENT OF CHANGES IN EQUITY											
PRIOR PERIOD	Capital	Own Shares of the Company	Valuation Increase in Assets	Inflation Adjustment to the Share Capital	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profits	Net Profit / (Loss) for the Period	Prior Years' Profit / (Losses)	Total
I- Balance at the End of the Prior Period (31/12/2020)	72.000.000	-	(1.135.633)	-	-	2.750.832	2.000.000	(544.687)	41.860.084	952.132	117.882.728
II-Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
III-New Balance (I+II) (01/01/2021)	72.000.000	-	(1.135.633)	-	-	2.750.832	2.000.000	(544.687)	41.860.084	952.132	117.882.728
A- Capital increase	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Own shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not included in the statement of income	-	-	-	-	-	-	-	(613.738)	-	-	(613.738)
D- Value increase in the assets	-	-	1.782.425	-	-	-	-	-	-	-	1.782.425
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other gains and losses	-	-	-	-	-	-	(2.000.000)	-	-	-	(2.000.000)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit (or loss) for the period	-	-	-	-	-	-	-	-	55.853.861	-	55.853.861
I- Dividend distributed	-	-	-	-	-	-	-	-	-	-	-
J-Transfer	-	-	-	-	-	2.093.004	-	-	(41.860.084)	39.767.080	-
IV- Balance at the End of the Period (31/12/2021) (III+ A+B+C+D+E+F+G+H+I+J)	72.000.000	-	646.792	-	-	4.843.836	-	(1.158.425)	55.853.861	40.719.212	172.905.276

Statement Of Changes In Equity For The Periods 1 January - 31 December 2021

STATEMENT OF CHANGES IN EQUITY											
PRIOR PERIOD	Capital	Own Shares of the Company	Valuation Increase in Assets	Inflation Adjustment to the Share Capital	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profits	Net Profit / (Loss) for the Period	Prior Years' Profit / (Losses)	Total
I- Balance at the End of the Prior Period (31/12/2019)	40.000.000	-	3.466	-	-	1.378.564	-	(434.031)	27.445.356	6.879.044	75.272.399
II-Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
III-New Balance (I+II) (01/01/2021)	40.000.000	-	3.466	-	-	1.378.564	-	(434.031)	27.445.356	6.879.044	75.272.399
A- Capital increase	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Own shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not included in the statement of income	-	-	-	-	-	-	-	(110.656)	-	-	(110.656)
D- Value increase in the assets	-	-	(1.139.099)	-	-	-	-	-	-	-	(1.139.099)
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other gains and losses	-	-	-	-	-	-	2.000.000	-	-	-	2.000.000
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit (or loss) for the period	-	-	-	-	-	-	-	-	41.860.084	-	41.860.084
I- Dividend distributed	-	-	-	-	-	-	-	-	-	-	-
J-Transfer	32.000.000	-	-	-	-	1.372.268	-	-	(27.445.356)	(5.926.912)	-
IV- Balance at the End of the Period (31/12/2020) (III+ A+B+C+D+E+F+G+H+I+J)	72.000.000	-	(1.135.633)	-	-	2.750.832	2.000.000	(544.687)	41.860.084	952.132	117.882.728

Amounts expressed in Turkish Lira (TL) unless otherwise stated.

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

(*)Detailed explanations for the shareholders' equity items are disclosed in Note 15.

Statement Of Profit Distribution For The Periods 1 January – 31 December 2021

	Notes	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
I. DISTRIBUTION OF CURRENT PERIOD PROFIT			
1.1. Profit For The Period		74.181.719	57.126.171
1.2. Taxes And Legal Liabilities Payable		(16.626.876)	(11.862.593)
1.2.1. Corporate Tax (Income Tax)		(18.327.859)	(15.266.085)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Legal Liabilities (Deferred Tax)		1.700.983	3.403.492
A- NET PROFIT FOR THE PERIOD (1.1 – 1.2)		57.554.843	45.263.578
1.3. Prior Period's Loss (-)		-	(16.676.657)
1.4. First Legal Reserves		-	2.093.004
1.5. Mandatory Legal Funds To Save With The Company (-)		-	-
B- DISTRIBUTABLE NET PROFIT FOR THE PERIOD [(A-(1.3 + 1.4 + 1.5))]		-	26.493.916
1.6. First Dividend For The Period (-)		-	-
1.6.1. To Owners of Ordinary Shares		-	-
1.6.2. To Owners of Preferred Shares		-	-
1.6.3. To Owners of Participating Usufruct Certificates		-	-
1.6.4. To Profit Sharing Bonds		-	-
1.6.5. To Owners of the Profit or Loss Sharing Certificates		-	-
1.7. Dividend To Personnel (-)		-	-
1.8. Dividend To Board Of Directors (-)		-	-
1.9. Second Dividend To Shareholders (-)		-	-
1.9.1. To Owners of Ordinary Shares		-	-
1.9.2. To Owners of Preferred Shares		-	-
1.9.3. To Owners of Participating Usufruct Certificates		-	-
1.9.4. To Profit Sharing Bonds		-	-
1.9.5. To Owners of the Profit or Loss Sharing Certificates		-	-
1.10. Second Legal Reserve (-)		-	-
1.11. Statutory Reserves (-)		-	-
1.12. Extraordinary Reserves		-	-
1.13. Other Reserves		-	-
1.14. Special Funds		-	-

Statement Of Profit Distribution For The Periods 1 January - 31 December 2021

	Notes	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
II. DISTRIBUTION OF RESERVES			
2.1. Distributed Reserves		-	-
2.2. Second Legal Reserves (-)		-	-
2.3. Share To Shareholders (-)		-	-
2.3.1. To Owners of Ordinary Shares		-	-
2.3.2. To Owners of Preferred Shares		-	-
2.3.3. To Owners of Participating Usufruct Certificates		-	-
2.3.4. To Profit Sharing Bonds		-	-
2.3.5. To Owners of the Profit or Loss Sharing Certificates		-	-
2.4. Share To Personnel (-)		-	-
2.5. Share To Board Of Directors (-)		-	-
III. EARNINGS PER SHARE			
3.1. To Owners Of Shares		-	-
3.2. To Owners Of Shares (%)		-	-
3.3. To Owners Of Preferred Shares		-	-
3.4. To Owners Of Preferred Shares (%)		-	-
IV. DIVIDEND PER SHARE			
4.1. To Owners Of Shares		-	-
4.2. To Owners Of Shares (%)		-	-
4.3. To Owners Of Preferred Shares		-	-
4.4. To Owners Of Preferred Shares (%)		-	-

Amounts expressed in Turkish Lira (TL) unless otherwise stated.

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

(*) The authorized body of the Company regarding the distribution of profit for the current period is the General Assembly. Since the Company's annual Ordinary General Assembly meeting has not yet been held as of the date of preparation of these financial statements, only net profit for the period is indicated in the profit distribution table.

1. General Information

1.1 Name of the parent company: As of 31 December 2021 and 31 December 2020, the main shareholders of Katılım Emeklilik ve Hayat A.Ş. (the Company) are AlBaraka Türk Katılım Bankası A.Ş. and Kuveyt Türk Katılım Bankası A.Ş.

1.2 Legal residence of the Company, its legal structure, the country of incorporation and the address of its registered office: The Company was registered on 17 December 2013 in İstanbul and started its operations after the declaration of its articles of incorporation on the Trade Registry Gazette on 23 December 2013. The registered address of the Company is Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No:2 Akkom Ofis Park-Kelif Plaza Kat:2 Ümraniye/İstanbul.

Republic of Turkey Ministry of Treasury and Finance (“Ministry of Treasury and Finance”) has approved the license of the Company on 9 May 2014 to operate in Personal Accident, Life and Private Pension branches. Following the announcement of the relevant decision in the Trade Registry Gazette dated 20 May 2014 for the Life branch and 26 May 2014 for the pension branch, the relevant license procedures have been completed; The company issued its first policy in the Life branch on 2 June 2014.

1.3 Nature of operations: The company carries out its activities in line with the provisions of the Insurance Law No. 5684 and the Private Pension Savings and Investment System Law No. 4632 in accordance with the provisions of other legislation.

1.4 Explanation of the activities and characteristics of main operations of the corporation: Disclosed in Notes 1.2 and 1.3.

1.5 Average number of employees during the period by category:

	1 January – 31 December 2021	1 January – 31 December 2020
Top and middle management	15	13
Other personnel	141	135
Total	156	148

1.6 Total salaries and benefits paid to the chairman and members of the board of directors, general manager, general coordinator, assistant general managers and other executive management during the current period: TL 6,338,333 (31 December 2020: TL 4,790,362).

Criteria set for the allocation of investment income and operating expenses (personnel, management, research and development, marketing and sales, outsourcing utilities and services and other operating expenses) in the financial statements: The Company allocates the investment income and personnel, management, research and development, marketing and selling, outsourced benefits and services and other operational expenses related to the technical accounts in accordance with the “Circular on the Fundamentals of the Procedures and Principals of the Criteria used in Financial Statements in Accordance with Insurance Uniformed Chart of Accounts” numbered No 2010/9 and dated 9 August 2010 and issued by the Republic of Turkey Ministry of Treasury and Finance dated 4 January 2008.

1.8 Whether financial statements include only one firm or group of firms: Financial statements include only one company (Katılım Emeklilik ve Hayat A.Ş.).

1.9 Name and other identification information of the reporting firm and changes in this information since the previous balance sheet date: Company’s name and other company information are presented in Note 1.1, Note 1.2 and Note 1.3.

1.10 Events after the balance sheet date: The authority to change and approve the financial statements for the period between 1 January - 31 December 2021 is in the Board of Directors, the financial statements which are prepared in accordance with the applicable accounting principles and standards and comply with the relevant legislation and the Company’s records was signed and declared by Ayhan Sincek (General Manager), İsmail Aydemir (Assistant General Manager, Finance, Operations, IT and Actuaries), Ömer Can Hergenç (Financial and Administrative Affairs Manager), Ahmet Korhan Akçöl (Actuarial) on 11 March 2022. Explanations related to subsequent events are disclosed in detail in Note 46.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation: The Company prepares its financial statements

in accordance with the Insurance Law No. 5684 and the principles stipulated by the Ministry of Treasury and Finance for insurance and reinsurance companies.

Financial statements are prepared in accordance with the Insurance Account Plan included in the Communiqué on Insurance Account Plan and Explanatory Notice (Insurance Accounting System Communiqué No: 1) published by the Republic of Turkey Ministry of Treasury and Finance in the Official Gazette No: 25686 dated 30 December 2004. The format and contents of the financial statements and their explanations and notes are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette dated 18 April 2008 and numbered 26851.

The Company calculates and recognizes its insurance technical provisions in its financial statements as of 31 December 2021 in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" ("Regulation on Technical Reserves") dated 28 July 2010 published in official gazette numbered 27655 issued within the framework of the Insurance Law No. 5684 and changes on this regulation on 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Republic of Turkey Ministry of Treasury and Finance (Note 2.24).

According to the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on 14 July 2007 and effective from 1 January 2008, operations of the Company shall be accounted for in accordance with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") as issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other regulations, communiqués and explanations issued by the Republic of Turkey Ministry of Treasury and Finance regarding accounting and financial reporting issues. With reference to the Republic of Turkey Ministry of Treasury and Finance No. 9 dated 18 February 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Unconsolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application. In addition, the insurance companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies dated 31 December

2008 and published in official gazette numbered 27097 effective from 31 March 2009. The Company does not need to prepare consolidated financial statement as there is no subsidiary controlled by the Company that it has to supervise in this direction.

Accounting policies and measurement principles that are used in the preparation of the financial statements are disclosed in the notes from 2.4 to 2.24 below.

Where necessary, comparative figures have been reclassified to conform to the presentation of the current year financial statements.

2.1.1 New standards and interpretations not yet implemented

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

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

The amendments in Interest Rate Benchmark Reform – Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Company management assessed that the adoption of this amendment does not have any material effect on the Company's financial statements.

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

The Company has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17 Insurance Contracts	Insurance Contracts
Amendments to TAS 1	Classification of Liabilities as Current or Non-Current
Amendments to TFRS 3	Reference to the Conceptual Framework
Amendments to TAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to TAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to TFRS Standards 2018-2020	Amendments to TFRS 1, TFRS 9 and TAS 41
Amendments to TFRS 4	Extension of the Temporary Exemption from Applying TFRS 9
Amendments to TFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 Property, Plant and Equipment - Proceeds Before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 First time adoption of Turkish Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Public Oversight Accounting and Auditing Standards Authority ("POA") has published COVID-19 Related Rent Concessions beyond

30 June 2021 (Amendment to TFRS 16) that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The possible effects of the standards, amendments and improvements on the financial position and performance of the Company are being evaluated.

2.2 Consolidation: The Company does not have any subsidiaries that are required to be consolidated.

2.3 Segment Reporting: The Company is not a listed company, the Company does not perform segment reporting in the scope of "TFRS 8 - Segment Reporting".

2.4 Foreign Currency Translation: The functional currency of the Company is Turkish Lira. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss statement.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes are accounted for.

2.5 Property, Plant and Equipment: All property and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the tangible assets. The depreciation periods estimated considering useful lives of tangible assets are as follows:



If there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and as a result of this review, if an asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down immediately to its recoverable amount by accounting for an impairment provision. Gains and losses on disposals of property and equipment are included in other operational income and expenses accounts (Note 6).

2.6 Investment Properties: The Company does not have investment property as of 31 December 2021 (31 December 2020: None).

2.7 Intangible Assets: Intangible assets consist of the information systems and software acquired by the Company. Intangible assets are recognized at acquisition cost and amortized by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amounts of the intangible assets are written down immediately to their recoverable amounts. The amortization periods of intangible assets are 3 years (Note 8).

2.8 Financial Assets : The Company classifies and accounts for its financial assets as "financial assets held to maturity", "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" and "Loans and receivables (Receivables from main operations)". Receivables from main operations are the receivables arising from insurance and pension operations and they are classified as financial assets in the financial statements.

Purchases and sales of the financial assets are recognized and

derecognized based on "Settlement date". The classification of the financial assets is determined by the Company management at inception by considering the purpose for which the financial assets are acquired.

Financial assets held to maturity are financial assets that are held for the purpose of custody until maturity and that have the necessary conditions to be held until maturity, including ability to fund, have fixed or determinable payments and fixed valuation and are at fair value during initial recognition other than loans and receivables are financial assets that are not classified as financial assets that are reflected in the income statement and which are not presented as available for sale. These assets are initially recognized at cost and are considered to be their fair value. The fair value of assets held to maturity is determined based on market prices of the underlying transaction price or similar financial instruments. Financial assets held to maturity are valued at amortized cost. Contribution income related to assets held to maturity is reflected in the income statement.

The Company does not account for a provision for impairment of short-term market fluctuations for the debt securities classified as held-to-maturity financial assets provided that collection risk does not exists. If there is a collection risk, the impairment amount is determined as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective income rate.

Available-for-sale financial assets: As of 31 December 2021, the Company's held until maturity investments consist of fixed and variable lease certificates and are accounted at their discounted value as of the balance sheet date amounted TL 5,353,396 (31 December 2020: TL 6,941,048).

Available-for-sale financial assets: Available-for-sale financial assets consist of financial assets other than loans and receivables, and financial assets that will be held to maturity and held for trading.

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 fair

value 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. Unrealized 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 of assets available for sale, the gain or losses are recognized in the profit or loss.

Financial assets held for trading (Financial assets whose fair value difference is reflected in the statement of income): Financial assets measured by the Company at fair value and associated with the income statement are classified in the financial statements under the account item "Financial Assets for Trading". Financial assets, which are measured with reasonable value and associated with the income statement, are obtained for the purpose of profit from fluctuations in price and similar factors in the short period in the market and regardless of the reason for being acquired, it is considered that the Company evaluates the performance of the Company according to its reasonable value with financial instruments. For this purpose, it consists of financial instruments classified in this category at the time of purchase.

The fair values of reasonable value difference are reflected in the income statement and their fair values are used in the periods following their registration. In case the price formations, which constitute the basis of reasonable value, are not realized within the active market conditions, it is accepted that the reasonable value is not determined reliably and the "discounted value" calculated according to the effective rate of return method is considered as reasonable value. Gains and losses resulting from the valuation are included in the income statement.

Loans and receivables (Receivables from operating activities): Loans and receivables are financial assets which are generated by providing money or service to the debtor. Loans and receivables are initially recognized at acquisition value and subsequently measured at cost. Fees and other charges paid in relation to assets obtained as guarantee for the above-mentioned receivables are not deemed as transaction costs and charged as expenses to the income statement.

The Company accounts for a provision for its receivables based on evaluations and estimations of the management. The mentioned provision is classified under "Provision for due from insurance operations" on the balance sheet. The Company sets its estimations in accordance with the risk policies and the principle of prudence by considering the structure of current receivable portfolio, financial structure of policyholders and intermediaries, non-financial data and economic conditions.

2.9 Impairment on Assets: The details about the impairment of assets are explained in the notes in which the accounting policies of the relevant assets are explained.

Mortgages or guarantees on assets are explained in Note 43, provisions for doubtful receivables which are overdue and not overdue are explained in Note 12.1 and rediscount and provision expenses for the period are explained in Note 47.4.

2.10 Derivative Financial Instruments: None (31 December 2020: None).

2.11 Offsetting Financial Assets: Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or when the acquisition of the asset and the settlement of the liability take place simultaneously.

2.12 Cash and Cash Equivalents: Cash and cash equivalents include cash in hand, demand deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Cash and cash equivalents included in the statements of cash flows are as follows:

	31 December 2021	31 December 2020
Cash (Note 14)	232.578.788	86.336.282
Bank guaranteed credit card receivables with maturities less than three months (Note 14)	12.517.036	11.159.740
Total cash and cash equivalents	245.095.824	97.496.022
Blocked deposits (Note 43) (*)	(84.614.844)	(31.767.242)
Term participation account valuation	(2.747.865)	(923.680)
Total cash and cash equivalents in statement of cash flows	157.733.115	64.805.100

(*) The change in blocked deposits is included in other cash inflows/outflows from the operating activities in the statement of cash flows.

2.13 Share Capital : The composition of the Company's share capital as of 31 December 2021 and 31 December 2020 is as follows:

Name of Shareholders	31 December 2021		31 December 2020	
	Share Rate (%)	Share Amount	Share Rate (%)	Share Amount
AlBaraka Türk Katılım Bankası A.Ş.	50.00	36.000.000	50	36.000.000
Kuveyt Türk Katılım Bankası A.Ş.	50.00	36.000.000	50	36.000.000
Toplam	100	72.000.000	100	72.000.000

As of 31 December 2021, there are no privileges granted for the shares that represent the capital (31 December 2020: None).

Other information regarding the capital of the Company are disclosed under the Note 15.

2.14 Insurance and Investment Contracts - Classification: The insurance contracts are those contracts that transfer insurance risk. The insurance contracts protect the insured against the adverse economic

consequences of loss event under the terms and conditions stipulated in the insurance policy.

The main contracts produced by the Company are personal accident insurance, life insurance, reinsurance agreements and private pension agreements as explained below

i) Risk Policies:

Annual Life Insurance Contract: Annual life insurance provides one-year guarantee for the risks that the policyholder can be faced with. This insurance covers all risks that the policyholder can be exposed to by providing natural death coverage along with the additional coverage such as accidental death, permanent or temporary disability and critical disease during the policy term. Annual life insurance policies cover risks, it does not include savings and does not include right of surrender and policy loans. It can be sold as a Group or individual. The age limit is between 18 and 75, premium amount changes according to the risk assessment based on age, sex and health.

Long-Term Life Insurance Contracts: Long-term life insurance provides long-term guarantee for all risks that the policyholder can be exposed to by providing natural death coverage along with the additional coverage such as accidental death, permanent or temporary disability during the policy term. The insurance term can be set between 1 and 30 years. Long-term life insurance provides protection and covers risks, it does not include savings. It is sold individually. The age limit is between 18 and 75 and premium amount changes according to the risk assessment based on age, sex and health.

Credit Life Insurance: Credit life insurance provides guarantee throughout the credit term against such as death or disability. If any claim occurs within the credit term, the credit debt is covered by credit life insurance. Coverage generally includes only death risk. These products are risk-based policies that do not include saving. The age limit is between 18 and 75 and premium amount changes according to the risk assessment based on age, sex and health.

Personal Accident Insurance: Personal accident insurance provides guarantee against risks arising as a result of accidents. It provides accidental death coverage along with the additional coverage such as accidental disability, unemployment or temporary disability and medical expenses.

ii) Private Pension:

As of 31 December 2021, there are 14 Pension Mutual Funds that the Company established (31 December 2020: 13).

Private pension system receivables mainly consist of capital advances made to pension funds, fund management fee receivables from pension funds, receivables from participants and the custodian company. In the “fund operating deductions receivables from funds” account, the Company keeps funds operating expense deductions receivables deriving from funds management that could not be collected on the same day. Advances allocated to pension investment funds established by the Company are kept in “capital advances made to pension investment funds” account and all the advances were collected. Receivables based on funds from the custodian company on behalf of participants are kept in “receivables from Custodian Company” account. At the same time, this amount is disclosed in private pension system payables account as “payables to participants for sold funds”.

In addition to debts to participants account explained in the prior paragraph, private pension system payables also include accruals calculated for management expenses of pension funds, temporary account of participants and payables to private pension intermediaries. Accruals calculated for management expenses of pension funds consists of accruals of payables to portfolio management company due to the pension investment funds established by the Company. Temporary account of participants includes the contributions of participants that have not yet been transferred to investment and the amount that will be transferred to other companies or paid to participants after making certain deductions following the sales of the funds of the participants in the cases of transfers to other companies or departs from the system.

Fund management fee, which is taken in return for the management and representation of funds and hardware, personnel and accounting services devoted to funds, is recorded as income in the Company's accounts and is shared between the Company and the portfolio management company according to the ratios in the agreement or as a fixed expense. The total fee is recorded to the Company's technical income as fund management fee and the fee which belongs to the fund manager is recorded in the Company's technical expense as balance

paid in return for fund management.

If the participant participates in the private pension system for the first time or signs a pension contract in a different company for the first time, the entrance fee can be taken from the participant or sponsoring institution, taking into account the monthly gross minimum wage amount valid at the date of signing the proposal.

Within the scope of the amendment to the Individual Pension System Regulation published in the Official Gazette No. 29366 dated 25 May 2015 and effective from 1 January 2016. With this regulation, it is stated that the irregular payment and the fund related obligatory expenses are defined and the administrative expenses deduction can be taken from the savings of the participant with the contributions paid to the individual pension account, additional management expenses can be deducted from the savings of the participant during the interruption period. Limitations on interruptions have been introduced according to the years in which the contract was in the system.

The final version of the deductions, together with the summarizing provisions of the regulation in question, are as follows:

The total amount of the entrance fee and management fee incurred during the first five years of the contract does not exceed 8.5% of the gross minimum wage applicable for the first 6 months of the year. After the fifth year of a contract is completed, management expenses, including interruption, cannot be deducted and entry fee cannot be collected. Since the regulation does not affect the Company's receivables accrued before the effective date, the Company reserves the rights regarding the accrued but uncollected receivables before 1 January 2016. According to the transfer data related to the contract information, all the time spent in the relevant contract is taken into account in the calculation of the time spent in the contract. If it was established by transfer before 1 January 2016, the upper limits of the deduction are calculated regardless of the deduction amounts in the previous companies. If it is established by transfer after this date, it will be subject to calculation considering the deduction amounts in previous companies.

Expense deductions that are taken on the condition that the participants do not exceed the maximum two percent of their contributions to the private pension account depending on the contract conditions are followed under the management expense deduction account.

iii) Reinsurance Agreements:

Reinsurance agreements are the agreements that agreed by the Company and reinsurance company for the loss which may occur in one or more insurance agreements signed by the Company and those meet all conditions to be classified as insurance contract and those whose costs are paid.

As of 31 December 2021, the Company has proportional quota-par and surplus agreements in life and personal accident branches. Reinsurance work is carried out over the risks (death as a result of accident, disability as a result of illness, disability as a result of accident, diseases, unemployment / temporary incapacity due to accident / daily hospital due to accident, etc.) for which only the risk of death and additional coverage are guaranteed by the company from life insurances. In addition, split reinsurance agreements are made in order to protect the portfolio against catastrophic risks.

iv) Participation Insurance

The main purpose of participation insurance is to combine the insured with the purpose of mutual aid and solidarity and to use the collected contributions by those exposed to risk. The money collected in this system accumulates in the premium pool, and the losses of the members (policy holders) who are at risk are compensated from this pool.

Advisory Committee: Advisory committee refers to the committee that consists of at least 3 people and is involved in ensuring the execution of insurance or private pension activities within the framework of participation principles. In order to ensure that insurance and private pension activities are carried out in accordance with Islamic provisions, the task of determining and enforcing the procedures and principles, based on the relevant Islamic provisions, is given to the advisory committee.

Risk Fund: The fund is created for collecting contribution premiums and the income and expenses arising from them, including compensation and/or savings payments and legal liabilities. Provided that the participants are clearly informed before the contract or in the insurance contract, if the balance regarding the said risk fund is excessive, it is possible to evaluate this amount in another way to be approved by the advisory committee.

2.15 Insurance Contracts and Investment Contracts with Discretionary Participation Feature: None (31 December 2020: None).

2.16 Investment Contracts without Discretionary Participation Feature: None (31 December 2020: None).

2.17 Borrowings : None (31 December 2020: None).

2.18 Taxes:

Corporate Tax: Corporate tax is payable at a rate of 20% in Turkey. In accordance with the law numbered 7316 published in the Official Gazette dated 22 April 2021 and numbered 31462, the corporate tax rate will be applied at the rate of 25% for corporate earnings for 2021 and 23% for corporate earnings for 2022. The aforementioned application will be effective as of 1 July 2021. Corporate tax rate is applied on tax base which is the income of the Company adjusted for certain disallowable expenses, exempt income (such as dividend income) and other deductions in accordance with tax legislation. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance Tax is declared by 14th and is payable by the 17th of the second month following each calendar quarter end. The advance tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. Despite the deduction, if the temporary tax amount remains, this amount can be refunded in cash or deducted from other financial debts against the state.

According to Turkish tax legislation, tax losses on the returns can be offset against period income for not up to 5 years. However, tax losses cannot be offset against retained earnings.

In Turkey, there is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends.

In tax reviews authorized bodies can review the accounting records for the past five years and if misstatements are detected, tax amounts may change due to tax assessment.

Deferred Tax: Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized (Note 21).

2.19 Employee Benefits: The Company accounts for its liability related to employment termination and vacation benefits according to “Turkish Accounting Standards Regarding Employee Benefits” (“TAS 19”) and classifies in balance sheet under the account “Provision of Employment Termination Benefits” and “Provision for expense accruals”.

The actuarial gains and losses identified in the calculations regarding the liabilities for employee benefits shall be recognized directly in equity. In this context, the service and profit share costs are recognized in the statement of income whereas the actuarial gains and losses are recognized in “Other profit reserves” under shareholders’ equity (Note 15 and 22).

2.20 Provisions (Except Technical Provisions): Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provision amounts are estimated over expenditures expected to be required to settle the obligation at the balance sheet date by considering the risks and uncertainties related to the obligation. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to the present value of the related cash outflows.

Liabilities that arise 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 entity are classified as contingent liabilities and not included in the financial statements (Note 23).

2.21 Revenue Recognition:

Written Premiums: Written premiums represent premiums on policies written during the year, net of cancellations. As disclosed in Note 2.24, premium income is recognized in the financial statements on accrual basis by allocating the unearned premium provision over written risk premiums. The premium written for life insurance policies with maturities over one year consists of income accrued for payments with maturities within the current year. The premium written for policies with maturities less than one year covers the total premium of the relevant period.

Reinsurance Commissions: Commission income for ceded premiums to reinsurance companies are recorded on an accrual basis over the period and classified in the technical section of the income statement under operating expenses. As further disclosed in Note 2.24, reinsurance commission income is reflected in the financial statements on an accrual basis by separating deferred commission income over the commissions received.

Profit Share Income from Term Participation Accounts: In the scope of Katılım Banks’ in Turkey operating principle, profit share is periodic income which has been obtained by physically and consists of accruals recognized in the financial statements.

Dividend Income: Dividend income is recognised as an income in the financial statements when the right to receive payment is established.

Subscription Revenue: Disclosed under Notes 2.14 and 25.

2.22 Leases: Leases are accounted for in accordance with TFRS 16 as explained in Note 2.1.

2.23 Dividend distribution: Dividend liabilities are recognized as a liability in the financial statements in the period in which the dividends are declared as a component of dividend distribution.

2.24 Technical Provisions:

Mathematical Reserves: Mathematical reserves show the total amount for actuary mathematical reserves and the bonus reserves which are calculated separately for each contract in accordance with the technical principles on the tariff. In addition to life insurance for more than one year, in cases where personal accident, health, disability and dangerous diseases are given for more than one year; life insurances mathematical reserve amount is calculated to include the mathematical reserve amount calculated according to actuarial principles regarding additional guarantees. Mathematical provisions consist of actuarial mathematical provisions which are calculated separately according to the technical principles in the tariff for each contract in effect and explained below.

Actuarial mathematical reserve is the difference between the premiums received for the risks assumed and cash value of liabilities to policyholders and beneficiaries. Actuarial mathematical reserves are provided for life insurance having more than one year of maturity, based on the formulas and elements of the approved technical principles. Actuarial mathematical provisions are calculated as the difference between the cash value of the insurer's future obligations and the present value of the future premiums to be paid by the insurer (prospective method). However, the actuarial mathematical provisions compute the difference between the result value of the premiums paid by the insurer and the result value of the risk that the insurer assumes (retrospective method), or the total of actuarial mathematical provisions found if calculated according to the generally accepted actuarial methods accepted by the Ministry of Treasury and Finance. This value is considered to be zero when actuarial mathematical provision is calculated as negative.

As of 31 December 2021, the Company has recognized a net mathematical reserve of TL 58,848,939 for life and personal accident branches (31 December 2020: TL 48,791,224).

Unearned Premium Reserve: The reserve for unearned premiums is calculated as the portion of the accrued premiums that accrues for the current period as of the balance sheet date. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. According to "Regulation on Technical Reserves", unearned premium reserves and the reinsurers' share of the unearned premium reserves of policies written are calculated and accounted as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other expenses, on an accrual and on a gross basis (Note 17).

Deferred Commission Expenses and Differed Commission Income: Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by the Republic of Turkey Ministry of Treasury and Finance, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium, are recorded as in "Deferred Production Expenses" and "Deferred Commission Income", respectively on the balance sheet, as operating expenses on a net basis in the income statement (Note 17).

Outstanding Claims Provision: The Company allocates provision for outstanding claims for indemnity amounts accrued and determined on account but not actually paid in previous accounting periods or in the current accounting period, or estimated costs and incurred but not reported compensation amounts, if this amount could not be calculated. Outstanding claims provision is determined in accordance with actuarial reports or the assessments of the insured and actuary, and recourse and similar income items are not deducted in the relevant calculations (Note 17). As of 31 December 2021, for the non-life personal accident branch, with the accrued and accounted outstanding compensation provision; the difference between the content and application principles, the Technical Provisions Regulation and the "Circular on Outstanding Compensation Provisions" dated 5 December 2014 and numbered 2014/16, which came into force on 1 January 2015, and the amount determined using the actuarial chain ladder methods determined

in the relevant regulations recognized as incurred but not reported compensation. Within the framework of the “Circular on Discounting Net Cash Flows Arising from Outstanding Claims Reserves” dated June 10 2016 and numbered 2016/22, published by the Ministry of Treasury and Finance, companies have been given the opportunity to discount their net cash flows that will be formed by the outstanding claims provision calculated and allocated in accordance with the insurance legislation. The Company did not choose to make the said accounting policy change and reflected the outstanding claims provision amount calculated for all branches as of 31 December 2021, without applying any discount, in its financial statements.

According to the circular No. 2014/16 and dated 5 December 2014, related to “Outstanding Claims Reserve” that went into effect on 1 January 2015, which was published by the Ministry of Treasury and Finance, the Circular on “Actuarial Chain Ladder Method” numbered 2010/12 and valid until 31 December 2014 is repealed with the exception of Articles 9 and 10, since 1 January 2015 for incurred but not reported claims reserve according to the best estimates determined within the framework of the Company’s actuarial opinions, the provision is calculated. According to the said circular, the selection of the data used in the calculations related to the incurred but not reported claims, the correction procedures, the selection of the most appropriate method and development factors and the intervention to the development factors are made by the Company actuary using actuarial methods. In the calculation of incurred but not reported claims, Standard Chain, Damage/Premium, Cape Cod, Frequency Intensity, Munich Chain or Bornhuetter-Ferguson actuarial chain ladder methods (“ACLM”) will be used and companies have the right to choose one of these methods for each branch.

In this context, as of 31 December 2021, the Company has chosen the Standard chain method over the incurred claims in accordance with the opinions of the Company’s actuary, in the calculations made for the non-life personal accident branch and the life branch, but not reported. In order to find the net amount that has been realized but not reported, based on the calculations of the AZMM made as gross; the conservation rates of the sensitive individuals subject to the AZMM table are used. Accordingly, as of 31 December 2021, the incurred but not reported claims provision

for personal accident and health branches are net TL 882,349 and TL 2,926,053, respectively (31 December 2020: net TL 274,708 for Personal Accident Insurance, net TL 1,812,087 for life branch).

Considering the Technical Provisions Regulation, due to the lack of statistical information required for the calculation as of the balance sheet date, while calculating the incurred but not reported compensation amounts, the Company has used the sector average method for the health branch and accounted for a net TL 1,257,139 incurred but unreported compensation provision as of 31 December 2021 (31 December 2020: TL 1,369,714) (Note 17). Using the Company-Based Financial and Technical Tables data published by the Insurance Association of Turkey, the Company rates the amount of realized but unreported compensation provisions found for the Illness and Health branches in 2020 to the total gross written premium amount for a year. The rate is accepted as the sector average rate for the current period, and by multiplying this rate with the gross written premium and reinsurance premium amounts of the relevant branches, it calculates the gross realized but unreported compensation provisions and reinsurance share.

Equalization Reserve: Technical Provisions of Insurance and Reinsurance and Pension Companies dated 28 July 2010 and numbered 27655, published by the Ministry of Treasury and Finance and companies that do not have the necessary data set for the calculation of the Regulation on the Amendment to the Regulation on the assets to which these provisions will be deposited and the Balancing Provision will accept 11% of the death net Premium and it was stated that they would reserve a reserve of 12% of these amounts and the regulation was amended.

In the calculation of the net premium, the amounts paid for non-proportional reinsurance agreements are accepted as transferred premium. As of 31 December 2021, the Company has made a balancing provision of TL 4,253,234 (31 December 2020: TL 3,240,772) (Note 17).

Bonus and Discount Provision: In the event that insurance companies apply bonuses and discounts in accordance with the Regulations on Technical Provisions and Participation Insurance Working Procedures and Principles, the bonuses and discounts that should be reserved from the bonuses and discounts allocated for

the insured or beneficiaries according to the technical results of the current year. In addition, the Company calculates the balance for the risk fund in accordance with the generally accepted actuarial and participation finance principles at the end of each period. In this context, the Company calculated the provision for bonuses and discounts amounting to TL 22,901,612 in life and non-life branches in line with the principles of participation insurance as of 31 December 2021 (31 December 2020: TL 26,991,397) (Note 17).

Provision for Ongoing Risks: Within the scope of the Regulation on Technical Provisions, companies are obliged to carry out a proficiency test covering the last 12 months as of each fiscal period, in case the indemnities that may arise due to the insurance contracts in force are more than the reserve for unearned premiums reserved for the relevant contracts while allocating the provisions for unearned premiums. While conducting this test, the net unearned premium reserve should be multiplied by the expected net loss ratio. Expected net loss ratio, realized claims (outstanding claims (net) + claims paid (net) - transferred outstanding claims (net)) earned premiums (written premiums (net) + transferred unearned premium provision (net) - unearned premium provision (net)) is found by dividing. In the calculation of earned premiums, the portions of commissions paid to intermediaries and commissions received from reinsurers, which are clearly shown within the provision for unearned premiums of the relevant period, are not taken into account.

According to this calculation, if the expected loss ratio calculated on the basis of each main branch is over 95%, the amount calculated by multiplying the ratio exceeding 95% with the net unearned premium reserve is reflected as the net continuing risks provision, and the amount calculated by multiplying it with the gross unearned premium reserve is reflected as the gross ongoing risk provision in the financial statements. The difference between the gross amount and the net amount is considered as the reinsurer share. According to the relevant test result, there is provision amounting to TL 1,461,154 for ongoing risks that the Company has to allocate as of the end of the reporting period (31 December 2020: None).

3. Critical Accounting Estimates and Judgments

Preparation of financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Accounting estimates and assumptions are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Although the estimations and assumptions are based on the best knowledge of the management for existing events and operations, they may differ from the actual results.

The estimation of the ultimate liability for technical expenses that can be incurred for the existing insurance contracts is the one of the most critical accounting estimates for the Company. Estimation of the insurance liabilities, by nature, includes the evaluation of several uncertainties.

The Company recognizes deferred tax assets and liabilities for temporary timing differences arising from differences between tax-based financial statements and financial statements prepared in accordance with TAS. The Company has deferred tax assets consisting of unused financial losses and deductible temporary differences that may be deducted from future profits. While accounting for these deferred tax assets, the Company has taken into account the future profit projections and the dates when the losses occurred in the current period can be used (Note 21). Where the final tax consequences on this issue differ from the initially recorded amounts, these differences may affect income tax and deferred tax assets and liabilities at the time they are determined.

4. Management of Insurance and Financial Risk

Insurance risk: The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of the insurance contracts, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and reserving, the principal risk that the Company

faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Company determines its insurance underwriting strategy based on the type of insurance risk accepted and the claims incurred.

The Company's pricing mainly depends on statistical analysis and outputs from historical data and/or on some mortality/disability/morbidity tables assumed to be best fit for the related product. The Company manages these potential risks through underwriting strategy and adequate reinsurance agreements.

The following factors are taken into account in the risk acceptance policy in Life and Personal Accident branches:

- In individual insurances; insured age, insurance fee, health claims and reports taking into account the duration of the insurance,
- In group insurance; the health declarations and reports to be taken, if any, according to the number of people in the group, the working area of the group and whether the insurance is mandatory or optional,
- In pricing, information regarding the application of a period premium, the addition of additional terms or the reduction or rejection of the guarantee, according to the health, occupation and residence status of the insured,
- In addition to health documents in high amounts of collateral, information and documents regarding the financial status of the insured and for what purpose he/she requested insurance.

Life	31 December 2021	31 December 2020
Death	16.257.257.294	14.448.314.172
Disabled due to accident	14.546.164.412	11.775.128.137
Critical illness	420.614.139	393.155.375
Disability due to illness	416.204.600	312.121.520
Treatment costs after accident	19.584.500	14.892.500
Death due to accident	11.695.000	7.825.000
Unemployment, temporary incapacity for work, hospital daily	9.817.736	8.678.303
Daily compensation due to accident	394.425	365.900

Non-life	31 December 2021	31 December 2020
Disabled due to accident	9.989.521.216	5.339.789.977
Death due to accident	9.880.897.216	5.345.589.977
Treatment costs after accident	444.026.831	786.100
Daily compensation due to accident	1.028.051	165.030.985
Unemployment, temporary incapacity for work, hospital daily		
Total	51.997.205.418	37.811.677.946

The Company is subject to the following risks in relation to the pricing of policies:

Mortality risk: The Company is subject to mortality risk if the actual death claims are higher than expected death rates in the mortality tables used in pricing the policies. The Company uses the appropriate mortality table for each product. In addition, the tariffs are updated according to the loss ratio of each product. The Company uses the CSO 2001 and TRSH 2010 mortality tables while pricing the life insurance agreements.

Sensitivity analysis:

Financial risk: The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of the financial risk are market risk (including foreign exchange risk, fair value profit share rate risk, cash flow profit share rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance. The Company does not use derivative financial instruments. Risk management is carried out by the Company management under policies approved by the Board of Directors.

a- Market risk:

i. Foreign currency risk: The Company is exposed to foreign exchange risk arising from exchange rate changes due to the conversion of foreign currency receivables and debts into Turkish Lira. These risks are monitored and limited by analyzing the foreign exchange position.

As of 31 December 2021, if the US Dollar appreciated/depreciated 10% against TL and all other variables remained constant, the profit before tax as a result of exchange rate profit/loss due to the conversion of receivables and payables in US Dollar TL 2,098,563 higher/lower would be (1 January – 31 December 2020: TL 53,847 higher/lower).

As of 31 December 2021, there are no Euro denominated receivables or payables (1 January - 31 December 2020: None).

ii. Price risk: The assets of the Company that will be held until maturity are not exposed to any price risk as they have fixed income.

iii. Profit share Risks: The main risk that non-trading portfolios are exposed to is the loss that will occur as a result of the fluctuation in future cash flows and the decrease in the fair values of financial assets as a result of changes in market profit share rates. The management of dividend risk is done by monitoring the dividend ratio range and determining pre-approved limits for repricing bands.

As of 31 December 2021 and 31 December 2020, the Company's financial assets with profit margin are detailed in the table below:

Fixed income financial assets and liabilities:	31 December 2021	31 December 2020
Available for sale financial assets (Note 11)	59.682.810	55.795.935
Held to maturity investments (Note 11)	-	502.268

Variable income financial assets and liabilities:	31 December 2021	31 December 2020
Bank deposits (Note 14)	211.226.767	70.365.473
Held to maturity financial assets (Note 11)	5.353.396	6.438.780
Available for sale financial assets (Note 11)	14.974.320	41.771.756
Financial assets held for trading (Note 11)	9.678.733	42.785.979

Sensitivity of financial instruments to dividend: The sensitivity of equity to profit share is calculated by considering the change in the fair values of the available-for-sale financial assets in the portfolio as of 31 December 2021 as a result of the default change in the rates. During this analysis, other variables, especially exchange rates, are assumed to be fixed (31 December 2020: None).

31 December 2021	Income statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	(725.880)	725.880	(131.843)	132.191
	(725.880)	725.880	(131.843)	132.191

b- Liquidity risk

The Company uses its available cash resources to pay claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management sets limits on the minimum portion of funds available to meet such liabilities. The table below analyses the Company's financial liabilities and insurance liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the expected or contractual maturity date. The amounts disclosed in the tables are the undiscounted cash flows:

Contractual cash flows

31 December 2021	Up to 3 months	3 months - 1 year	1 years - 5 years	Over 5 years	Total
Payables from retirement activities	24.956.975	-	-	-	24.956.975
Payables from insurance activities	5.953.165	-	-	-	5.953.165
Taxes payable and other similar liabilities and their provisions	10.471.645	-	-	-	10.471.645
Other payables	28.818.515	-	-	-	28.818.515
Total	70.200.300	-	-	-	70.200.300

31 December 2020	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
Payables from retirement activities	22.496.720	-	-	-	22.496.720
Taxes and other similar liabilities and provisions	5.734.587	-	-	-	5.734.587
Payables from insurance activities	2.590.087	-	-	-	2.590.087
Diğer Other payables	22.107.881	-	-	-	22.107.881
Total	52.929.275	-	-	-	52.929.275

Expected cash flows

31 December 2021	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
Mathematical reserves - net	51.306	516.268	17.703.543	40.577.822	58.848.939
Unearned premiums reserve - net	7.636.493	22.715.087	-	-	30.351.580
Bonus and discount provision, net	-	22.901.612	-	-	22.901.612
Outstanding claims provision	26.375.453	-	-	-	26.375.453
Equalization reserve - net	-	-	-	11.051.086	11.051.086
Provision for participation expense share - net	6.797.853	-	-	-	6.797.853
Total	40.861.105	46.132.967	17.703.543	51.628.908	156.326.523

31 December 2020	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
Mathematical reserves - net	-	-	16.785.317	32.005.907	48.791.224
Unearned premiums reserve - net	-	26.991.397	-	-	26.991.397
Bonus and discount provision, net	1.817.749	10.366.234	-	-	12.183.983
Outstanding claims provision	11.972.239	-	-	-	11.972.239
Equalization reserve - net	-	-	-	3.240.772	3.240.772
Provision for participation expense share - net	7.101.827	-	-	-	7.101.827
Total	20.891.815	37.357.631	16.785.317	35.246.679	110.281.442

The Company foresees to meet the above-mentioned liabilities with its financial assets and cash and cash equivalents included in its assets.

Fair value of the financial assets: Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets: The fair values of balances denominated in foreign currencies, which are translated at period end exchange rates, are considered to approximate carrying values. The fair values of cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature. It is estimated that the book value of the receivables from operating activities represent their fair values, less related doubtful receivables provision. The cost of the financial assets that are not quoted in an active market, less impairment if any, are their fair value.

Financial liabilities:

The fair values of liabilities from main operations and other financial liabilities are considered to approximate to their respective carrying values.

Capital management:

The Company's objectives when managing the capital are:

- To comply with the capital requirements of the Republic of Turkey Ministry of Treasury and Finance,
- To safeguard the Company's ability to continue as a going concern so that it can continue the operations.

The minimum required shareholders' equity amount calculated as at 31 December 2021 within the framework of the related regulations on capital adequacy is TL 73,014,317 (31 December 2020: TL 67,091,879). The Company's equity is TL 104,052,842 more than the required equity (31 December 2020: TL 54,031,621).

5. Segment Information

Disclosed in Note 2.3.

6. Property, Plant and Equipment

Property, plant and equipment movement statement:

	1 January 2020	Additions	Çıkışlar	31 December 2020
Cost:				
Fixtures and installations	11.338.057	1.973.163	(48.762)	13.262.458
Motor vehicles	4.434.236	-	-	4.434.236
Right-of-Use	5.267.940	2.257.220	-	7.525.160
Leasehold improvements	3.011.643	60.578	-	3.072.221
	24.051.786	4.290.961	(48.762)	28.294.075

Accumulated depreciation:				
Fixtures and installations	(3.423.746)	(2.268.039)	48.037	(5.643.748)
Motor vehicles	(999.081)	(886.847)	-	(1.885.927)
Right-of-Use	(1.343.199)	(1.675.613)	-	(3.018.812)
Leasehold improvements	(1.729.113)	(448.158)	-	(2.177.272)
	(7.495.139)	(5.278.657)	48.037	(12.725.759)
Carrying value	16.556.737			15.568.316

	1 January 2021	Additions	Disposals	31 December 2021
Cost:				
Fixtures and installations	13.262.458	3.667.109	(181.211)	16.748.356
Motor vehicles	4.434.236	-	-	4.434.236
Right-of-Use	7.525.160	1.411.499	-	8.936.659
Leasehold improvements	3.072.221	150.105	(46.368)	3.175.958
	28.294.075	5.228.713	(227.579)	33.295.209

Accumulated depreciation:				
Fixtures and installations	(5.643.748)	(2.857.536)	203.933	(8.297.351)
Motor vehicles	(1.885.927)	(886.848)	-	(2.772.775)
Right-of-Use	(3.018.812)	(2.039.151)	-	(5.057.963)
Leasehold improvements	(2.177.272)	(489.935)	44.360	(2.622.847)
	(12.725.759)	(6.273.469)	248.293	(18.750.935)
Carrying value	15.568.316			14.544.273

7. Investment Properties

The Company does not have any investment properties as of 31 December 2021 (31 December 2020: None).

8. Intangible Assets

	1 January 2021	Additions	31 December 2021
Cost:			
Rights and software	17.655.520	11.788.905	29.444.425
Advances given for intangible assets	1.173.293	4.675.507	5.848.800
	18.828.813	16.464.412	35.293.225

Accumulated amortization:			
Rights and software	(10.659.260)	(5.373.703)	(16.032.963)
	(10.659.260)	(5.373.703)	(16.032.963)
Carrying value	8.169.553		19.260.261

	1 January 2020	Additions	31 December 2020
Cost:			
Rights and software	11.378.943	6.276.577	17.655.520
Advances given for intangible assets	283.200	890.093	1.173.293
	11.662.143	7.166.670	18.828.813

Accumulated amortization:			
Rights and software	(7.619.542)	(3.039.718)	(10.659.260)
	(7.619.542)	(3.039.718)	(10.659.260)
Carrying value	4.042.601		8.169.553

9. Investments in Subsidiaries

The Company does not have any associate reflected in its records according to equity accounting method (31 December 2020: None).

10. Reinsurance Assets/(Liabilities)

	31 December 2021	31 December 2020
Reinsurer's share of unearned premium reserve (Note 17)	1.351.926	2.245.449
Reinsurer's share of outstanding claims provision (Note 17)	3.523.387	4.448.456
Reinsurers' share of mathematical reserves (Note 17)	933.352	864.322
Deferred commission income (Note 17)	(32.327)	2.729

Reinsurance Income/(Expenses)

	1 January-31 December 2021	1 January-31 December 2020
Paid claims reinsurer share	4.128.549	3.342.423
Reinsurer's share in change in mathematical reserves	(33.930)	86.485
Commissions received	-	19.736
Reinsurer share in unearned premium reserve exchange	(893.523)	308.827
Reinsurer's share in the change in provision for outstanding claims	(925.070)	2.852.095
Ceded premiums to reinsurers (Note 24)	(8.080.444)	(9.307.635)

11. Financial Assets

11.1 Sub categorization of the items presented compatible to the Entity's operations:

	31 December 2021	31 December 2020
Available for sale financial assets - Lease certificates	74,657,130	97,567,691
Held to maturity investments - Lease certificates	5,353,396	6,941,048
Financial assets held for trading - Investment funds	9,678,733	42,785,979
Total	89,689,259	147,294,718

Lease certificates in the portfolio of financial assets held to maturity are in US Dollars and 47 months and the weighted average contribution rate is 9.71% (31 December 2020: 11 months for TL papers, 48 months for US Dollar papers and the weighted average contribution rate is 11.7% for TL papers and 4% for US Dollar papers). Details of blocked financial assets are given in Note 43.

Marketable securities issued during the year other than share certificates: None (31 December 2020: None).

11.3 Debt securities redeemed during the year: None (31 December 2020: None).

11.4 Market value of marketable securities and financial assets carried at cost and carrying value of marketable securities and financial assets carried at market value: The Company's participation shares in Emeklilik Gözetim Merkezi A.Ş. are measured at cost, amounting to TL 586,457 since it does not have a quoted market price in an active market (31 December 2020: TL 473,790) (Note 45.2).

Marketable securities	31 December 2021		
	Cost Value	Fair Value	Book Value
Lease certificates			
Available for sale financial assets	71.450.000	73.827.909	74.657.130
Items held to maturity	5.372.347	5.353.396	5.353.396
Financial assets held for trading - Investment funds	10.210.438	9.678.733	9.678.733
Total	87.032.785	88.860.038	89.689.259

Marketable securities	31 December 2020		
	Cost Value	Fair Value	Book Value
Lease certificates			
Available for sale financial assets	96.796.664	96.796.664	97.567.691
Items held to maturity	5.460.991	6.941.048	6.941.048
Financial assets held for trading - Investment funds	40.923.548	42.785.979	42.785.979
Total	143.181.203	146.523.691	147.294.718

11.5 Amounts of marketable securities classified under marketable securities and investment securities accounts issued by the Company's shareholders, associates and subsidiaries and the issuers: None (31 December 2020: None).

11.6 Value increase on financial assets in the last three years: Value increase on financial assets disclosed under Notes 11.4 and 15.

11.7 - 11.9 Other information about financial assets:

Maturity analysis of financial assets:	31 December 2021				
	Demand and 0 - 6 months	6 months - 1 year	1 - 5 years	Over 5 years	Total
Available for sale financial assets	40.679.040	7.167.580	26.810.510	-	74.657.130
Held to maturity financial assets	-	-	5.353.396	-	5.353.396
Financial assets held for trading	9.678.733	-	-	-	9.678.733
Total	50.357.773	7.167.580	32.163.906	-	89.689.259

Maturity analysis of financial assets:	31 December 2020				
	Demand and 0 - 6 months	6 months - 1 year	1 - 5 years	Over 5 years	Total
Available for sale financial assets	77.852.681	7.083.190	10.521.980	2.109.840	97.567.691
Held to maturity financial assets	-	4.012.250	-	2.928.798	6.941.048
Financial assets held for trading	42.785.979	-	-	-	42.785.979
Total	120.638.660	11.095.440	10.521.980	5.038.638	147.294.718

12. Loans and Receivables

12.1 Classification of the receivables as receivables from customers, receivables from related parties, advance payments (short-term and long-term prepayments) and others:

	31 December 2021	31 December 2020
Receivables from pension operations (long-term)	5.729.846.976	3.773.417.739
Receivables from the policyholders	13.769.724	5.407.210
Receivables from pension operations (short-term) (Note 47)	9.615.193	6.823.848
Receivables from reinsurance operations	4.605.588	81.434
	5.757.837.481	3.785.730.231
Receivables from insurance operations provision	(996.294)	(1.680.583)
Provisions from receivable from pension operations (Note 47)	(79.877)	(81.910)
Receivables from operating activities - net	5.756.761.310	3.783.967.738

12.2 Due from/due to shareholders, associates and subsidiaries:

The transactions and balances with the related parties are disclosed in Note 45.

12.3 Total mortgages and collaterals obtained for receivables: None (31 December 2020: None).

12.4-12.7 Other information about loans and receivables

The aging of due from insurance operations is as follows:

	31 December 2021	31 December 2020
Overdue	12.459.829	4.113.730
Up to 3 months	1.221.318	502.519
3 - 6 months	75.743	577.565
6 months - 1 year	12.834	213.396
Total	13.769.724	5.407.210

The details of receivables from insures and intermediaries that are overdue but not yet become doubtful:

	31 December 2021	31 December 2020
Up to 3 months	3.021.793	2.433.147
Total	3.021.793	2.433.147

The movement of provision for doubtful receivables from operating activities is as follows:

	2021	2020
Beginning of the period - 1 January	1.680.583	765.150
Net change during the period (Note 47.4)	(684.289)	915.433
Total	996.294	1.680.583

13. Derivative Financial Instruments

None (31 December 2020: None).

14. Cash and Cash Equivalents

The details of bank deposits of the Company are as follows:

	31 December 2021	31 December 2020
Banks	232.578.788	86.336.282
Bank guaranteed credit card receivables with maturities less than three months	12.517.036	11.159.740
Total	245.095.824	97.496.022

The detail of the Bank deposits of the Company is as follows:

	31 December 2021	31 December 2020
Foreign currency deposits		
- time participation account	15.632.236	538.493
- demand deposits	190.428	1.471
TL deposits		
- time participation account	195.594.531	69.826.980
- demand deposits	21.161.593	15.969.338
Total	232.578.788	86.336.282

As of 31 December 2021, the Company blocked deposit amounting TL 84,614,844 (31 December 2020: TL 31,767,242) in favour of Ministry of Treasury and Finance (Note 43).

The detail of the foreign currency bank deposits is as follows:

	31 December 2021			
	Foreign currency		TL equivalent	
	Demand	Time	Demand	Time
US Dollar	-	1.172.799	-	15.632.236
Silver	-	-	-	190.428
Total			-	15.822.664

	31 December 2021			
	Foreign currency		TL equivalent	
	Demand	Time	Demand	Time
US Dollar	198	-	1.471	-
Gold	-	1.197	-	538.493
Total			1.471	538.493

The movement of shares between opening and closing balances is as follows:

	1 January 2021		Issued capital		Amortized		31 December 2021	
	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL
Paid-in	72.000.000	72.000.000	-	-	-	-	72.000.000	72.000.000
Total	72.000.000	72.000.000	-	-	-	-	72.000.000	72.000.000

	1 January 2020		Issued capital		Amortized		31 December 2020	
	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL
Paid-in	40.000.000	40.000.000	32.000.000	32.000.000	-	-	72.000.000	72.000.000
Total	40.000.000	40.000.000	32.000.000	32.000.000	-	-	72.000.000	72.000.000

Special Funds (Reserves): None as of 31 December 2021 (31 December 2020: The Company has committed to invest in securities for the next year within the scope of tax incentives. The relevant investment is TL 2,000,000 and as of 31 December 2021, it is followed in the "Special Funds (Reserves)" account.

Actuarial gain/(loss): The details of the actuarial loss/gain change that the Company has accounted for under equity are as follows:

15. Capital

Legal Reserves: Retained earnings as per the statutory financial statements, other than legal reserve requirements as referred below, are available for distribution. The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the Turkish Commercial Code, the legal reserves can only be used to offset losses unless they exceed 50% of paid-in share capital and are not available for any other usage. As of 31 December 2021, the Company's legal reserves amount to TL 4,843,836 (31 December 2020: TL 2,750,832).

	2021	2020
Beginning of the period - 1 January	(544.687)	(434.031)
Actuarial losses (Note 22)	(767.172)	(138.320)
Tax impact of actuarial losses	153.434	27.664
End of the period - 31 December	(1.158.425)	(544.687)

16. Other Reserves and Equity Component of Discretionary Participation Feature

Information about other reserves classified under the equity is explained in Note 15.

17. Insurance Liabilities and Reinsurance Assets

17.1 Guarantees to be provided and guarantees provided for life and non-life branches:

	31 December 2021	31 December 2020
Required guarantee amount to be provided for life branch (*)	74.109.765	56.839.933
Required guarantee amount provided for life branches (Note 43)	76.620.091	55.416.659
Required guarantee amount to be provided for non-life branch (*)	13.367.754	7.481.608
Required guarantee amount provided for non-life branches (Note 43)	12.858.465	9.526.704

(*) In accordance with Article 4 of the "Regulation on Financial Structure of Insurance, Reinsurance and Pension Companies" based on the Insurance Law and published in the Official Gazette No. 26606 of 7 August 2007, the insurance companies and pension companies operating in the life and non-life branch are obliged to establish the Minimum Guarantee Fund amount corresponding to one third of the required capital amount during the capital adequacy calculation as collateral in the capital adequacy calculation period. The Company will complete the life blockade on 28 February 2022.

17.2 Number of life policies, the number and mathematical reserve amount of the life policies that enter and exit during the year and current status:

	2021		2020	
	Number of Policies	Mathematical Reserve	Number of Policies	Mathematical Reserve
Beginning of the period - 1 January	185.309	49.655.546	167.815	30.322.252
Policies written for the period	108.557	18.683.763	167.557	28.285.596
Portfolio change (Decrease)	-	(1.993.022)	-	(3.666.345)
Disposals	(117.105)	(6.563.994)	(149.821)	(5.285.957)
Reinsurers' share of mathematical reserves	-	(933.352)	-	(864.322)
End of the period - 31 December	176.761	58.848.940	185.309	48.791.224

17.3 Insurance guarantees given for non-life and life branches:

	31 December 2021	31 December 2020
Life	31.681.732.106	27.753.106.643
Non-life	20.315.473.312	10.851.197.039
End of the period - 31 December	51.997.205.418	38.604.303.682

17.4 Unit prices of pension funds and savings founded by the Company:

Pension Funds	Unit Prices 31 December 2021	Unit Prices 31 December 2020
(KEF) Alternatif Altın EYF	0.083118	0.048593
(KEH) Büyüme Amaçlı Alternatif Hisse EYF	0.061364	0.045051
(KES) Alternatif İkinci Esnek EYF	0.048650	0.027980
(KEK) Grup Alternatif Altın Esnek EYF	0.034952	0.028640
(KEG) Alternatif Esnek EYF	0.039813	0.029287
(KEZ) OKS Agresif EYF	0.041527	0.030575
(KEA) Alternatif Katkı EYF	0.025837	0.001859
(KEB) Alternatif Standart EYF	0.027076	0.022400
(KET) OKS Atak EYF	0.027382	0.021773
(KEY) Başlangıç EYF	0.020462	0.017233
(KTZ) OKS Standart EYF	0.021499	0.016426
(KKS) Kamu Kira Sertifikaları EYF	0.014780	0.013282
(KED) Değişken EYF	0.020215	0.013966
(KJM) Kıymetli Madenler	0.014779	-

17.5 Units and amounts of share certificates in portfolio and in circulation:

	31 December 2021 Units in circulation	Amount in TL
(KEB) Alternatif Standart Eyf	41.652.746.294	1.127.789.759
(KEF) Alternatif Altın Eyf	21.327.092.504	1.772.665.275
(KEA) Alternatif Katkı Eyf	28.373.763.806	733.092.935
(KEG) Alternatif Esnek Eyf	14.000.277.264	557.393.039
(KEH) Büyüme Amaçlı Alternatif Hisse Eyf	9.014.991.726	553.195.952
(KTZ) OKS Standart Fonu	14.197.246.443	305.226.601
(KES) Alternatif ikinci esnek Eyf	8.619.656.938	419.346.310
(KEK) Grup Alternatif Altın Esnek Eyf	3.496.897.229	122.223.552
(KEY) Başlangıç Fonu Eyf	1.670.749.642	34.186.879
(KKS) Kamu Kira Sertifikaları Eyf	2.662.699.456	39.354.698
(KEZ) OKS Agresif Fonu Eyf	418.369.228	17.373.619
(KET) OKS Atak Fonu Eyf	266.573.758	7.299.323
(KED) Katılım Bankası Katılım Değişken Fonu Eyf	57.386.748	1.160.073
(KJM) Kıymetli Madenler	2.675.347.537	39.538.961
Total	148.433.798.571	5.729.846.976

	31 December 2020 Units in circulation	Amount in TL
(KEB) Alternatif Standart EYF	41.111.761.423	920.922.789
(KEF) Alternatif Altın EYF	19.794.954.240	961.904.461
(KEA) Alternatif Katkı EYF	24.468.631.442	541.499.524
(KEG) Alternatif Esnek EYF	13.058.530.159	382.448.049
(KTZ) OKS Standart EYF	13.031.861.495	214.066.150
(KEH) Büyüme Amaçlı Alternatif Hisse EYF	8.074.231.597	363.750.411
(KES) Alternatif İkinci Esnek EYF	7.133.610.857	199.599.791
(KEK) Grup Alternatif Altın Esnek EYF	4.411.229.380	126.294.004
(KEY) Başlangıç EYF	1.640.920.715	28.278.568
(KKS) Kamu Kira Sertifikaları EYF	1.357.556.382	18.030.699
(KET) OKS Atak EYF	203.817.977	4.437.688
(KEZ) OKS Agresif EYF	305.930.452	9.353.780
(KED) Değişken EYF	202.769.318	2.831.825
Total	134.795.805.437	3.773.417.739

17.6 Numbers and portfolio amounts of the individual and group pension participants that entered, left, cancelled during the period and the current participants:

1 January - 31 December 2021						
	Additions in current period		Disposals in current period		Current	
	Unit	TL	Unit	TL	Unit	TL
Individual	103.258	197.257.665	40.635	451.779.985	372.349	4.103.859.309
Group	181.950	104.072.791	126.389	262.382.502	484.516	1.602.877.348
Total	285.208	301.330.456	167.024	714.162.487	856.865	5.706.736.657

1 January - 31 December 2020						
	Additions in current period		Disposals in current period		Current	
	Unit	TL	Unit	TL	Unit	TL
Individual	75.911	206.710.733	35.668	317.570.215	309.805	2.672.428.958
Group	196.103	94.260.263	144.687	206.872.248	444.432	1.100.577.351
Total	197.073	300.970.996	180.355	524.442.463	754.237	3.773.006.309

17.7 Valuation methods of profit share calculation for life insurance: None (31 December 2020:

17.8 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants during the period:

1 January - 31 December 2021				1 January - 31 December 2020		
	Number of Policies	Gross Contribution Share	Net Contribution Share	Number of Policies	Gross Contribution Share	Net Contribution Share
Individual	103.258	176.817.504	176.817.504	75.911	203.971.541	203.971.541
Corporate	181.950	89.118.967	89.118.967	196.103	85.081.899	85.081.899
Total	285.208	265.936.471	265.936.471	272.014	289.053.440	289.053.440

17.9 Distribution of the number of individual pension participants from another company during the period, as well as their gross and net participation shares, individually and institutionally:

1 January - 31 December 2021				1 January - 31 December 2020		
	Number of Policies	Gross Contribution Share	Net Contribution Share	Number of Policies	Gross Contribution Share	Net Contribution Share
Individual	927	33.116.112	33.116.112	863	21.407.494	21.407.494
Corporate	291	3.497.128	3.497.128	395	5.284.895	5.284.895
Total	1.218	36.613.240	36.613.240	1.258	26.692.389	26.692.389

17.10 Number of units and individual/group allocation of gross/net contribution amounts of the private pension participants transferred from the life insurance portfolio to the private pension fund portfolio during the period: None (1 January - 31 December 2020: None).

17.11 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants that left the Company and transferred to another company or that left the Company but did not transfer to another company:

1 January 2021 - 31 December 2021				1 January 2021 - 31 December 2020		
	Number of Policies	Gross Contribution Share	Net Contribution Share	Number of Policies	Gross Contribution Share	Net Contribution Share
Individual	40.668	393.509.902	367.082.194	35.668	276.522.990	259.606.627
Corporate	126.592	251.116.606	239.775.655	144.687	197.970.136	190.878.261
Total	167.260	644.626.508	606.857.849	180.355	474.493.126	450.484.888

17.12 Number of units, gross and net premiums and individual and group allocation for life policyholders that joined the portfolio during the period:

1 January - 31 December 2021				1 January - 31 December 2020		
	Number of Policies	Gross Premium	Net Premium	Number of Policies	Gross Premium	Net Prim
Individual	9.263	21.539.620	21.539.620	9.468	17.389.236	17.389.236
Group	36.140	67.406.752	67.406.752	57.210	90.199.884	90.199.884
Total	45.403	88.946.362	88.946.362	66.858	107.589.120	107.589.120

17.13 Number of units, gross and net premiums and individual and group allocation of mathematical reserves for life policyholders that left the portfolio during the period:

1 January - 31 December 2021				1 January - 31 December 2020		
	Number of Policies	Gross Premium	Net Premium	Number of Policies	Gross Premium	Net Premium
Individual	10.627	4.497.713	4.497.713	9.557	3.592.761	3.592.761
Group	31.730	919.226	919.226	17.900	1.379.096	1.379.096
Total	42.357	5.416.939	5.416.939	27.457	4.971.857	4.971.857

17.14 Dividend distribution rate to life insurance holders during the period: None (1 January - 31 December 2020: None).

17.15 - 17.19 Other required information about liabilities from insurance agreements:

2021			
Outstanding claim provision:	Gross	Reinsurance share	Net
Beginning of the period - 1 January	11.597.692	(3.081.961)	8.515.731
Claims paid	(66.036.559)	4.128.549	(61.908.010)
Current period change	77.757.462	(3.055.272)	74.702.190
End of the period - 31 December	23.318.595	(2.008.684)	21.309.911
Incurred but not reported claims	6.580.244	(1.514.703)	5.065.542
End of the period - 31 December	29.898.839	(3.523.387)	26.375.453

2020			
Outstanding claim provision:	Gross	Reinsurers' share	Net
Beginning of the period - 1 January	3.758.579	(1.596.361)	2.162.218
Compensation paid	(29.550.042)	3.342.423	(26.207.619)
Current period change	37.789.155	(4.828.023)	32.561.131
End of the period - 31 December	11.597.692	(3.081.961)	8.515.730
Incurred but not reported claims	4.823.004	(1.366.495)	3.456.509
End of the period - 31 December	16.420.696	(4.448.456)	11.972.239

2021			
Unearned premium reserve	Gross	Reinsurers' share	Net
Beginning of the period - 1 January	14.429.432	(2.245.449)	12.183.983
Net change	22.717.194	1.202.350	23.919.544
End of the period - 31 December	31.703.506	(1.351.926)	30.351.580

2020			
Unearned premium reserve	Gross	Reinsurers' share	Net
Beginning of the period - 1 January	8.986.312	(2.554.276)	6.432.036
Net change	5.443.120	308.827	5.751.947
End of the period - 31 December	14.429.432	(2.245.449)	12.183.983

As of 31 December 2021, deferred commission expenses and income are TL 4,621,686 (31 December 2020: TL 2,158,514) and TL 32,327 (31 December 2020: TL 2,729), respectively. They are in

the “Deferred Production Expenses” and “Deferred Commission Income” amounts in the balance sheet.

2021						
Equalization reserve:	Life			Non-life		
	Gross	Reinsurers' share	Net	Gross	Reinsurers Share	Net
Beginning of the period - 1 January	3.074.793	-	3.074.793	165.979	-	165.979
Net change	929.337	-	929.337	83.125	-	83.125
End of the period - 31 December	4.004.130	-	4.004.130	249.104	-	249.104

2020						
Equalization reserve:	Life			Non-life		
	Gross	Reinsurers share	Net	Gross	Reinsurers share	Net
Beginning of the period – 1 January	1.939.237	-	1.939.237	131.837	-	131.837
Net change	1.135.556	-	1.135.556	34.142	-	34.142
End of the period – 31 December	3.074.793	-	3.074.793	165.979	-	165.979

2021						
Life - Long-term products, expense allowance:	Life			Non-life		
	Gross	Reinsurers share	Net	Gross	Reinsurers share	Net
Beginning of the period – 1 January	7101.827	-	7101.827	-	-	-
Net change	(303.975)	-	(303.975)	-	-	-
End of the period – 31 December	6.797.852	-	6.797.852	-	-	-

2020						
Life - Long-term products, expense allowance:	Life			Non-life		
	Gross	Reinsurers share	Net	Gross	Reinsurers share	Net
Beginning of the period – 1 January	1.514.764	-	1.514.764	-	-	-
Net change	5.587.063	-	5.587.063	-	-	-
End of the period – 31 December	7101.827	-	7101.827	-	-	-

2021			
Bonuses and discount provision:	Gross	Reinsurers share	Net
Beginning of the period – 1 January	26.991.397	-	26.991.397
Net change	4.089.785	-	4.089.785
End of the period – 31 December	22.901.612	-	22.901.612

2020			
Bonuses and discount provision:	Gross	Reinsurers share	Net
Beginning of the period – 1 January	17.953.607	-	17.953.607
Net change	9.037.790	-	9.037.790
End of the period – 31 December	26.991.397	-	26.991.397

Mathematical provision	2021	2020
Beginning of the period - 1 January	49.655.546	30.322.252
Written policies and increased fuses	18.683.763	28.285.596
Portfolio increase total	68.339.309	58.607.848
Expenses (-)	(4.574.035)	(3.645.939)
Termination and cancellations	(1.896.937)	(1.581.181)
Those that ended as a result of the realization of the risk (-)	(93.022)	(56.015)
Portfolio change	(1.993.024)	(3.669.167)
Portfolio decrease total	(8.557.018)	(8.952.302)
Gross mathematical provisions	59.782.292	49.655.546
Mathematical provisions reinsurers' share	(933.352)	(864.322)
End of the period - 31 December	58.848.939	48.791.224

18. Investment Contract Liabilities

None (31 December 2020: None).

19. Trade and Other Payables, Deferred Income

	31 December 2021	31 December 2020
Payables arising from pension operations (Note 47.1)	24.956.975	22.496.720
Other payables from operating activities	20.513.439	17.747.849
Payables to intermediaries and insurers	5.953.165	2.590.087
Commission payables	-	26.414
Deferred commission income (Note 17)	32.327	2.729
Total short-term payables	51.455.906	42.863.799
Other miscellaneous payables (Note 47.1)	8.307.236	4.360.032
Other miscellaneous payables rediscount (-) (Note 47.1)	(15.494)	(1.389)
Total other payables	8.291.742	4.358.643
Payables arising from pension operations	5.729.846.976	3.773.417.739
Total long-term payables	5.729.846.976	3.773.417.739
Total trade and other payables, deferred income	5.789.594.624	3.820.640.181

20. Loans

The Company's total lease obligation and lease liabilities, which are recognized as part of the transition to TFRS 16 Leases, are as follows:

	31 December 2021	31 December 2020
Short- term leases liabilities	3.980.957	3.153.185
Long- term lease liabilities	1.911.252	3.686.574
Alternative borrowing rate and discount amount	(1.163.220)	(1.577.710)
Total lease liabilities	4.728.989	5.262.049

21. Deferred Income Tax

The Company calculates deferred income tax assets and liabilities for the temporary differences in the balance sheet items arising due to the measurement in these financial statements and measurement in accordance with Tax Procedure Law. The enacted tax rate used for the calculation of deferred income tax assets

and liabilities on temporary differences that are expected to be realised in the following periods under the liability method is 20% (31 December 2020: 20%). Under the aforementioned law stated in Note 2.18, the Company has calculated deferred tax assets and liabilities at the rates of 23% for the following years and 20% over the temporary differences that will occur in 2022.

	Cumulative temporary differences		Cumulative temporary differences	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Deferred tax assets				
Bonus and discount provision	22.901.612	26.991.397	5.725.403	5.398.279
İştiraa gider payı karşılığı	6.797.853	7.101.827	1.699.463	1.420.365
Personel prim karşılığı	4.253.234	3.240.772	850.647	648.154
Dengeleme karşılığı	880.745	1.801.474	220.186	360.295
Satış kampanya karşılığı	6.200.000	4.500.000	1.550.000	900.000
Şüpheli alacak karşılığı	1.208.712	937.983	302.178	187.597
Kıdem tazminatı karşılığı	1.461.154	-	365.288	-
Kullanılmamış izin karşılığı	1.828.526	1.013.424	365.705	202.685
Personel satış prim karşılığı	401.850	475.875	100.463	95.175
Maddi varlık kiralalamaları	850.294	276.305	212.573	55.261
Fon toplam gider kesintisi karşılığı	2.207.712	1.366.714	369.4500	273.397
Diğer karşılıklar			11.761.407	10.081.517
Deferred tax liabilities				
Tangible and intangible assets	(5.256.021)	(4.928.989)	(1.314.005)	(985.798)
			(1.314.005)	(985.798)
Net deferred tax assets			10.447.401	9.095.719

Deferred income tax assets and liabilities are determined using tax rates and tax legislation that has been enacted at the balance sheet date and is expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

The movement of the deferred tax assets in the period is as follows:

	2021	2020
Beginning of the period - 1 January	9.095.719	5.343.279
Deferred tax income	1.700.983	3.403.492
Actuarial loss/gain accounted for under equity and tax effect of financial asset valuation (Note 15)	(349.301)	348.948
End of period - 31 December	10.447.401	9.095.719

22. Retirement Benefit Obligations

	31 December 2021	31 December 2020
Provision for employment termination benefits	1.828.526	1.013.424
Total	1.828.526	1.013.424

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The applicable ceiling amount as of 31 December 2021 is TL 8,284.51 (31 December 2020: TL 7,117.17).

Provision for employment termination benefits is not funded as there is no legal funding requirement. Provision for pension payments calculation in a case of employee's retirement, is calculated upon estimation of the Company's payable to employees in current year.

According to TAS 19 in order to estimate provision for pension payment, the Company should improve actuary calculation methods. For this calculation, actuary estimations indicated below:

	31 December 2021	31 December 2020
Annual discount rate (%)	4.70	4.55
Turnover rate to estimate the probability of retirement (%)	94.54	94.54

Fundamental assumption, for each year, determined maximum provisions should increase depending upon inflation rate. Thus, the discount rate applied represents the expected real rate after adjusting for the expected effects of inflation. Since the Company's provision for pension payment and maximum amount for pension payment provision is calculated once every six months, as of 1 January 2022, provision for severance payment is calculated TL 10,848.59 (1 January 2021: TL 7,638.96).

The movement in the provision for employment termination benefits in the current period is as follows:

	2021	2020
Beginning of the period- January 1	1.013.424	681.917
Current service cost	265.187	177.816
Dividend cost	152.014	136.195
Compensation paid	(369.271)	(120.824)
Actuarial loss	767.172	138.320
End of the period - 31 December	1.828.526	1.031.424

23. Provisions for Other Liabilities and Charges

The details of provisions that are classified under provisions for expense accruals in balance sheet are as follows:

	31 December 2021	31 December 2020
Sales campaign and invoice provision	7.659.618	2.701.544
Personnel premium provision	6.200.000	4.500.000
Allowance	1.208.712	937.983
Personnel sales premium provision	401.850	475.875
Total	15.470.180	8.615.402

24. Net Insurance Premium Income

	1 January – 31 December 2021			1 January – 31 December 2020		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Life	83.527.941	(5.072.186)	78.455.755	102.617.263	(5.659.262)	96.958.001
Non-life	16.016.964	(2.168.090)	13.848.874	7.267.527	(1.852.200)	5.415.327
Health	66.702.810	(840.168)	65.862.642	37.339.856	(1.796.173)	35.543.683
Total	166.247.715	(8.080.444)	158.167.271	147.224.646	(9.307.635)	137.917.011

25. Fee Income

As of 31 December 2021, the Company has entrance fee income amount of TL 7,986,835 (1 January - 31 December 2020: TL 7,025,277) from pension branch.

26. Investment Income

The details of investment income are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Participation account profit share income	24.231.509	9.914.904
Income from rental certificates	16.277.271	5.079.963
Rental certificate valuation income	1.662.177	2.379.512
Foreign exchange profit / (loss), net	926.637	1.138.546
Securities valuation income	2.609.765	769.831
Participation account valuation income	6.749.153	1.569.913
Mutual fund realized income	9.039	651.202
Stock valuation income	510.328	444.010
Total	52.975.879	21.947.881

27. Net Accrual Gains on Financial Assets

None (31 December 2020: None).

28. Fair Value Gains on Assets at Fair Value Through Income

None (1 January -31 December 2020: None).

29. Insurance Benefits and Claims

Disclosed in Note 17.

30. Investment Contract Benefits

None (31 December 2020: None).

31. Other Expenses by Destination

Operating expenses classified under technical part	1 January – 31 December 2021	1 January – 31 December 2020
Pension	66.889.369	55.621.423
Life	27.553.694	29.207.922
Non-life	25.182.890	11.810.281
Total	119.625.953	96.639.626

32. Expenses by Nature

	1 January – 31 December 2021	1 January – 31 December 2020
Personnel expenses (Note 33)	38.388.779	29.387.267
Production commission expenses	36.285.150	37.104.446
Marketing sales expenses	14.630.559	5.106.656
External benefits and services	12.228.168	13.342.066
IT expenses	6.849.630	4.025.290
Communication expenses	2.512.138	2.009.635
Tax and notary expenses	3.014.841	2.552.846
Consulting expenses	1.130.855	792.352
Contribution expenses	622.148	581.364
Education expenses	839.533	672.733
Other	3.124.155	1.064.971
Total	119.625.953	96.639.626

33. Employee Benefit Expenses

	1 January – 31 December 2021	1 January – 31 December 2020
Salary payments	29.149.182	22.088.818
Social insurance institution premium employer share	4.098.492	3.101.049
Life and health insurance	1.455.590	1.283.089
Sales staff success premium	1.132.540	1.214.138
Expenses for lunch tickets	1.023.425	918.063
Other	1.529.550	782.110
Total	38.388.779	29.387.267

Total amount of the salaries and the benefits provided to top management such as the chairman and the members of the board of directors, general manager, general coordinator, assistant general managers and other executive management in the current period are disclosed in Note 1.6.

34. Finance Costs

Borrowing costs related to lease liabilities for the interim period from 1 January - 31 December 2021 are TL 1,289,849 (1 January 2020 - 31 December 2020: TL 1,335,538).

35. Income Taxes

The items comprising the tax expense in the financial statements are as follows:

	31 December 2021	31 December 2020
Current period tax expense (-)	(18.327.859)	(15.266.085)
Deferred tax income	1.700.983	3.403.492
Total tax expense in the statement of income (-)	(16.626.876)	(11.862.593)

	31 December 2021	31 December 2020
Tax provision	(18.327.859)	15.266.085
Prepaid taxes (-)	15.384.656	(12.676.669)
Net tax liability	(2.943.203)	(2.589.416)

The reconciliation between the income tax provision calculated with the legal tax rate over the pre-tax operating profit for the interim accounting periods 1 January - 31 December 2021 and 2020 and the actual income tax provision calculated with the effective tax rate is detailed in the table below:

	1 January – 31 December 2021	1 January – 31 December 2020
Profit before tax	72.480.736	53.722.677
Income tax provision according to the legal tax rate	(18.120.184)	(11.818.989)
Effect of change in tax rate	1.140.264	-
Expenses that are not recognized by law and the effect of other adjustments	353.044	(43.604)
Total tax expense reflected in the income statement	(16.626.876)	(11.862.593)

36. Net Foreign Exchange gains

As of 31 December 2021, the Company's foreign currency income from investment income is TL 926,637 (31 December 2020: TL 372,181).

37. Earnings/(Loss) Per Share

According to TAS 33 "Earnings Per Share" standard, companies whose shares are not traded in the stock exchange do not have any obligation to disclose earnings per share. Since the Company's shares are not traded in the stock exchange, earnings per share have not been calculated in the accompanying financial statements.

38. Dividends per Share

None (31 December 2020:None).

39. Cash Generated from Operations:

Disclosed in the statement of cash flows.

40. Convertible Bonds:

None (31 December 2020: None).

41. Redeemable Preference Shares:

None (31 December 2020: None).

42. Risks

As of 31 December 2021, the probable amount of liability (including dividends and other expenses) that will arise in the event that thirteen lawsuits against which the Company is responded against the Company is TL 2,350,108 (31 December 2020: TL 1,541,745).

43. Commitments

Total amount of mortgages or restrictions on assets:

	31 December 2021	31 December 2020
Bank deposits (Note 2.12 and Note 14)	84.614.844	31.767.242
Lease certificates	4.863.713	33.176.121
Total	89.478.557	64.943.363
Guarantee letters given	1.355.000	55.000
Total	1.355.000	55.000

44. Business Combinations

None (31 December 2020: None).

45. Related Party Transactions

The total amount of salaries and benefits provided for the key management of the Company such as Chairman and board members, general manager, general coordinator and assistant general managers during the current period is disclosed in Note 1.6.

a) Payables from insurance activities

	31 December 2021	31 December 2020
Albaraka Türk Katılım Bankası A.Ş.	1.803.759	1.967.848
Kuveyt Türk Katılım Bankası A.Ş.	3.319.313	2.037.290
Total	5.123.072	4.005.138

b) Written premiums

	31 December 2021	31 December 2020
Kuveyt Türk Katılım Bankası A.Ş.	27.333.442	26.417.554
Albaraka Türk Katılım Bankası A.Ş.	12.722.898	392.023
Total	40.056.340	26.809.577

c) Gross paid commissions

	31 December 2021	31 December 2020
Kuveyt Türk Katılım Bankası A.Ş.	27.094.343	25.230.033
Albaraka Türk Katılım Bankası A.Ş.	8.273.086	9.842.806
Total	35.367.429	35.072.839

45.1 Doubtful receivables from shareholders, associates and subsidiaries: None (31 December 2020: None).

45.2 Breakdown of associates and subsidiaries having an indirect shareholding and management relationship with the Company; names, participation rates and amounts of associates and subsidiaries; profit/loss and net profit/loss in the latest

financial statements, the period of these financial statements, whether these financial statements are prepared in accordance with the accounting principles and standards as set out in the insurance legislation, whether they are independently audited and the opinion type of the independent audit report:

31 December 2021									
	%	Book Value	Indexed Cost	Independent Audit Opinion	Financial Statement Period	Total Assets	Total Liabilities	Net Sales	Net profit
Emeklilik Gözetim Merkezi A.Ş.	5.56	586.457	586.457	-	31 December 2021	21.855.845	10.875.143	37.179.492	445.190

31 December 2020									
	%	Book Value	Indexed Cost	Independent Audit Opinion	Financial Statement Period	Total Assets	Total Liabilities	Net Sales	Net profit
Emeklilik Gözetim Merkezi A.Ş.	5.56	473.790	473.790	-	31 December 2020	19.896.234	9.378.289	27.969.032	669.932

45.3 Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries: None (31 December 2020: None).

45.4 Rights on immovable and their value: None (31 December 2020: None).

45.5 Guarantees, commitments and securities given for shareholders, investments and subsidiaries: None (31 December 2020: None).

46. Events After the Balance Sheet Date

According to the Law No. 7352 Amending the Corporate Tax Law and the Tax Procedure Law No. 31734 published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the legal books based on the Tax Procedure Law has been postponed to 31 December 2023.

47. Other

47.1 Details of “other” items in the balance sheet which exceed 20% of its respective account group or 5% of total assets:

a) Receivables from pension operations

	31 December 2021	31 December 2020
Fund operating expenses deduction receivables	9.189.371	6.308.815
Receivables from participants	505.699	596.943
Entry fee provision	(79.877)	(81.910)
Total	9.615.193	6.823.848

b) Other expenses and income accruals for the coming months

	31 December 2021	31 December 2020
IT expenses	2.416.870	1.911.655
Consulting expenses	-	286.641
Membership, dues and fees	614.686	-
Personnel life and health insurance	161.087	373.823
Marketing and advertising expenses	333.512	-
Other	403.167	52.746
Total	3.929.321	2.624.865

c) Other expenses and income accruals for the coming years

	31 December 2021	31 December 2020
IT expenses	596.158	436.848
Licence rent expense	8.964	14.717
Other	1.448	-
Total	606.569	451.565

d) Payables from pension operations

	31 December 2021	31 December 2020
Participants temporary account	23.151.940	21.279.018
Payables to private pension agents	1.554.830	965.163
Participant retraction	133.685	51.884
Participant retraction	116.519	200.655
Total	24.956.975	22.496.720

e) Other miscellaneous short-term liabilities

	31 December 2021	31 December 2020
Payables to suppliers	8.307.236	4.360.032
Rediscount of other miscellaneous debts (-)	(15.494)	(1.389)
Total	8.291.742	4.358.643

f) Other technical provisions – short-term and long-term

	31 December 2021	31 December 2020
Equalisation reserve	4.253.234	3.240.772
Equity expense share provision	6.797.852	7.101.827
Total	11.051.086	10.342.599

g) Other expenses and losses:

	1 January – 31 December 2021	1 January – 31 December 2020
Expense taxes	2.138.179	764.832
Non-deductible expenses	73.656	47.628
Fixed asset sales losses	6.626	726
Other expenses	105	860
Total	2.218.566	814.050

47.2 Due from and due to personnel classified in “Other receivables” and “Other short-term or long term payables” that exceed 1% of total assets: None (31 December 2020: None).

47.3 Subrogation receivables followed under off-balance sheet items: None (31 December 2020: None).

47.4 Other information required by Insurance and Private Pension Regulation and Supervision Agency to be presented

Provision income/(expenses) for the period:	1 January – 31 December 2021	1 January – 31 December 2020
Provision for receivables from insurance activities	(684.289)	922.515
Sales campaign and invoice provision	4.958.074	779.632
Provision for employment termination benefit	47.929	308.065
Provision for vacation	270.729	(5.651)
Sales premium provision	(74.025)	47.647
Personnel premium provision	1.700.000	1.500.000
Provision for receivables from retirement activities	52.522	(309.228)
Other	-	(9.274)
Total	6.270.940	3.233.706

Fees for services received from Independent Auditor/Independent audit firm

	1 January – 31 December 2021	1 January – 31 December 2020
Independent audit fee for the reporting period (*)	224.200	107.380
Total	224.200	107.380

(*) Amounts including VAT are shown.



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